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# COMPETITION COMMISSION OF INDIA V. SCHOTT GLASS INDIA PVT. LTD., (2025) 13<sup>TH</sup> MAY, SUPREME COURT OF INDIA; CIVIL APPEALS 5843 & 9998 OF 2014

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## I. ABSTRACT

This Supreme Court ruling in CCI v. Schott Glass India Pvt. Ltd. (2025 INSC 668), passed by a division bench of Vikram Nath and Prasanna B. Varale, was with regard to charges under Section 4 of the Competition Act, 2002. Kapoor Glass India Pvt. Ltd. charged Schott India with abuse of its dominant market position by exclusionary volume and functional rebates, an anti-competitive long-term supply agreement (LTTSA) with Schott Kaisha, and tying clear and amber tubing.

The Competition Commission of India (CCI) had penalized but the order was set aside by the Competition Appellate Tribunal (COMPAT) based on insufficient evidence and procedural defects. In appeal, the Supreme Court affirmed COMPAT's conclusion. The Court underscored the importance of effects-based harm analysis in cases of abuse of dominance. It held that Schott India's rebates were not exclusionary on equal terms and were justified by the need for operations. The LTTSA between Schott Kaisha and the LTTSA was neither exclusionary nor predatory because Schott India did not have any presence in the downstream market. Tying and NGC and NGA were denied on the grounds of technical and economic continuity of products.

Most importantly, the Court denounced the refusal of cross-examination to Schott India as a travesty of natural justice. Without validated evidence, the Commission's conclusion was not legally viable. The judgment robusts due process in competition law enforcement and conforms to international antitrust standards.

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## II. KEYWORDS

Section 4, Competition Act, Abuse of Dominant Position, Volume-based Rebates, Functional Rebate, Long-Term Tubing Supply Agreement (LTTSA), Effects-Based Analysis, Tying Arrangement, Margin Squeeze, Natural Justice, Cross-Examination, Appreciable Adverse Effect on Competition (AAEC)

## III. PRIMARY DETAILS

### A. General Details

PARTICULAR	DETAILS
Case Name	Competition Commission of India v. Schott Glass India Pvt. Ltd
Citation	2025 INSC 668; Civil Appeals Nos. 5843&9998 of 2014
Court	Supreme Court of India
Bench	Justice Vikram Nath and Justice Prasanna B. Varale
Date of Judgement	13 May 2025
Appellants	Competition Commission of India, Kapoor Glass India Pvt. Ltd
Respondent	Schott Glass India Pvt. Ltd
Laws Involved	Competition Act, 2002 – Sections 4, 19, 26, 36, 53T
Appeal From	Order dated 2 April 2014 by Competition Appellate Tribunal (COMPAT)

### B. Specific Details

PARTICULAR	DETAILS
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<b>Investigation Agency</b>	Director General (DG), CCI
<b>Complaint filed by</b>	Kapoor Glass India Pvt. Ltd.
<b>Primary Allegations</b>	Abuse of dominant position via exclusionary discounts, margin squeeze, and tying
<b>Nature of Proceedings</b>	Statutory appeal under Section 53T of the Competition Act

## IV. BRIEF FACTS

### A. Parties

Parties to the dispute are the Competition Commission of India (CCI) and Kapoor Glass India Pvt. Ltd. (the informant) on the one hand, and Schott Glass India Pvt. Ltd. (respondent) on the other hand. Schott India, a fully owned subsidiary of Germany's Schott AG, produces neutral USP-I borosilicate glass tubing, which is vital for pharma packaging.<sup>2</sup>

### B. Market Structure

Two vertically connected markets form the core of the case: the upstream market (neutral borosilicate glass tubing in clear and amber forms, termed NGC and NGA), and the downstream market (pharmaceutical containers produced by converters).<sup>3</sup> Schott India dominated the upstream market with a market share of more than 80% during the period in question (2008–2010).<sup>4</sup>

### C. Rebate Schemes

**Schott India provided two price schemes:**

<sup>2</sup> *Competition Commission of India v Schott Glass India Pvt Ltd*, 2025 INSC 668, para 2.

