
THE FICTION OF CORPORATE PERSONHOOD: LEGAL CONVENIENCE OR CONSTITUTIONAL CONFLICT?

Aishani Sen, UPES, Dehradun

ABSTRACT

This study offers a critical exploration of the evolving doctrine of corporate personhood, tracing its journey from a pragmatic legal fiction, designed to streamline commercial activity, to a deeply contested constitutional principle. Initially established to grant corporations a separate legal identity for purposes such as contract enforcement, property ownership, and limited liability, the doctrine has since expanded, with corporations increasingly invoking fundamental constitutional rights once thought to be the exclusive preserve of natural persons. These include the rights to free speech, religious freedom, and equal protection under the law.

The paper undertakes a comparative legal analysis of how corporate personhood is interpreted and applied across jurisdictions, with particular focus on India, the United States, and the European Union. These comparative perspectives reveal distinct constitutional cultures and sharply differing approaches to the balance between corporate functionality and public accountability. By drawing on doctrinal developments, landmark case law, and international frameworks, the study exposes the growing tension between corporate power and the foundational principles of democratic governance.

The research argues that without clear doctrinal boundaries and legislative oversight, the unchecked expansion of corporate constitutional rights risks distorting the core values of equality, representation, and human dignity. It proposes a recalibrated framework grounded in judicial restraint, statutory clarity, and stakeholder-inclusive corporate governance, aiming to preserve the legitimacy of constitutional protections while maintaining the functional utility of the corporate form. Ultimately, the paper contends that restoring a proper equilibrium between economic structures and constitutional values is not only a legal imperative but a democratic necessity.

Keywords: Corporate Personhood, Legal Fiction, Constitutional Rights, Democratic Integrity, Judicial Reform, Freedom of Speech.

INTRODUCTION

Corporate personhood is a foundational legal fiction that confers upon a corporation a distinct legal identity, separate from that of its shareholders, directors, and employees. Although widely accepted today, the idea of a corporation as a separate legal person was not always settled. Around 150 years ago, many viewed corporations simply as collections of individuals, much like partnerships. A leading 1886 treatise argued that a corporation had no independent identity beyond its shareholders, calling its separate existence a legal fiction created by agreement.¹ Rooted in Roman jurisprudence and later formalized in landmark cases such as *Salomon v. Salomon & Co. Ltd.*² in the United Kingdom and *Trustees of Dartmouth College v. Woodward*³ in the United States, this doctrine was originally designed to serve functional and commercial purposes. It enabled corporations to own property, enter into contracts, initiate or defend legal proceedings, and maintain perpetual existence irrespective of changes in ownership and control. This conceptual separation has underpinned the rise of modern corporate enterprise and facilitated economic development on a global scale.

However, with time, this legal convenience has morphed into a contentious constitutional debate. Extending Fundamental rights, such as Freedom of Speech, Equality before the law, and even Religious Liberty to artificial legal entities has raised profound ethical and jurisprudential questions. Unlike natural persons, corporations lack consciousness, moral agency, and the capacity for human experience, yet they increasingly assert claims to rights designed to protect individual autonomy and integrity. This paradox challenges the philosophical foundations of constitutional law: Can entities formed purely for economic gain legitimately claim protections rooted in human rights disclosure?

In the contemporary landscape, where corporate influence permeates politics, regulatory frameworks, and societal structures, the boundaries of corporate personhood warrant urgent scrutiny. Courts across jurisdictions have grappled with the implications of treating corporations as rights-bearing entities, often with divergent outcomes. As this legal fiction begins to intersect with democratic principles and constitutional integrity, it becomes imperative to reassess its scope, purpose, and potential for misuse. This paper critically

¹ VICTOR MORAWETZ, A TREATISE ON THE LAW OF PRIVATE CORPORATIONS 3 (2nd ed. 1886).

² *Salomon v A Salomon and Co Ltd* [1897] AC 22 (HL) 34.

