



## SS RANA & CO. NEWSLETTER

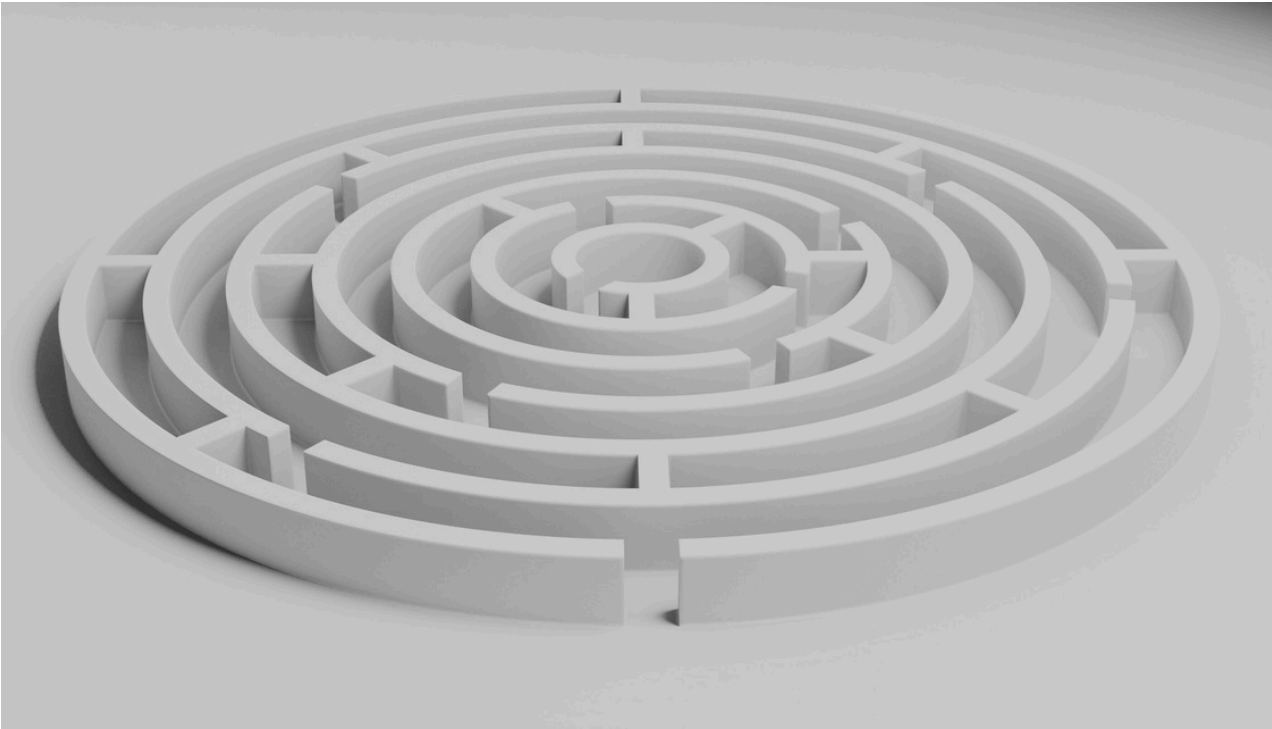
CORPORATE LAW

JUNE 2024

# CORP CONNECT AT A GLANCE

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Welcome to the Corporate Law Newsletter of SS Rana & Co., Corp Connect. We are dedicated to providing you with insightful updates on the ever-evolving landscape of corporate law. In this edition, we highlight important legal developments shaping the corporate world, ensuring you stay informed and ahead in your professional endeavors. Dive into our curated selection of articles, analyses, and expert insights, tailored to equip you with the knowledge needed to navigate complex legal challenges with confidence.



## NAVIGATING THE LEGAL MAZE: PRINCIPAL EMPLOYER'S LIABILITY FOR CONTRACTOR'S PROVIDENT FUND

**By Rupin Chopra and Shantam Sharma**

In the complex landscape of labour law, the question whether a principal employer bears the liability when a contractor fails to pay the provident fund (PF) dues to the labourers hired through the contractors is an all too common issue. If a contractor, who is hired by the principal employer to provide labor, fails to pay the dues, the question arises: should the principal employer be held accountable? This issue is important because it affects the financial security of the workers and raises questions about corporate responsibility and ethics.

