

Supreme Court: C-Class FIR Cancellation Alone Cannot Prove Malicious Prosecution

In *Altaf Hussain v Bayer Crop Science Pakistan*, the Supreme Court held that C-Class cancellation of an FIR does not by itself prove malice, absence of reasonable cause, defamation or entitlement to damages.

Supreme Court of Pakistan civil-law judgment commentary
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Case: Civil Petition No. 701-K of 2025

Decision: 7 August 2026 | Approved for reporting

Court: Supreme Court of Pakistan, Appellate Jurisdiction

Bench: Justice Irfan Saadat Khan and Justice Aqeel Ahmed Abbasi

Result: Petition dismissed; leave to appeal refused

The ruling in one sentence

The Supreme Court of Pakistan has held that cancellation of an FIR in C-Class does not by itself establish malicious prosecution, defamation or a right to damages: a claimant must select the correct cause of action and prove every essential ingredient, including malice, absence of reasonable and probable cause, attributable publication and actual loss.

The ruling was delivered in *Altaf Hussain and others v M/s Bayer Crops Science Pakistan* through its Chief Executive Officer and another, Civil Petition No. 701-K of 2025. The bench comprised Justice Irfan Saadat Khan and Justice Aqeel Ahmed Abbasi. Justice Aqeel Ahmed Abbasi authored the judgment. The petition was heard on 29 July 2026, dismissed by refusal of leave, and the judgment was announced at Karachi on 7 August 2026. It was approved for reporting.

The raids, FIR and pesticide reports

The petitioners, Altaf Hussain, Amin Muhammad and Aijaz Ali, described themselves as established dealers of seeds, fertilizers and pesticides in District Badin. Their businesses operated as Nayab Fertilizers and Pesticide Agency and Amin Fertilizer and Pesticide Agency. They stated that they had been authorized dealers of Bayer products since 2004.

On 16 July 2008, personnel associated with Phoenix Intellectual Property Service (Pvt.) Ltd., accompanied by police, raided the shop of petitioner No. 1. Six cartons containing 119 bottles of Confidor pesticide were seized. FIR No. 87 of 2008 was registered at Police Station Pangrio, and petitioner No. 1 was detained overnight before release on personal surety.

A further raid took place on 17 July 2008 through the local Agriculture Department. Samples, including Confidor 240 and Thiodon one litre, were sent for testing. The petitioners relied upon reports from the Pesticide Quality Control and Testing Laboratory, Hyderabad, stating that the products were genuine and conformed to standard specifications. The criminal case was recommended for C-Class disposal, and on 15 April 2009 the Judicial Magistrate and Civil Judge, Tando Bago, cancelled the FIR.

The Supreme Court record, however, also contained a Karachi Chemical Laboratory report dated 20 October 2008 which declared the sample taken during the first raid to be fake. The petitioners had not challenged that report. This conflicting scientific material became important when the Court examined reasonable and probable cause.

The Rs 25.6 million damages claim

The petitioners instituted F.C. Suit No. 4 of 2010 before the Additional District Judge, Badin. They claimed Rs 25.6 million in damages: Rs 5 million for mental torture, Rs 15.6 million for business loss and Rs 5 million for injury to reputation.

They alleged that the false FIR, the raid, reports in Daily Khabrain and Daily Ummat, and cessation of their dealership damaged their businesses and public standing.

The trial court dismissed the suit on 27 August 2015. The Sindh High Court, Circuit Court, Hyderabad, dismissed First Appeal No. 15 of 2015 on 13 February 2025. The petitioners then sought leave to appeal under Article 185(3) of the Constitution.

Defamation and malicious prosecution are different claims

The central legal error was the attempted treatment of one cause of action as another. The Supreme Court held that where the grievance arises from institution of a criminal case later cancelled in C-Class, the appropriate tort remedy is malicious prosecution, subject to proof of its demanding ingredients. It is not automatically transformed into defamation.

Defamation concerns an unprivileged publication or circulation of a defamatory statement to a third person. Malicious prosecution concerns abuse of criminal or investigative process. The two wrongs may arise from related events, but each has its own elements, procedure, limitation period and burden of proof.

A party cannot avoid the requirements of malicious prosecution merely by labelling the suit as defamation. Courts must examine the material facts pleaded, the nature of the alleged injury and the evidence, rather than accept the heading chosen by a claimant.

The Court relied on *Ayesha Bibi v Additional District Judge, Lahore*, reported as 2018 SCMR 791, for the principle that defamation liability cannot be built merely upon initiation of criminal proceedings that are protected by the rule of immunity serving the administration of justice.

What must be proved in malicious prosecution

Relying on *Muhammad Akram v Mst. Farman Bi*, PLD 1990 SC 28, and *Muhammad Yousaf v Abdul Qayyum*, PLD 2016 SC 478, the judgment restated the recognized ingredients of malicious prosecution.

A claimant must establish that:

- the defendant prosecuted the claimant;
- the proceedings ended in the claimant's favour;
- the defendant acted without reasonable and probable cause;
- the defendant was actuated by malice;
- the proceedings interfered with liberty and affected reputation; and
- the claimant suffered legally provable damage.

Successful termination of the criminal case is therefore only one element. It does not prove the remaining requirements.