³ *Trustees of Dartmouth College v. Woodward* [1819] 17 U.S. (4 Wheat.) 518.

examines whether corporate personhood remains a necessary legal tool in modern governance or whether it has evolved into a constitutional conflict that necessitates recalibration or reform.

ORIGIN, EVOLUTION, AND THE LEGAL ILLUSION

Corporate Personhood is a foundational legal doctrine that grants a corporation an independent legal identity, treating it as a “person” in the eyes of the law, distinct from that of its shareholders, directors, and employees. This conduct allows a corporation to perform legal functions such as owning property, entering into legal contracts, initiating or defending lawsuits, and continuing in perpetuity regardless of changes in ownership. While widely accepted today, the concept is a legal fiction, an artificial creation of the law for functional convenience rather than a reflection of any real human qualities. Its earliest traces can be found in Roman law, where collective bodies like guilds and religious institutions were treated as legal entities capable of owning property and assuming obligations. This idea developed further during the medieval and early modern periods and was eventually formalized in the modern corporate systems.

The idea of corporate personhood gained widespread attention after the U.S. Supreme Court’s *Citizens United v. FEC* (2010)⁴ Decision, which held that corporations have First Amendment rights and that political spending counts as free speech. The Court reasoned that corporations, being associations of individuals, are entitled to such protections. However, this legal concept existed long before that case. By recognizing corporations as separate legal entities, the law allows them to own property, make contracts, sue or be sued, and operate continuously, facilitating investment and promoting economic development.⁵ The evolution of corporate personhood accelerated during the Industrial Revolution, with the rise of joint-stock companies and large-scale enterprises that required a stable legal identity to function efficiently in an expanding capitalist economy. In common law, the British case of *Salomon v. A. Salomon & Co. Ltd* (1897)⁶ firmly established the principle that a company, once incorporated, possesses a legal personality distinct from its promoters and shareholders. In India, this principle is codified under Section 9⁷ Of the Companies Act, 2013.

⁴ *Citizens United v. Federal Election Commission* [2010] U.S. 58 (SC) 310.

⁵ David Millon, *The Ambiguous Significance of Corporate Personhood*, 2 Stan. Agora: Online J. Legal Persp. 39 (2001).

⁶ *Supra* Note 2.

⁷ The Companies Act, No. 18 of 2013, § 9 (Ind.)

However, while this legal fiction serves critical economic and procedural purposes, such as limiting liability, facilitating investment, and streamlining dispute resolution, it becomes deeply problematic when extended beyond its intended commercial functions. The real conflict arises when corporations begin to assert constitutional rights traditionally reserved for natural persons, such as freedom of speech, equality, or religious denominations. Unlike individuals, corporations do not possess consciousness, emotions, or moral judgment, and cannot bear responsibilities in the same manner. Yet, through this function, they are increasingly claiming rights that are rooted in human dignity and personal autonomy.

This extension challenges the ethical and constitutional foundations of modern legal systems. It blurs the line between human and institutional actors, raising difficult questions about accountability, influence, and the proper limits of legal identity. Thus, while corporate personhood remains a powerful tool of legal convenience, it also embodies a growing tension between functionality and the fundamental principles of justice, democracy, and human rights.

CORPORATE PERSONHOOD IN PRACTICE: LEGAL UTILITY VS. CONSTITUTIONAL OVERREACH

The doctrine of corporate personhood was initially embraced for its functional advantages in business law. By treating a corporation as a separate legal entity, distinct from its founders and shareholders, the legal system enables the development of key principles such as limited liability, which shields personal assets from corporate debts, and perpetual succession, which allows companies to survive beyond the lives or involvement of their original members. These features, codified in laws like India's Companies Act, 2013,⁸ This forms the foundation for modern commerce by encouraging risk-taking, promoting capital formation, and ensuring operational continuity.

In broader and practical terms, corporate personhood facilitates efficient contractual relationships, allowing companies to sue or be sued, hold property, and enter legally binding agreements in their name.⁹ This reduces complexity in litigation and streamlines business operations. Moreover, corporate identity simplifies taxation, enables cross-border investments, and supports international trade, making it an essential mechanism in global economic systems.