In this article, we delve into the relevant judicial decisions and government advisory to determine the obligations of a principal employer in this scenario.

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## ENDORSERS NOW ACCOUNTABLE FOR MISLEADING ADVERTISEMENTS: WAKE UP CALL FOR INFLUENCER

**By Rupin Chopra and Apalka Bareja**

In recent times, the social media and digital platforms have made celebrities, influencers and endorsers more powerful in influencing what consumers buy. Recognizing this profound impact, regulatory bodies worldwide have increasingly scrutinized the practices of misleading advertisements to ensure transparency and authenticity in advertising. However, the issue of misleading advertisement is not a new phenomenon. For years, both traditional and digital media have seen numerous instances where advertisements have manipulated facts, or presented false information to entice consumer. Notably, the issue has once again resurfaced in the case of Indian Medical Association vs Union of India. The Hon'ble Supreme Court, in the present case, has issued a stringent direction to influencers and endorsers, signaling a pivotal shift in accountability for false and misleading advertisements, by clearly stating that the influencers and endorsers will be now held accountable for issuing false and misleading advertisements. Moreover, the Hon'ble Supreme Court has made it mandatory for advertiser/advertising agency to submit a self-declaration in line with the Rule 7 of the Cable Television Networks Rules, 1994.

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## SUPREME COURT RULING- LANDMARK DECISION ON STAMP DUTY FOR INCREASED SHARE CAPITAL

**By Devika Mehra and Apalka Bareja**

In the dynamic landscape of corporate finance, companies often find themselves in need to raise additional capital whether it's for expansion, investment or other strategic purpose. When a company decides to increase its share capital, several steps come into play. One of the crucial step is to deposit stamp duty on increased share capital. For many business in India, navigating complexities of stamp duty has been a murky affair. The ambiguity surrounding the application of stamp duty, particularly maximum cap, has often led to confusion and potential overpayment. The Supreme Court in its recent judgement of State of Maharashtra & Anr., versus National Organic Chemical Industries Limited gave clarity about hike in stamp duty on increase in share capital. The Hon'ble Apex court held that once the maximum duty payable on the authorized share capital of a company is paid, as prescribed under the relevant stamp laws, no additional duty is payable for subsequent increase in the share capital., unless the law requires payment of additional stamp duty.

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## SUPREME COURT'S LANDMARK JUDGMENT: APPLICABILITY OF THE CONSUMER PROTECTION ACT, 2019 ON ADVOCATES

**By Rupin Chopra and Shantam Sharma**

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In a significant ruling, the Supreme Court of India addressed the long-debated question of whether advocates fall under the ambit of the Consumer Protection Act, 1986 and its re-enacted version, the Consumer Protection Act, 2019. The judgment, dated May 14, 2024, in the case of Bar of Indian Lawyers v. D.K. Gandhi PS National Institute of Communicable Diseases and Anr. has firmly established that advocates are not liable for alleged deficiencies in services under these Acts. This decision brings much-needed clarity to the legal profession, which had been under a cloud of uncertainty for years.

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## RBI PLANS TO SETUP DIGITA TO CHECK ILLEGAL LENDING APPS

**By Apalka Bareja and Vidhi Oberoi**

The digital landscape has undergone a profound transformation in the recent years, with technology becoming increasingly intertwined with our daily lives. As more and more individuals and businesses rely on digital platforms for financial transactions, data sharing, and communication, the importance of trust and security in the digital realm has never been greater. In response to this evolving landscape, the Reserve Bank of India (RBI) has taken a proactive step by planning to establish the Digital India Trust Agency (DIGITA) to safeguard the integrity of digital transactions and foster trust among

The Digital India Trust Agency will operate at the intersection of technology, finance, and regulation, harnessing innovative solutions and collaborative partnerships to fortify the digital infrastructure. By fostering a culture of cybersecurity awareness and resilience, the DIGITA aims to instill confidence among consumers, businesses, and financial institutions, thereby underpinning the stability and trustworthiness of the digital economy.

