A shareholder or director of a company does not possess ownership over the entirety of the company's data or assets, as a company incorporated under the Companies Act acquires a distinct juristic personality, and its property, including digital assets such as data, code, and intellectual property, vests exclusively in the company alone

The **Karnataka High Court (Bengaluru Bench)** in the case of **Aashay Harlalka vs State of Karnataka [Criminal Petition No.12927 of 2025] dated March 25, 2026**, has ruled that a shareholder or director of a company does not possess ownership over the entirety of the company's data or assets, as a company incorporated under the Companies Act acquires a distinct juristic personality, and its property, including digital assets such as data, code, and intellectual property, vests exclusively in the company alone.

Further, the Court clarified that where a complaint discloses serious allegations of cyber-crime involving the downloading, copying, and deletion of proprietary data and confidential digital assets, the investigation cannot be stifled at the threshold under Section 482 of the CrPC / 528 of the BNSS on the premise that the dispute is purely civil in nature or that there is an alleged overlap in the offences invoked.

The High Court observed that the principal defence advanced on behalf of the petitioner does not withstand legal scrutiny and is liable to be rejected at the threshold. Once a Company is incorporated under the Companies Act, it acquires a distinct juristic personality, separate and independent of its shareholders and directors. The property of the Company, whether tangible or intangible, vests in the Company alone, and the parity in shareholding does not translate into proprietary entitlement over the company's assets.

The court noted that a shareholder acquires merely a right to participate in the profits of the Company and does not, by any shareholding, obtain proprietary interests in the assets of the Company. In the contemporary digital age, the assets of a Company are not confined to physical or movable property but extend, in significant measure, to data, code, and intellectual property, which are owned exclusively by the Company.

Regarding the contention that offences under Sections 316 and 318(4) of the BNS cannot co-exist, the Court observed that the matter is at the stage of investigation, and it would be premature and indeed inappropriate for the Court to interdict investigation on the ground of alleged overlap in offences.

The Court further observed that the issue is not purely civil in nature; it has all the hues and forms of cyber-crime, involving allegations of downloading, copying, deletion of source code, proprietary data, and confidential digital assets, which require highly technical and complex investigations involving forensic reconstitution of data.