⁸ Ibid.

⁹ Supra note 5

However, problems arise when this legal fiction extends beyond commercial utility into the realm of constitutional rights. Originally, fundamental rights were designed to protect individual dignity, liberty, and conscience. Yet, in jurisdictions like the United States, corporations have increasingly claimed protections such as freedom of speech and religious expression, notably in *Citizens United v. FEC* (2010)¹⁰ and *Burwell v. Hobby Lobby Stores, Inc.* (2014)¹¹. The justification often given is that corporations are associations of individuals, and thus indirectly entitled to the same constitutional safeguards.

In contrast, Indian constitutional jurisprudence has taken a more restrained approach. While corporations can claim certain rights, such as Article 19(1)(g)¹² – Freedom of trade and Article 14¹³ – Equality before the law, they are generally excluded from rights grounded in personal liberty or moral conscience, such as Article 21¹⁴ – Right to life and Article 25¹⁵ – Freedom of religion, which is intrinsically linked to human experience. This gives rise to a critical mismatch: corporations can exercise rights, but they do not bear the same moral responsibilities or suffer consequences in the way humans do. They do not possess emotions, moral intuitions, or the capacity to experience harm in the human sense. As such, extending rights like freedom of speech or religion to corporate entities risks distorting the purpose of constitutional protections and may allow entities created for profit to overpower individual voices in democratic discourse. In totality, while the legal fiction of corporate personhood is essential for facilitating business operations, its extension into constitutional rights creates a significant tension. A concept designed for economic convenience now challenges the ethical and legal foundations of democratic systems. Striking a balance between corporate functionality and the original purpose of fundamental rights has become a pressing concern for modern legal frameworks.

JURISPRUDENTIAL TRENDS – KEY CASES AND DOCTRINES

- **India- Corporate Rights with a limited constitutional framework**

In India, the judiciary has adopted a measured approach in extending constitutional protections

¹⁰ Supra note 4.

¹¹ *Burwell v. Hobby Lobby Stores, Inc.* [2014] U.S. 573 (SC) 682.

¹² INDIA CONST. Art. 19(1)(g)

¹³ INDIA CONST. Art. 14.

¹⁴ INDIA CONST. art. 21.

¹⁵ INDIA CONST. art. 25.

to corporations. While corporations are recognized as legal persons under the Companies Act 2013, their ability to claim fundamental rights under Part III of the Constitution is selectively permitted, largely confined to rights that align with economic and commercial activity.

In *Tata Engineering and Locomotive Co. Ltd. v. State of Bihar* (1964),¹⁶ the Supreme Court recognized that corporations could invoke Article 14¹⁷ The right to equality before the law. The Court affirmed that artificial legal persons are entitled to protection against discriminatory laws, provided the rights claimed are consistent with the nature and purpose of the corporation.

In *Charu Khurana v. Union of India* (2015),¹⁸ Although the main petitioner was an individual, the case indirectly reinforced the view that corporate entities do not possess the full spectrum of rights under Article 21¹⁹, which includes the right to life and personal liberty. The Court has consistently held that corporations may enjoy Article 19(1)(g)²⁰, but not rights that require human experience, such as dignity, privacy, or religious conscience.

This jurisprudence reflects a functional application of rights; corporate entities are allowed to claim constitutional protections only when the rights claimed relate directly to their business interests or economic freedoms.

- **US- Broad expansion of corporate constitutional rights**

The United States has witnessed a significant expansion of corporate constitutional rights, driven largely by judicial interpretation of the First and Fourteenth Amendments. The shift began with *Santa Clara County v. Southern Pacific Railroad Co.* (1886)²¹, where the U.S. Supreme Court, without detailed reasoning, accepted that corporations are entitled to equal protection under the Fourteenth Amendment. Though the ruling itself did not elaborate, the headnote set a precedent that profoundly shaped future decisions.