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## TAMIL NADU TO PASS LEGISLATION TO PUT TIME RESTRICTION ON ONLINE GAMING

**By Rupin Chopra and Apalka Bareja**

In a decisive move to address the growing concern over online gaming addiction among children and young adults, it is being reported that the Tamil Nadu government is in the process of enacting a new legislation, which will impose strict time restriction on online gaming activities. This initiative aims to mitigate the adverse effect of excessive online gaming, thereby promoting healthier habits and safeguarding the well-being of the state's younger population. The proposed legislation showcases Tamil Nadu's proactive approach in regulating in online gaming industry and setting a precedent for other states to follow. This article delves into what is online game and the proposed impact of the new legislation.

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## SAFE FOR KIDS ACT: PROTECTING YOUNG USERS FROM HARMFUL SOCIAL MEDIA FEEDS

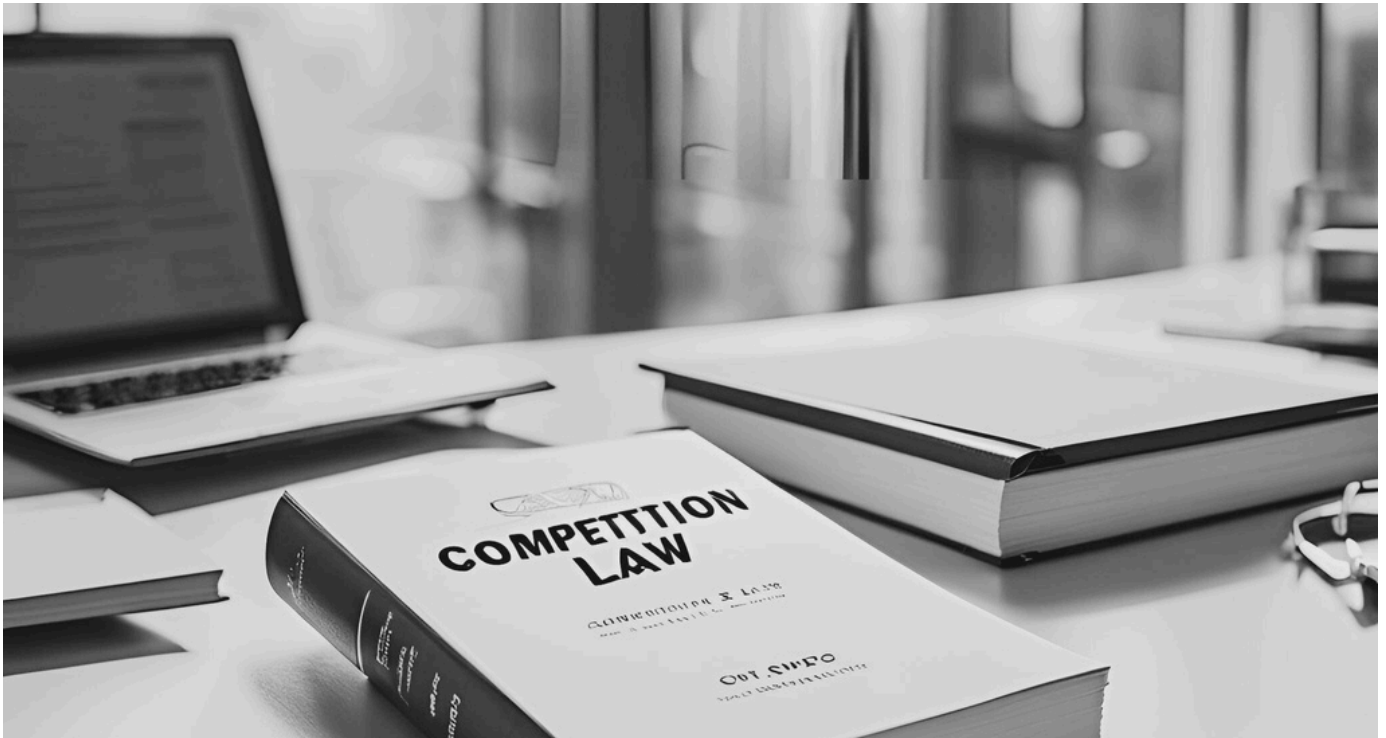
**By Anuradha Gandhi and Rachita Thakur**

On June 7, 2024, Governor Kathy Hochul of the State of New York celebrated the legislative passage of two nation-leading bills to protect kids online. The Stop Addictive Feeds Exploitation (SAFE) for Kids Act will curtail a child's access to addictive feeds on social media, and the New York Child Data Protection Act will protect children's personal data.