<sup>3</sup> *Ibid*, para 11(i).

<sup>4</sup> *Ibid*, para 28.

- Target Rebates, which involve slab-based volume discounts paid retrospectively on aggregate annual purchases;<sup>5</sup>
- Functional Rebates, providing an 8% rebate to converters who meet certain requirements—achieving purchase targets, not utilizing Chinese tubes, and meeting traceability and pricing requirements.<sup>6</sup>

#### **D. LTTSA Contract**

A 2008 Long-Term Tubing Supply Agreement (LTTSA) between Schott Kaisha and its joint venture partner Schott India committed the latter to obtaining 80% of its tubing needs from Schott India, in return for a price freeze, fixed price, and priority supply during peak seasons.<sup>7</sup>

#### **E. Complaint and Proceedings**

Kapoor Glass had pursued a Section 4 complaint against exclusionary conduct. The CCI ordered Schott India and imposed penalties. COMPAT set aside the order in lack of cross-examination and evidentiary defects. The case was ultimately decided by the Supreme Court.<sup>8</sup>

### **V. ISSUES RAISED**

- Whether Schott India's slabbed target-discount scheme amounted to discriminatory or exclusionary pricing in violation of Section 4(2)(a) and 4(2)(b) of the Competition Act, 2002.
- Whether the functional rebate scheme and the Trade-Mark Licence Agreement (TMLA) imposed unfair or discriminatory conditions under Sections 4(2)(a) and 4(2)(b) of the Act.
- Whether the Long-Term Tubing Supply Agreement (LTTSA) between Schott India and Schott Kaisha created a margin squeeze, thereby violating Section 4(2)(e) of the Act.

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<sup>5</sup> Ibid, para 33.

<sup>6</sup> Ibid, para 40.

<sup>7</sup> Ibid, para 47.

<sup>8</sup> Ibid, paras 20–21.

- Whether Schott India tied the purchase of clear (NGC) and amber (NGA) tubes in contravention of Section 4(2)(d) of the Act.
- Whether an effects-based analysis of competitive harm is a necessary component of an abuse of dominance inquiry under Section 4 of the Act.
- Whether the CCI's refusal to allow cross-examination of key witnesses vitiated the proceedings and violated principles of natural justice.

## VI. ARGUMENTS

### A. Arguments by CCI and Kapoor Glass

The CCI, through Senior Counsel Amit Sibal, contended that the dominant position (with a market share of more than 60%) of Schott India allowed it to force loyalty from buyers by exclusionary volume-based rebates, wherein "a single below-target month pulled the entire year's purchases into a lower tier, clawing back earlier discounts."<sup>9</sup>This, according to CCI, contravened Section 4(2)(a) of the Act by punishing dual sourcing.

CCI also argued that the functional rebates and the Long-Term Tubing Supply Agreement (LTTSA) granted unfair benefits solely to Schott Kaisha, hindering effective competition and contravening clauses (a), (b), and (e) of Section 4(2).<sup>10</sup>The amber and clear tubing tying by slab aggregation was held to be coercive, particularly as amber was essential and dominated 90% by Schott India.<sup>11</sup>

CCI reiterated that the Competition Appellate Tribunal was in error in insisting on tangible evidence of effects, saying that the statutory language in Section 4(2) did not necessarily call for a distinct effects-based inquiry. They also downplayed the procedural failure, saying, "the lack of cross-examination. cannot override this substantive evidence of abuse."<sup>12</sup>

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<sup>9</sup> *CCI v Schott Glass India Pvt Ltd* 2025 INSC 668 [22(B)] (SC).

<sup>10</sup> *ibid* [22(C)].

<sup>11</sup> *ibid* [22(D)].

<sup>12</sup> *ibid* [22(H)].