A landmark turning point came with *Citizens United v. Federal Election Commission* (2010)²², where the Court ruled that corporate political spending constitutes protected speech under the

¹⁶ *Tata Engineering and Locomotive Co. Ltd. v. State of Bihar* (1964), AIR 40 SCR 885 (Ind.)

¹⁷ *Supra* note 12

¹⁸ *Charu Khurana v. Union of India* (2015) 12 SCR 259 (Ind.)

¹⁹ *Supra* note 13.

²⁰ *Supra* note 11.

²¹ *Santa Clara County v. Southern Pacific Railroad Co.* [1886] U.S. 118 (SC) 394.

²² *Supra* note 4.

First Amendment. The majority reasoned that since corporations are associations of individuals, limiting their independent political expenditures would amount to restricting collective expression. This ruling was heavily criticized for enabling "dark money" in politics and tilting democratic discourse in favour of powerful economic entities.

Further, in *Burwell v. Hobby Lobby Stores, Inc.* (2014), the Court extended religious freedom rights to closely held corporations under the Religious Freedom Restoration Act (RFRA)²³. The majority held that corporations, though artificial entities, could reflect the religious beliefs of their owners and thus be exempt from certain regulatory mandates, such as the contraceptive coverage requirement under the Affordable Care Act.

These cases demonstrate a philosophical, ideological, and legal shift in the US from viewing corporations as commercial tools to recognizing them as quasi-human rights holders, blurring the line between natural and legal persons.

- **EU- Rights with social limits and emphasis on human dignity**

In contrast to the United States, the European Union adopts a more restrained and socially conscious approach to corporate rights. The European Convention on Human Rights (ECHR) does extend some rights to legal persons, such as the right to a fair trial (Article 6)²⁴, protection of property (Protocol 1, Article 1), and freedom of expression (Article 10). However, the European Court of Human Rights (ECtHR) is clear that rights rooted in personal dignity, such as the right to life, protection against torture, and freedom of religion, are reserved for natural persons.

For example, in *Autronic AG v. Switzerland* (1990)²⁵ The ECtHR recognized that a broadcasting company could claim freedom of expression under Article 10²⁶. However, in cases concerning moral suffering or personal privacy, the Court has consistently refused to extend such protections to corporations, noting the inherent difference between living individuals and artificial legal bodies.

²³ Religious Freedom Restoration Act of 1993, §§ P.L. 103-141, (1993).

²⁴ European Convention on Human Rights. art. 6 [1950] 213 U.N.T.S. 221

²⁵ *Autronic AG v. Switzerland* [1990] 12 EHRR 485.

²⁶ European Convention on Human Rights. art. 10 [1950] 213 U.N.T.S. 221

The jurisprudence in the European Union prioritizes human dignity, public interest, and social justice over the unrestricted application of rights to corporations. It reflects a legal philosophy that considers the social function of business entities, ensuring they serve the community rather than dominate it.

RECALIBRATING CORPORATE PERSONHOOD: A CROSS-JURISDICTIONAL AND NORMATIVE ANALYSIS

Briefly, as we have already discussed, the concept of corporate personhood is universally acknowledged for facilitating commercial activity; its legal implications and constitutional boundaries vary markedly across jurisdictions. In India, corporate personhood is statutorily established under the Companies Act 2013, which allows corporations to operate as separate legal entities. Indian courts have allowed corporations to claim certain constitutional protections, such as Article 14 and Article 19(1)(g). However, Indian jurisprudence has been very careful to limit these rights to those necessary for business functions, refraining from extending inherently personal rights, such as Article 21 and Article 25. This demonstrates a cautious and functional approach, maintaining a clear line between legal identity and human personhood.