"New York is leading the nation to protect our kids from addictive social media feeds and shield their personal data from predatory companies," Governor Hochul said. "Together, we've taken a historic step forward in our efforts to address the youth mental health crisis and create a safer digital environment for young people. I am grateful to Attorney General James, Majority Leader Stewart-Cousins and Speaker Heastie, and bill sponsors Senator Gounardes and Assembly member Rozic for their vital partnership in advancing this transformative legislation."

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## THE US TECH LOBBY'S OPPOSITION TO INDIA'S DIGITAL COMPETITION BILL: A COMPLEX TUG OF WAR

**By Rupin Chopra and Apalka Bareja**

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In the dynamic arena of global digital policy, the recent opposition by major US technology companies, including Google and Amazon, to India's proposed Digital Competition Bill ("DCB") highlights a significant clash of interests. This bill, designed to enhance competition and protect consumers in India's burgeoning digital market, has raised concerns among these tech giants regarding its potential impact on their operations and market dominance.

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## MUTUAL FUNDS REGULATIONS- SEBI PROPOSES AMENDMENTS

**By Rupin Chopra and Apalka Bareja**

Among Indians, mutual funds remain the preferred investment when it comes to investing and developing investment portfolio. Assets Under Management (AUM) of Indian Mutual Fund Industry as on April 30, 2024 stood at ₹ 57,25,898 crore. The AUM of the Indian MF Industry has grown from ₹9.45 trillion as on April 30, 2014 to ₹57.26 trillion as on April 30, 2024 more than 6 fold increase in a span of 10 years.

The market regulator of India every now and again contrives to enhance transparency, protect investor's interest and promote the healthy functioning of the mutual funds industry. The Securities and Exchange Board of India (SEBI) recently approved revisions to the SEBI (Mutual Funds) Regulations, 1996, which aims to improve the regulatory environment for Asset Management Companies (AMCs). Following the market regulator's recent observations, these amendments require AMCs to implement institutional safeguards to combat potential market abuse, including front running.

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## DIRECT SELLING INDUSTRY IN INDIA

**By Rupin Chopra and Apalka Bareja**

The direct selling industry in India has seen significant growth over the past few decades, thereby becoming an essential part of the country's retail landscape. In India, direct selling industry started gaining momentum in 1980s. As of recent estimates, it has been reported that the direct selling industry in India is valued at over INR 21,282 crore and continues to grow annually. Prominent players in the Indian direct selling market include both international giants and homegrown companies. Companies like Amway, Tupperware, Avon, and Oriflame have a strong presence, alongside Indian companies such as Vestige, Modicare, and Mi Lifestyle Marketing.

As per media reports, amid receiving various complaints by consumers, earlier in May, Department of Consumer Affairs (DoCA) notified that it is planning to interfere within the industry to examine the compliance by direct selling companies in India.

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## THE E-COMMERCE REVOLUTION: E-RETAIL, EXPORTS AND 3PL FUELING SME AND STARTUP GROWTH

**By Apalka Bareja and Vidhi Oberoi**

The e-commerce landscape is experiencing a metamorphosis, ushering in a new era ripe with potential for small and medium-sized enterprises (SMEs) and startups. This era is propelled by three key forces: e-retail, exports, and third-party logistics (3PL).

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## PROTECTING AND MONETIZING INNOVATION

**By Rupin Chopra and Apalka Bareja**

In today's rapidly evolving global marketplace, the protection and monetization of innovation are crucial for sustaining competitive advantage and fostering economic growth. As technological advancements and creative solutions increase rapidly, businesses and individuals must strategically navigate the complexities of intellectual property laws and commercialization tactics. Effective protection of innovation ensures that inventors and organizations can safeguard their ideas against infringement securing the exclusive rights to capitalize on their intellectual assets. Similarly, the monetization strategies enable innovators to license their protected ideas into profitable ventures, generating revenue and encouraging research & development. This cooperation between protection and monetization not only incentivizes creativity but also push industries forward, creating a dynamic ecosystem. This article delves into the possible strategies for protecting and monetizing innovations.