The Court also referred to *West Bengal State Electricity Board v Dilip Kumar Ray*, (2007) 14 SCC 568, where the Supreme Court of India similarly explained that favourable termination alone is insufficient without proof of malice and absence of reasonable and probable cause.

Why C-Class cancellation was not enough

C-Class disposal may show that the criminal case did not proceed against the accused. It does not necessarily amount to a judicial finding that the complainant fabricated the accusation, acted maliciously or lacked any reasonable basis at the time of reporting.

In the present case, there was no adverse judicial finding that the FIR was false or malicious. More importantly, the Karachi Chemical Laboratory had reported that the sample seized on 16 July 2008 was fake. Although the Hyderabad laboratory material supported the petitioners, the existence of conflicting state laboratory reports prevented the Court from accepting that reasonable and probable cause was completely

absent.

That evidentiary distinction was decisive. The FIR's cancellation in reliance on one report did not erase the other unchallenged report or prove ill will by the respondents. The petitioners therefore failed on a foundational requirement of malicious prosecution.

Why the defamation claim also failed

Under the Defamation Ordinance, 2002, a claimant must prove a defamatory statement or representation communicated to a third person and connect that publication to the defendant sought to be held liable.

The petitioners produced copies of newspaper reports about the raids and FIR. But they did not prove that the respondents authored, procured, authorized or otherwise caused those reports to be published. They also did not implead or examine the editors, publishers or correspondents of the newspapers.

The mere fact that news appeared in a newspaper was not enough. Without evidence linking the publication to the respondents, an essential ingredient of actionable defamation remained unproved.

The courts also found that the petitioners did not prove or properly quantify their claimed loss. A large lump-sum figure cannot substitute for evidence showing how business, income, reputation or other legally compensable interests were damaged.

Limitation and prior notice

The judgment further held that the suit did not comply with the time limits and notice requirements of the Defamation Ordinance, 2002.

Referring to sections 8 and 12, the Court recorded that a defamation suit must be instituted within six months of publication and that fourteen days' prior notice must be given within two months of knowledge. On the findings maintained by both courts below, the petitioners served their legal notice after about fifteen months and instituted the suit after more than twenty months.

The claim was therefore time-barred in addition to failing on evidence and legal characterization.

Criminal complaints and legal immunity

The judgment recognizes that reporting an alleged offence to a competent authority does not, by itself, constitute actionable defamation. Communications made in the course of invoking the criminal justice process receive legal protection connected with the proper administration of justice.

That protection is not a licence to make deliberately false accusations. If criminal proceedings are initiated maliciously and without lawful justification, the law supplies the tort of malicious prosecution. But the claimant must prove the particular ingredients of that remedy rather than bypass them through a differently labelled claim.

The Supreme Court's final order

The Supreme Court found no error or illegality in the concurrent findings of the Additional District Judge and the Sindh High Court. It dismissed the petition and refused leave to appeal.

The practical result was that:

- dismissal of the Rs 25.6 million damages suit remained intact;
- C-Class cancellation of the FIR did not establish malice or absence of reasonable cause;
- the conflicting laboratory reports supported the existence of a reasonable basis for the original complaint;
- the newspaper publications were not proved to be attributable to the respondents;
- the damages were neither adequately proved nor quantified; and
- the defamation suit was also barred by the Ordinance's notice and limitation requirements.

What the judgment means for practitioners

Before filing a damages action arising from criminal proceedings, counsel must classify the grievance correctly. If the injury is the wrongful use of police or court process, the claim will ordinarily sound in malicious prosecution. If the injury arises from a defamatory statement published to third parties, the claim may fall under defamation law. Related facts do not make the two causes interchangeable.

For malicious prosecution, the pleadings and evidence should identify who initiated the proceedings, how they ended, why no reasonable person could have believed the allegation, what material proves malice, how liberty or reputation was affected, and the precise financial or non-financial damage suffered.

For defamation, counsel should identify the exact words or representation, date and medium of publication, the third-party recipients, and evidence connecting the defendant to publication. The statutory notice and limitation dates should be calculated before institution, not after an objection is raised.

Damages must also be proved. Business records, tax returns, sales history, dealership correspondence, customer evidence, expert material and a reasoned method of calculation are materially stronger than an unexplained lump-sum demand.

Limits of the ruling

The judgment does not hold that C-Class cancellation is irrelevant. It may help prove favourable termination, but it does not automatically establish every other ingredient of malicious prosecution.

It does not hold that every police complaint is immune regardless of dishonesty. The ruling preserves the remedy of malicious prosecution where malice and absence of reasonable and probable cause are proved.

It also does not say that news reporting can never amount to defamation. Liability may arise where the claimant proves an actionable publication and connects it to the defendant within the statutory framework.

Finally, the decision should not be read as fixing damages at zero whenever documentary proof is incomplete. The point is that entitlement and quantum must be established through legally admissible evidence rather than assertion.

Conclusion

Altaf Hussain v Bayer Crop Science Pakistan draws a clear line between defamation and malicious prosecution. A criminal case ending in C-Class may satisfy the requirement of favourable termination, but it does not prove malice, lack of reasonable cause, publication or loss.

The decision's practical lesson is straightforward: plead the correct tort, meet its specific statutory and evidentiary requirements, and prove damages with a defensible calculation. A claimant cannot replace those requirements with the fact of FIR cancellation or a large lump-sum demand.

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