In the United States, corporate constitutional rights have expanded significantly, particularly under the First and Fourteenth Amendments. This began with *Santa Clara County v. Southern Pacific Railroad Co.* (1886),²⁷ Where the Supreme Court recognized corporate entitlement to equal protection. The doctrine evolved further in *Citizens United v. FEC* (2010),²⁸ This held that corporate political spending is protected speech, allowing corporations to influence elections as extensions of individual expression. In *Burwell v. Hobby Lobby* (2014),²⁹ the Court went further, recognizing that closely held corporations could assert religious freedom under the RFRA, aligning corporate rights with the moral beliefs of their owners. These decisions reflect a judicial philosophy that views corporations as collective rights-holders, though critics warn this risks undermining democratic balance and accountability.

In contrast, the European Union follows a more restrained, human-centric approach. While corporations enjoy certain rights under the ECHR, like the right to fair trial and property

²⁷ Supra note 20.

²⁸ Supra note 4.

²⁹ Supra note 10.

protection, the European Court of Human Rights draws a clear boundary at personal rights, such as privacy, religion, and protection from inhuman treatment. The EU legal culture emphasizes that corporations, as legal fictions, lack the moral and emotional capacity to hold such rights. Instead of expanding corporate freedoms, the EU focuses on social responsibility, public interest, and the primacy of human dignity, offering a model where law serves people before profit.

Constitutional Philosophy and Legal Fictions – These jurisdictional differences highlight deeper constitutional and philosophical divergences. The Indian and European models are rooted in public interest and human dignity, recognizing the corporate form as a necessary legal construct, but not a rights-bearing entity on par with individuals.³⁰ In these systems, the corporate person is a tool for economic facilitation, not a subject of moral or constitutional entitlement.

The American Model, on the other hand, arises from a libertarian constitutional tradition that values freedom of association and market autonomy. Here, corporations are viewed as vehicles for individual rights. Leading to an expensive interpretation of legal personhood that has, over time, blurred the distinction between citizens and business entities. Critics argue that this has enabled corporations to wield disproportionate influence in public discourse and policymaking, potentially undermining democratic equality.

International Norms and the Reframing of Corporate Responsibility – Amidst these national differences, international legal norms offer a more balanced and ethically grounded framework. The United Nations Guiding Principles on Business and Human Rights (UNGPs), endorsed in 2011, emphasize that corporations are not rights-holders in the same sense as individuals, but rather duty-bearers with a responsibility to respect human rights. The UNGPs rest on three basic pillars: the state's duty to protect rights, corporate responsibility to respect rights, and access to effective remedies³¹. This framework moves away from expanding corporate entitlements and instead focuses on enhancing accountability, due diligence, and transparency in business practices. Additionally, there is a growing international push toward mandatory human rights due diligence (mHRDD) legislation, most notably in the EU, which is working on a Corporate Sustainability Due Diligence Directive (CSDDD). These legal

³⁰ JOSEPH ANGELL & SAMUEL AMES, TREATISE ON THE LAW OF PRIVATE CORPORATIONS AGGREGATE 1 (10th ed. 1875)

³¹ H.C. ADAMS, RELATION OF THE STATE TO INDUSTRIAL ACTION 33 (J. Dorfman ed. 1954)

developments aim to ensure that corporations are held responsible for their global supply chains and operational impacts, not just as economic entities, but as actors embedded in broader social systems.

CURRENT CONTROVERSIES: CORPORATE PERSONHOOD AND THE SHAREHOLDER-PRIMACY PRADIGM

The modern debate around corporate personhood has evolved beyond metaphysical questions of whether a corporation is truly a "person" under the law. Instead, contemporary scholarship increasingly focuses on the underlying human relationships and responsibilities within corporate structures. This shift is reflected in two dominant, competing perspectives: the contractarian model and the communitarian critique.

The Contractarian Approach: Corporation as a Nexus of Contracts

Proponents of the contractarian view, many influenced by Milton Friedman and the Chicago School of economic thought, describe the corporation not as a moral agent or public institution, but as a "nexus of contracts", a private arrangement among individuals pursuing mutual economic gain.³² According to this theory, the corporation is essentially a market in miniature, composed of legally enforceable or implied agreements between shareholders, managers, employees, and other participants. From this perspective, the corporation does not possess any inherent social or moral identity; it is merely a legal shell facilitating private transactions.