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# FOOD LAWS

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- FSSAI asks Food Business Operators to remove claims of '100% Fruit Juice'
- Indian Masala Brands may go off the Shelves- FSSAI

## FOOD LAW

### AT A GLANCE

As we continue our commitment to keeping you abreast of critical legal developments, this issue focuses on pivotal updates in food laws. Our expert insights and thorough analyses will guide you through the latest regulatory changes and their impact on the food industry. Discover how these developments affect corporate compliance and explore strategies to uphold corporate responsibility in the food sector.







## FSSAI ASKS FOOD BUSINESS OPERATORS TO REMOVE CLAIMS OF '100% FRUIT JUICE'

**By Rupin Chopra and Apalka Bareja**

The Food Safety and Standards Authority of India (FSSAI) has issued a directive dated June 03, 2024, wherein it has directed all the food business operators (FBOs) to stop labelling and advertising their reconstituted fruit juices (products which contain the mixture of fruit juice concentrate and water) with the '100% fruit juice' claims. This directive arises from concerns about misleading marketing practices that may confuse consumers about the actual content and nutritional value of these beverages. The FSSAI's action aims to ensure transparency and honesty in food labeling, promoting informed choices among consumers. By addressing this issue, the FSSAI aims to enhance public trust in food products and uphold stringent standards in the food and beverage industry. This article delves into the key highlights of the recent directive issued by FSSAI.

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## INDIAN MASALA BRANDS MAY GO OFF THE SHELVES- FSSAI

**By Rupin Chopra and Apalka Bareja**

India is the largest exporter of spices in the world, amounting to around 4 billion USD and still growing. Indian spices, condiments and related products are much liked in the world for its flavor, texture and medicinal properties. Yet recent developments internationally have cast down a shadow on the future of spice trade. Just as they say that the taste of the pudding lies in its eating, countries like Singapore, US, Australia and Hong Kong have alleged presence of ethylene oxide (which is not registered with the CIB & RC) beyond permissible level in certain established Indian Masala Brands. Acting immediately, FSSAI has launched a country wide crackdown for stricter compliance with standards.

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# PATENT COMMERCIALISATION

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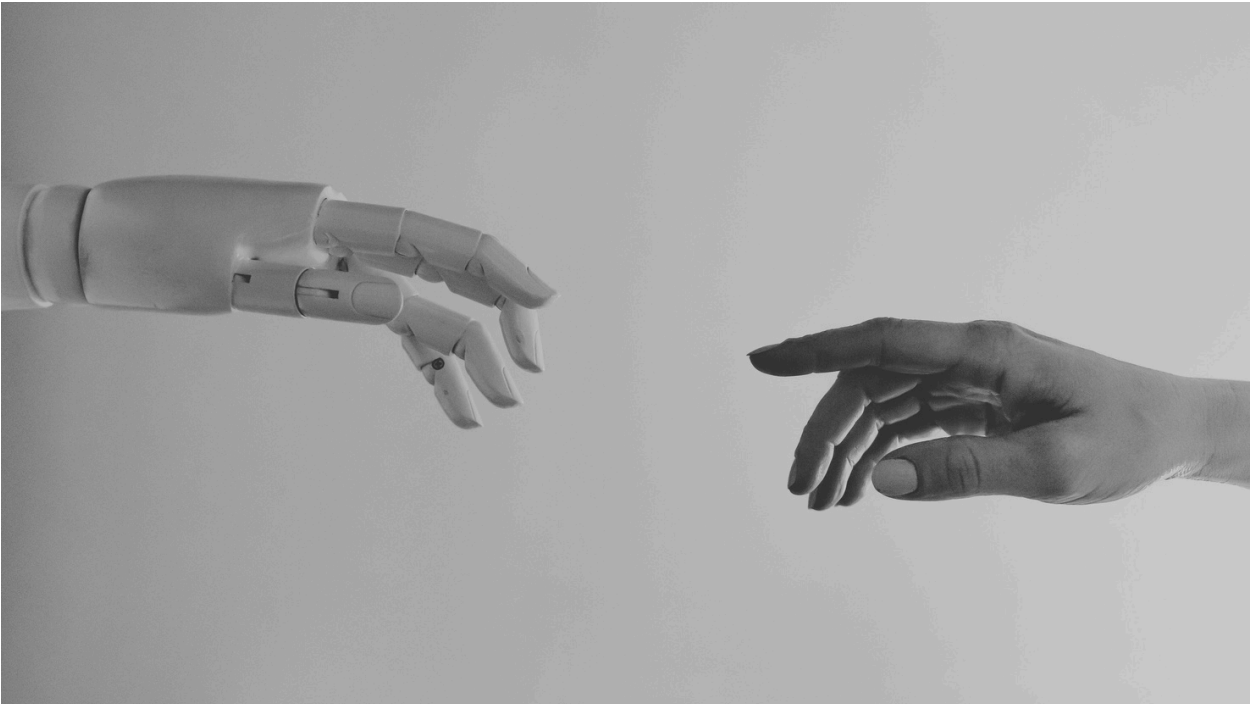
- Generative AI and Patent Monetization
- Standard Essential Patents and Patent Pooling
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# PATENT COMMERCIALISATION

