

Supreme Court Affirms Corporate Entity as Criminal Law Victim



In a landmark decision, the Supreme Court of India has ruled that companies can indeed be considered "victims" under criminal law, granting them the crucial right to pursue criminal cases and appeal acquittals, particularly in instances involving the sale of counterfeit or fake products. This significant judgment, delivered by a bench of Justices Ahsanuddin Amanullah and Prashant Kumar Mishra, clarifies that the term "victim" as defined in the Code of Criminal Procedure (CrPC) broadly encompasses corporate entities. The ruling paves the way for businesses to robustly protect their interests against commercial offenses.

The decision arose from a specific case where Asian Paints, a prominent paint manufacturer, sought to challenge the acquittal of an individual accused of selling counterfeit products under its brand name. The company had initially faced a setback when the Rajasthan High Court ruled that a company could not file an appeal against an acquittal order, asserting that only the direct complainant, typically an individual, held such a right. Facing this unusual legal impediment, Asian Paints escalated the matter to the Supreme Court through Singh Law Chambers.

Advocate Ajay Singh, representing Asian Paints, argued before the apex court that the term "person" in Section 2(wa) of the CrPC, which defines a "victim," includes "Company or Association or body of persons." He contended that Asian Paints suffered direct loss and injury, both financial and reputational, due to the sale of counterfeit goods, thus qualifying it as a victim. The Supreme Court concurred, emphasizing that "the appellant (Asian Paints) would suffer

financial loss and reputational injury if such products were bought by the public under the mistaken belief that the same belonged to the appellant's brand."

The bench underscored that Section 2(wa) of the CrPC is intended to have an "expansive understanding" rather than a "narrow or restricted meaning." This interpretation empowers corporate entities to directly pursue criminal remedies for various violations, including intellectual property rights (IPR) infringements and economic offenses. Previously, the criminal justice system largely positioned prosecution as the state's domain, often leaving aggrieved companies with limited recourse if the public prosecutor chose not to appeal.

This ruling marks a foundational shift in how India's criminal justice system acknowledges corporate harm. It provides brand owners with a direct legal pathway to enforcement, reducing reliance on the discretion of public prosecutors. For industries frequently targeted by counterfeit and grey market products, such as Fast-Moving Consumer Goods (FMCG), pharmaceuticals, and electronics, this judgment is expected to foster more active enforcement against illicit trade, encouraging companies to invest more proactively in legal strategies to safeguard their brands and financial well-being.