Under this model, the shareholder primacy principle is central. Shareholders are seen as the principal contributors of capital and, therefore, the rightful beneficiaries of corporate success. The legal obligation to maximize shareholder value is justified as a matter of contractual commitment rather than property rights. Efforts by the state or courts to impose broader social responsibilities on corporations are viewed as interferences in private freedom of contract, and hence, ideologically illegitimate. Moreover, because corporations are not sentient beings, they are said to be incapable of holding social or moral duties; only natural persons can.

The Communitarian Critique: Corporation as a Social Institution

In contrast, communitarian theorists argue that this contractarian view is both incomplete and

³² Daniel R. Fischel, *The Corporate Governance Movement*, 35 VAND. L. REV. 1259, 1273 (1982).

normatively flawed. They reject the idea that corporations are simply platforms for individual profit-maximization and instead see them as complex communities of interdependent individuals. In this view, the health and success of a corporation are not solely determined by shareholder returns but also by the trust, collaboration, and shared responsibility among all stakeholders, employees, customers, suppliers, and even the public.³³

Legal scholar Abram Chayes criticized the narrow definition of corporate “membership” that excludes non-shareholders who are significantly impacted by corporate decisions. He proposed a broader, more inclusive conception that would allow such affected parties to participate in corporate governance through institutional representation. This approach reimagines corporate law as a system of democratic accountability, rather than a tool for private wealth generation alone.

Communitarians also challenge the sufficiency of contract law to regulate intra-corporate relationships. They argue that long-term relationships of dependency and trust, such as between workers and employers, can give rise to legitimate expectations and obligations that are not captured by formal contracts. For instance, a worker who sacrifices higher wages in exchange for job stability should not be left vulnerable simply because employment terms weren’t legally guaranteed. Instead, courts and lawmakers should recognize these expectations as creating moral and sometimes legal duties, especially when shareholders attempt to maximize profits at the expense of such commitments.

Normative Fault Lines: Market or Moral Community?

While both contractarians and communitarians agree that corporations are aggregates of natural persons, they draw very different conclusions about what those relationships mean. Contractarians treat corporate actors as self-interested individuals, entitled only to what they can negotiate and pay for. Communitarians, however, view corporations as cooperative ventures, where participants rely on one another and are morally bound to act with fairness and regard for others' welfare.

This fundamental disagreement is not just about law; it is a normative conflict over how corporate life should be structured and what values it should reflect. For contractarians, laws

³³ Joseph W. Singer, *The Reliance Interest in Property*, 40 STAN. L. REV. 611 (1988)

that redistribute wealth or impose obligations outside the bounds of contract are unjustified constraints. For communitarians, such interventions may be necessary correctives to structural imbalances in power, bargaining capacity, and access to opportunity.³⁴

From Fiction to Framework: What Matters?

Interestingly, both perspectives have largely moved beyond the traditional debates about corporate personhood as a legal fiction. The question is no longer “what kind of person is the corporation?”³⁵ but rather, what kind of obligations arise among the real people who constitute and are affected by it. In this sense, the metaphor of the corporation as a “person” has given way to functional concerns about governance, fairness, and social accountability.

However, even this shift has not resolved the controversy. The same set of relationships can still be interpreted in radically different ways, either as private contracts among rational actors or as social ties among moral agents. As with earlier debates over entity theory, this unresolved tension reflects deeper questions about the role of law in balancing power, profit, and justice in the corporate sphere.

RESTORING THE BALANCE – CORPORATE POWER AND CONSTITUTIONAL LIMITS

The evolving legal treatment of corporate personhood necessitates an observant rebalancing, preserving its utility in commercial law while preventing its overreach into the constitutional domain. A multidimensional reform strategy must address both legal doctrine and regulatory practise to restore the equilibrium between economic functionality and constitutional fidelity.

