

**GUJARAT NATIONAL LAW UNIVERSITY
GANDHINAGAR**

Course: **Competition Law**
Semester-VIII (Batch: 2012-17)

Mid Semester Test: Feb-Mar. 2016



Date: 4th March, 2016

Duration: 2 hours

Max. Marks: 30

Instructions:

- Read the questions properly and write the answers in the given answer book.
- The respective marks for each question are indicated in-line.
- Do not write any thing on the question paper.
- Indicate correct question numbers in front of the answers.
- No questions or clarifications can be sought during the exam period, answer as it is, giving reason, if any.

**Answer any three of the following questions:
(Maximum 550-600 words for each answer)**

**Marks
(3x10=
30)**

- Q.1 Certain retail cement dealers periodically circulated amongst themselves a list containing names of wholesale cement dealers, who were reportedly selling cement bags directly to consumers. Although there was no agreement on the part of the retailers to refrain from dealing with the wholesalers whose names appeared on the list, many of the retail dealers stopped purchasing cement bags from the listed wholesalers.
- (a) What is meant by an agreement under the law of antitrust? Can it be inferred from the course of conduct followed by the retail cement dealers?
- (b) Whether a parallel action alone can be sufficient to establish a conspiracy?
- Q.2 Sullivan entered into a lease and supply agreement to operate a gas station owned by Springfield Oil Company. The agreement provided that Sullivan would ordinarily obtain his entire supply of gasoline from the Springfield Oil Company, at a price equal to a 'suggested' retail price set by the latter, however with a specified profit margin of 3.25 cents per gallon. The agreement did not specify the price Sullivan could charge for gasoline. However, if he charges more than Springfield Oil Company's 'suggested' retail price, the agreement required that he rebate to Springfield Oil Company the entire amount by which he exceeded the suggested price. Sullivan could sell gasoline for less than Springfield Oil Company's suggested price, but any such decrease would reduce his profit margin. About a year after Sullivan began operating the gas station, he fell behind in lease payments. Springfield Oil Company gave notice of its intent to terminate the agreement and commenced eviction proceedings. On the other hand, Sullivan brought a suit in the federal court alleging that by preventing him from raising or lowering retail gas price, Springfield Oil Company violated Section 1 of the Sherman Act, 1890.
- (a) Whether Sullivan's suit is maintainable against Springfield Oil Company in the federal court? Elucidate.
- (b) Analyse the antitrust effects of maximum retail price as well as minimum retail price maintenance in light of *per se* violation and/or rule of reason standard.
- Q.3 'People are rational and markets work and are self-correcting'. Explain the concept of efficiency in the light of Chicago school of antitrust analysis. How does it differ from the Structural approach of competition? Also, spell out post-Chicago approach towards antitrust inquiry in view of game theory.

Q.4 Write short notes on the following:

- (a) Socialism and Competition Law
- (b) Distinguishing features of the Competition Act, 2002 *vis-à-vis* the erstwhile MRTP Act, 1969.