Kapoor Glass, additionally, argued that Schott India had followed a two-decade pattern of exclusion and intimidation, including “espionage and threats to converters who awarded job-work to Kapoor Glass.”<sup>13</sup>

### **B. Arguments by Schott India**

Senior Counsel Percival Billimoria, representing Schott India, argued that the rebate structure was “neutral, volume-based, and applicable to all purchasers alike.”<sup>14</sup> There was no coercion, as all buyers knew the thresholds and rebates were transparently applied.

Schott India made it clear that it did not have any presence in the downstream market; Schott Kaisha was an independent JV firm, effectively eliminating the allegation of margin squeeze.<sup>15</sup> Moreover, “no converter left the business, pharmaceutical buyers had stable or falling container prices” – which reflects absence of market foreclosure.<sup>16</sup>

Crucially, Schott India contested the reliance on untested statements by converters, pointing out that “the DG’s report, rests almost entirely on questionnaires and witness statements. [who were] never subjected to cross-examination.”<sup>17</sup> This denial of procedural fairness, it argued, was fatal to the CCI’s findings.

## **VII. EVIDENCE**

### **A. CCI’s Evidence**

The DG investigation was the basis of the CCI case, largely depending on “statements never cross-examined” of nineteen converters, a majority of whom were “identified by the informant as ‘major players’, all commercially hostile to Schott India.”<sup>18</sup> These statements, rebate circulars, sales invoices, and the Long-Term Tubing Supply Agreement (LTTSA) with Schott Kaisha were quoted to bring charges of discriminatory practices and market foreclosure. The report by the DG highlighted

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<sup>13</sup> *ibid* [23(B)].

<sup>14</sup> *ibid* [39(i)].

<sup>15</sup> *ibid* [49].

<sup>16</sup> *ibid* [51].

<sup>17</sup> *ibid* [24(A)], [68]– [69].

<sup>18</sup> *CCI v Schott Glass India Pvt Ltd* 2025 INSC 668 [68] (SC).

that "the above said fact becomes apparent from the statements" of such converters, which are the foundation of the findings by the CCI.<sup>19</sup>

### **B. Schott India's Evidence**

Counter to this, Schott India filed financial statements of nine independent converters with growing tonnage and positive EBITDA margins between FY 2007–08 and 2011–12.<sup>20</sup> It also furnished information on the growth in neutral glass imports and growth in competing companies like Nipro-Triveni. Converter-level data were invoked to put forward the proposition that "every converter increased output while imports and rose steadily."<sup>21</sup>

### **C. Procedural Flaw**

A pivotal evidentiary issue was the absence of cross-examination. In contravention of Schott India's express and repeated requests, the CCI "refused, based on the rationale that no 'separate application' had been made," thus violating principles of natural justice.<sup>22</sup> As emphasized by the Supreme Court, the "denial was not an innocent lapse," but a grave procedural lapse one that vitiated the evidentiary soundness of the case.<sup>23</sup>

## **VIII. JUDGEMENT**

### **A. Issue I – Target Rebate Scheme**

The Supreme Court held that Schott India's slabbed volume-based rebates were legitimate and non-discriminatory. The Court observed that "every customer who reached a slab... received the corresponding allowance," and that "identity of the buyer was irrelevant."<sup>24</sup> The Court stressed that the rebate scheme conveyed "a share of those scale economies downstream," and no foreclosure or exclusion was established.<sup>25</sup> Therefore, no abuse under Section 4(2)(a) or (b) was established.

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<sup>19</sup> *ibid* [69].

<sup>20</sup> *ibid* [50].

<sup>21</sup> *ibid* [56(iv)].

<sup>22</sup> *ibid* [70].

<sup>23</sup> *ibid* [74].

<sup>24</sup> *CCI v Schott Glass India Pvt Ltd* 2025 INSC 668 [33] (SC).

<sup>25</sup> *ibid* [35].



## **B. Issue II – Functional Rebate and TMLA**

The Court held that the functional rebate was "objectively connected with the legitimate aim, patient safety and brand integrity," and available to all converters who met certain traceability requirements.<sup>26</sup> Additionally, the evidence indicated increasing market shares for competing tube-makers and no restriction in output.<sup>27</sup> The rebate did not create unreasonable conditions nor limit competition under Section 4(2)(a) or (b).