1. Doctrinal Limits on Corporate Constitutional Rights

Courts must adopt a rights-specific approach to corporate claims under constitutional law. Not all rights can or should be extended to corporations. Rights rooted in individual identity, autonomy, or moral responsibility should be clearly distinguished from operational rights like access to justice, property ownership, or due process. This nuanced filtering

³⁴ Supra note 5

³⁵ Marleen A. O'Connor, *Restructuring the Corporation's Nexus of Contracts: Recognizing a Fiduciary Duty to Protect Displaced Workers*, 69 N.C. L. REV. 1189 (1991).

would prevent corporations from invoking rights they were never morally or socially meant to have.

2. Statutory Clarification of Legal Standing

Legislative frameworks should provide explicit statutory guidelines on when and how corporations may invoke constitutional protections. For instance, while they may retain rights needed for smooth business operations, such as freedom of trade or property safeguards, their standing in areas like religious freedom, political expression, or personal liberties should be explicitly curtailed. This clarity would curb judicial inconsistency and policy loopholes.

3. Reform of Campaign Finance and Lobbying Laws

To counterbalance disproportionate corporate influence in democratic processes, reforms in campaign finance laws and lobbying regulations are essential. Capping corporate political donations, enforcing transparency in political funding, and placing ethical boundaries on lobbying can prevent the manipulation of public policy through economic power, a problem that is particularly acute in jurisdictions where corporations enjoy speech rights.

4. Stakeholder–Oriented Corporate Governance

A viable path forward includes shifting from shareholder primacy to stakeholder–inclusive governance models. Laws and corporate governance codes should be reformed to mandate consideration of the interests of employees, consumers, suppliers, communities, and the environment, not just investors.³⁶ This approach redefines corporate success not just in terms of profit, but also in terms of long-term sustainability, fairness, and ethical performance.

5. Adoption of International Norms and Best Practices

Domestic reforms should also align with international frameworks, such as the UNGPs, which place the onus on corporations to respect human rights, avoid harm, and provide

³⁶Harvard University Press, Frank H Easterbrook and Daniel R Fischel, *The Economic Structure of Corporate Law* (1991), pg. 34-37.

remedies. Adopting international due diligence standards and mandatory disclosure requirements can help hold transitional corporations accountable across jurisdictions.

6. Promotion of Corporate Ethics and Responsibility

Beyond legal measures, states and regulatory bodies should promote a culture of corporate ethics through soft law mechanisms, such as ESG reporting standards, public rankings, and incentives for ethical behaviour. Encouraging voluntary self-regulation alongside statutory obligations can help embed constitutional values within business practices organically.

CONCLUSION

Corporate personhood, once a practical legal fiction for facilitating business, has evolved into a constitutional dilemma. While the doctrine rightly supports economic functions, such as limited liability and legal continuity, its extension into fundamental rights has raised serious concerns. Granting corporations freedoms meant for natural persons, like political speech or religious expression, risks distorting the purpose of constitutional protections. Different jurisdictions have responded in contrasting ways. India and the EU apply corporate rights cautiously, emphasizing social responsibility and human dignity, while the US has expanded corporate rights more broadly, often equating them with individual liberties. This divergence reflects deeper tensions between market logic and constitutional values.

Yet, corporations are not moral agents; they cannot suffer harm or exercise conscience. Treating them as rights-bearing entities beyond their commercial purpose undermines democratic balance and accountability. To address this, legal systems must draw clear doctrinal and statutory boundaries, ensuring that corporate rights remain proportionate, functional, and subordinate to human rights. Ultimately, corporate personhood must be realigned with its original purpose, a legal construct designed to facilitate economic cooperation, not to compete with the rights and freedoms of living individuals. Recalibrating corporate personhood is not about dismantling the corporate form. But about restoring its original intent, a tool for economic coordination, not a claimant of constitutional entitlements. This rebalancing is essential for preserving both market efficiency and constitutional integrity.