## AT A GLANCE

In our continued effort to keep you updated on critical legal and business developments, this issue highlights key insights into Patent Commercialization.





## GENERATIVE AI AND PATENT MONETIZATION

**By Vikrant Rana and Apalka Bareja**

The intersection of generative artificial intelligence and patent monetization marks a transformative phase in the realm of intellectual property management. Generative AI, which utilizes the advanced algorithms to create new data and innovations from the existing information, has demonstrated significant potential in reshaping the various sectors, including technology, pharmaceuticals, automotive sector etc. When applied to patent monetization, generative AI can fundamentally transform how the patents are developed, evaluated and commercialized. The generative AI's capabilities extend to analyzing the vast databases of existing trends, gaps and opportunities of innovation. This can lead to creation of new patentable innovations by suggesting novel improvements and variations on existing technologies. Additionally, generative AI can streamline the process of patent evaluation. The collaboration between the generative AI and patent monetization not only enhances the value extraction from the patent but also foster a more innovative and competitive market. This article explores the role of generative AI in patent pool are shaping the future of Intellectual Property (IP) monetization.

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## STANDARD ESSENTIAL PATENTS AND PATENT POOLING

**By Vikrant Rana and Apalka Bareja**

In the rapidly evolving landscape of technology and innovation, intellectual property rights (IPR) play a crucial role in fostering creativity and ensuring that inventors can benefit from their invention. Among the various forms of IPR, Standard Essential Patents (SEPs) and patent pooling stand out as significant mechanisms that influence the development and distribution of technological standards. The importance of SEPs is evident in industries such as telecommunication, where they are critical for ensuring compatibility across different products and services. The licensing of SEPs must adhere to the principles that promote fairness and accessibility, ensuring that essential technologies can be widely adopted without hindering competition. Patent pooling, on the other hand, represents a collaborative approach of licensing patents. By consolidating patents of different patent holders into a single pool, this practice simplifies the licensing process, reduces the litigation cost and transaction cost. This practice is beneficial in industries where innovation is rapid and interdependent. It enables the companies to have access to a broad range of technologies, thereby fostering an environment of cooperation. Together, the SEPs and patent pooling play a pivotal role in shaping the innovation strategies within high-tech sectors.

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## COMPETITION LAW REGIME AND PATENT POOLING

**By Vikrant Rana and Apalka Bareja**

The world of Intellectual Property (IP) thrives on a delicate balance. Patents, the cornerstone of IP, grant investors a temporary monopoly over their creations, incentivizing innovation. However, this very exclusivity can create roadblocks, potentially hindering competition and customer choices. Here's where competition law steps in, aiming to ensure fair and healthy marketplace for technological advancement. The intersection/interplay of competition law and intellectual property rights, particularly in the context of patent pooling, present a complex and dynamic area of legal policy. These pools function as a collaborative effort, bringing together patents from various inventors under one umbrella. While seemingly beneficial by streamlining access to multiple inventions, patent pools raise concerns from competition law standpoint. Competition Act, 2002 aims to maintain market competition by regulating anti-competitive conduct among businesses. The primary objectives of the Competition Act, 2002 are to prevent monopolies, cartels and other anti-competitive behavior that could harm consumer welfare and hinder competition. Patent pooling, on the other hand, involves consolidating patents from multiple entities into a single depository, thereby allowing participants to access and use the patents without individual negotiation.

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