## **C. Issue III – LTTSA and Margin Squeeze**

Refuting the margin squeeze claim, the Court noted that "Schott India produces tubing only; it neither converts nor retails containers," and therefore lacked any downstream presence to cause a squeeze.<sup>28</sup> The differential pricing pursuant to LTTSA was commercially rational, and the converters' profitability also refuted any competitive injury.<sup>29</sup>

## **D. Issue IV – Tying of NGA and NGC**

The Court held that clear (NGC) and amber (NGA) tubes were not different products but "alternative specifications of one input."<sup>30</sup> Assuming distinction, no proof of coercion was established since converters could buy either one or both independently. Aggregation of slabs was justified on manufacturing reasons.<sup>31</sup>

## **E. Issue V – Effects-Based Analysis**

The Court categorically asserted that "an effects-based analysis is an obligatory component of every inquiry under Section 4."<sup>32</sup> The CCI did not establish any appreciable adverse effect on competition (AAEC), but instead had recourse to descriptive conduct without economic harm analysis.<sup>33</sup>

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<sup>26</sup> *ibid* [42].

<sup>27</sup> *ibid* [43].

<sup>28</sup> *ibid* [49].

<sup>29</sup> *ibid* [50]– [51].

<sup>30</sup> *ibid* [55].

<sup>31</sup> *ibid* [57].

<sup>32</sup> *ibid* [66(i)].

<sup>33</sup> *ibid* [64].

## **F. Issue VI – Procedural Fairness and Cross-Examination**

Denial of cross-examination was called a "serious flaw which makes the order a nullity," citing Andaman Timber Industries and reaffirming requirements of natural justice.<sup>34</sup> Dependent on untested statements and denial by CCI to permit rebuttal deprived Schott India of a hearing that was fair.<sup>35</sup>

## **G. Conclusion**

The Court rejected both the appeals and sustained COMPAT's ruling, reiterating that "competition law is not designed to humble the successful" but to provide a level playing field by way of evidence-based examination.<sup>36</sup>

## **IX. RATIO DECIDENDI**

### **A. Issue I – Target Discount Scheme**

The Court ruled that the slabbed rebate arrangement did not constitute unfair or discriminatory pricing under Section 4(2)(a) or (b), since it was volume-based, open, and uniform in its application to all converters, and hence did not pass the threshold of abusive behavior.

### **B. Issue II – Functional Rebate and TMLA**

The TMLA and functional rebate terms were not considered to impose unreasonable limitations because they had a legitimate quality-control purpose, were voluntary, and did not lead to market foreclosure and hence did not fall within the scope of abuse under Section 4(2)(a) or (b).

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<sup>34</sup> *ibid* [71]; *Andaman Timber Industries v CCE* (2016) 15 SCC 785.

<sup>35</sup> *ibid* [75].

<sup>36</sup> *ibid* [78].

### **C. Issue III – Margin Squeeze Allegation**

LT TSA with Schott Kaisha was not a margin squeeze since Schott India was only active in the upstream market. No compression of margins for equally efficient rivals existed, nor any foreclosure of the downstream market.

### **D. Issue IV – Tying of NGA and NGC**

The bundling together of two grades of clear and amber tubes for purpose of rebate calculation did not constitute coercive tying. They were not separate products in commercial use, and no converter was required to purchase both grades and hence no contravention of Section 4(2)(d) took place.

### **E. Issue V – Effects-Based Inquiry**

The Court reasserted that a finding of abuse under Section 4 requires proof of appreciable adverse effect on competition (AAEC), and this was completely absent in the analysis of CCI.

### **F. Issue VI – Procedural Fairness**

The refusal to cross-examine hostile converter-witnesses was a grave disregard of natural justice and made the order of the CCI procedurally untenable.

## **X. OBITER DICTUM**

The Court was careful not to equate dominance with illegality, observing that "competition law is not designed to humble the successful" but to vindicate the competitive process itself.

