

2. NCLAT upholds penalty on Google

Prelims Syllabus: Industries – Textile, E-Commerce, Pharma, Service

Mains Syllabus: GS-III Effects of liberalization on the economy, changes in industrial policy and their effects on industrial growth.



Why in News?

- The National Company Law Appellate Tribunal (NCLAT) has recently upheld the ₹1,337 crore fine imposed on Google by the Competition Commission of India (CCI).
- While holding that the CCI investigation did not violate principles of natural justice, the tribunal set aside certain directions issued by the CCI.

About the News:

- The court quashed the directions relating to the non-monetary directives that would have forced the tech giant to allow uninstalling of Google's pre-installed apps on Android devices.
- The Tribunal also set aside directives that would have forced the company to allow developers of app stores to distribute their app store through Google Play Store.
- Additionally, the Tribunal also set aside orders directing Google to allow app developers to distribute apps through side-loading, and not deny access to its play services Application Programming Interface (APIs) to disadvantage Original Equipment Manufacturers, app developers, and its existing or potential competitors.

What's the issue?

- CCI found that Google was dominant in the relevant market for licensable smart TV device operating systems in India.
- It also said that prima facie mandatory pre-installation of all the Google applications under Television App Distribution Agreement (TADA) amounts to imposition of unfair conditions on the smart TV device manufacturers.
- This is in contravention of Section 4(2)(a) of the Competition Act.
- So, CCI imposed a penalty on Google for “abusing its dominant position” in markets related to the Android mobile device ecosystem. Google filed an appeal with the NCLAT against the CCI order which was declined by NCLAT.
- Section 4 of the Act pertains to abuse of dominant position.

About Competition Commission Of India:

- The Competition Commission of India (CCI) was established under the Competition Act, 2002 for the administration, implementation and enforcement of the Act, and was duly constituted in March 2009. Chairman and members are appointed by the central government.

Functions of the commission:

- It is the duty of the Commission to eliminate practices having adverse effect on competition, promote and sustain competition, protect the interests of consumers and ensure freedom of trade in the markets of India.
- The Commission is also required to give opinion on competition issues on a reference received from a statutory authority established under any law and to undertake competition advocacy, create public awareness and impart training on competition issues.

About the Competition Act:

- The Monopolies and Restrictive Trade Practices Act, 1969 (MRTP Act) was repealed and replaced by the Competition Act, 2002, on the recommendations of Raghavan committee.
- The Competition Act, 2002, as amended by the Competition (Amendment) Act, 2007, prohibits anti-competitive agreements, abuse of dominant position by enterprises and regulates combinations (acquisition, acquiring of control and M&A), which causes or likely to cause an appreciable adverse effect on competition within India.