

LEGAL UPDATES

CCI: REJECTS DISCRIMINATORY PRACTICES SUSPECTED BY DR. REDDY'S LABORATORIES LIMITED AND OTHER PHARMA COMPANIES

In a complaint filed on behalf of Zippigo Pharma (Informant) in the Competition Commission of India (CCI), the issue was against Dr. Reddy's Laboratories Ltd. and 16 other pharmaceutical companies ('OPs') for purported infringement of Sec. 3 and Sec. 4 of the Competition Act, 2002. The case came before the Coram consisting of Chairperson Mr. A.K.Gupta and Members Ms. Sangeeta Verma and Mr. Bhagwant Bishnoi. Zippigo Pharma was a company involved in wholesale medicine and drugs which were supplied to it by various pharmaceutical companies. Zippigo Pharma claimed that since its founding, some pharmaceutical companies have provided it with goods (drugs), while the rest have required it to abide by exclusive terms and conditions before doing business with it; however, these terms and conditions did not apply to wholesalers in comparable positions. CCI observed that there were no explicit charges of anti-competitive agreements between OPs under Sec. 3(3) or 3(4) of the Act, and there was no proof of coordinated behavior between the OPs that was likely to have a noticeable negative impact on the market competition. CCI further noted that the informant had not established the presence of any market power in the OPs that would have justified any vertical limitations, also, they did not specify any OP out of the 17 OPs who were allegedly in infringement of Sec. 4 of the Competition Act, 2002. By considering the case's facts and situations, CCI opined that there is no dominance and anti-competition act by OPs under, Sec. 4 of the Competition Act, 2002. Therefore, CCI declared that there is no prima facie contravention of Sec. 3 and Sec. 4 of the Competition Act, 2002 against Dr. Reddy's Laboratories Ltd. and 16 other pharmaceutical companies. Hence the complaint was dismissed.