It underscored that simple size or efficiency should not be penalized as "regulation rewards scale and intervenes solely when genuine competitive harm is shown." The ruling cautioned that "heavy-handed enforcement, divorced from market effects," would deter India's appeal to foreign investors, and stressed the requirement of "an effects-based standard" as both "a constitutional bulwark" and "a strategic necessity" for industrial and innovation-driven growth.

## **XI. COMMENTARY**

The Supreme Court ruling in *CCI v Schott Glass India Pvt Ltd* is a defining moment in jurisprudence for Indian competition law. By securely placing an effects-based approach within the Section 4 framework, the Court brings Indian antitrust norms into alignment with EU case law (e.g., *Intel Corp v Commission*, *TeliaSonera*), under which exclusionary behavior is only disapproved when it can be proven that consumer harm or market foreclosure results.

This decision is especially crucial within a regulatory environment where the behemoths of industry are generally assumed guilty in public perception. The Court's requirement that behavior demonstrate an appreciable adverse effect on competition (AAEC) provides a more equitable antitrust enforcement regime—one which can differentiate between anti-competitive purpose and efficient business models. The decision also provides procedural certainty by emphasizing natural justice, particularly the right to cross-examination when untested witness statements substantially impact conclusions.

The Court's subtle understanding of volume rebates and long-term supply agreements also makes it clear that market conduct linked to scale of operation, research and development efficiency, or recovery of capital is not necessarily abusive. This provides the much-needed certainty to market leaders in sectors involving high capital investment—particularly in pharma, infrastructure, and technology.

For the CCI, the verdict is a template for evidence-based investigations that are not only concerned with formalistic violations but meaningful market consequences. In the future, enforcement should be proportionate, procedurally just, and attuned to pro-competitive explanations. The ruling puts India on the map as a mature antitrust jurisdiction, poised to strike a balance between consumer welfare and industrial size and innovation incentives.

## **XII. AUTHOR'S COMMENT**

This decision is a good, even-minded approach to competition law, one that appropriately values outcomes in the marketplace above technical charges. The

Supreme Court resists equating magnitude with oppression, recognizing that dominance achieved by innovation or by size is not unlawful in itself, but its abuse brings the need for sanction. The Court's focus on procedural fairness, particularly the right to cross-examination, renews confidence in due process and protects defendants from abusive regulation. In a globalizing economy, where confidence in business continuity and investor is paramount, the ruling signals reassuringly: Indian competition law will not penalize enterprise in the absence of evidentiary proof of actual consumer or competitor harm. It also doesn't water down vigilance, it imposes a higher evidentiary standard on regulators, forcing them to construct stronger, more equitable cases.

Finally, the judgment raises the bar of competition law enforcement in India to global standards while upholding constitutional due process.

### **XIII. JUDGMENTS OVERRULED**

Although no precedent was directly overruled, the Court elucidated and narrowed the scope of interpretation of *Excel Crop Care Ltd. v. CCI* by highlighting the fact that Section 4 necessitates a discrete, effects-based harm analysis. The ruling also harmonizes Indian antitrust doctrine with EU jurisprudence, specifically *Intel Corp* and *TeliaSonera*, thus circumscribing any strict-liability reading of abuse of dominance antecedently proposed in Indian case law.

### **XIV. REFERENCES**

- The Competition Act, 2002 (India), esp. Sections 4, 19, 27
- *Competition Commission of India v Schott Glass India Pvt Ltd*, 2025 INSC 668
- *Excel Crop Care Ltd v CCI* (2017) 8 SCC 47
- *Intel Corp Inc v European Commission* (Case C-413/14 P, 6 September 2017)
- *TeliaSonera Sverige AB v Konkurrensverket* (Case C-52/09, 17 February 2011)
- *Microsoft Corp v Commission* (Case T-201/04, 17 September 2007)
- Raghavan Committee Report on Competition Policy, 2000
- CCI General Regulations, 2009 (Regulation 41(5), as amended in 2024)