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**IN THE HIGH COURT OF DELHI AT NEW DELHI**

% *Judgment reserved on : 13.03.2026*
Judgment delivered on : 01.07.2026

+ **CRL.M.C. 5867/2022, CRL.M.A. 23041/2022, CRL.M.A. 7024/2023, CRL.M.A. 7026/2023 & CRL.M.A. 1497/2025**
ASSURANCE INTL LIMITEDPetitioner

versus

STATE OF NCT OF DELHI & ANR.Respondents

Advocates who appeared in this case:

For the Petitioner : Mr. Rahul Mehra, Sr. Adv. with Mr. Kushal Kumar, Mr. Rahul Meena, Mr. Akash Deep Gupta, Mr. Chaitanya Gosain, Mr. Hanif Chimthanawala, Adv. & Ms. Sanal Anand AR.

For the Respondents : Mr. Sanjeev Bhandari, ASC with Mr. Arjit Sharma, Adv. for the State.
SI Naveen, DIU/SED.
Mr. Gautam Khazanchi, Mr. Divjot Singh Bhatia & Mr. Vaibhav Dubey, Adv. along with R-2.
Ms. Nidhi Raman, CGSC with Mr. Nikunj Bindal, Adv. for UOI.

CORAM

HON'BLE MR JUSTICE AMIT MAHAJAN

J U D G M E N T

1. The present petition is filed under Section 482 of the Code of Criminal Procedure, 1973 ('CrPC') seeking quashing of FIR No. 294/2022, dated 30.09.2022, registered at Police Station Hazarat Nizamuddin under Sections 406/420/506 of the Indian Penal Code



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1806 ('IPC'), along with consequential proceedings emanating therefrom.

Factual Matrix

2. The present FIR came to be registered pursuant to a complaint submitted by Mr. Ajit Singh, partner of M/s Dass Automobiles (*hereinafter referred to as 'Complainant'*), alleging commission of offences of cheating, criminal breach of trust and criminal intimidation by the Petitioner Company, namely M/s Assurance International Limited, operating under the brand name "*Goodyear Lubricants*" and its officials.

3. It is alleged that officials of the Petitioner Company approached the complainant for appointment as distributor of lubricant products for New Delhi and represented that the Petitioner Company was associated with "*Goodyear*", a reputed international brand, and that its products meet the high international quality standards.

4. It is further alleged that relying upon such representations, the complainant was induced to place orders with the Petitioner Company of approximately Rs.1.75 crores, between January 2021 and March 2022.

5. It is alleged that after the products of the Petitioner Company were introduced into the market by the complainant, he started receiving complaints from customers regarding the quality of the products. It is alleged that the products of the Petitioner Company were inferior, mixed with water and made from reused substances. It



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is further alleged that despite repeated complaints made through e-mails, messages and phone calls, no satisfactory action was taken by the Petitioner Company. When the complainant sought replacement of products and refund of amounts paid, the officials of the Petitioner Company threatened him with dire consequences and terminated his distributorship in March 2022. It was further alleged that Invoice No. GYL-01161 dated 24.02.2022 amounting to Rs.4,33,970/- was raised for material which was never delivered to the complainant.

6. It is further alleged that due to the alleged inferior quality of the products supplied by the Petitioner Company, the goodwill and reputation of the complainant's business suffered adversely and various amounts remained unrecovered from customers. It is alleged that an amount of approximately Rs.18,33,970/- was due towards credit notes, stock worth approximately Rs.20,00,000/- had become dead stock and an amount of approximately Rs.23,00,000/- remained stuck in the market due to complaints received from customers regarding the products. On the basis of the aforesaid allegations, the present FIR under Sections 406/420/506 of the IPC came to be registered at Police Station Hazarat Nizamuddin.

7. During the course of investigation, notices under Section 91 Cr.P.C. were issued to the complainant, pursuant to which the complainant joined investigation and reiterated the allegations made in the complaint. The complainant further alleged that the initial batches of products supplied by the Petitioner Company did not disclose the



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place of manufacture and carried the flag of the United States of America, thereby creating a false impression that the products were manufactured in the USA by the “*Goodyear*” brand, whereas the subsequent batches disclosed that the products were manufactured in India by the Petitioner Company.

8. The complainant further supplied copies of complaints, allegedly received from Jinesh Tour and Travels, Lucky Generators and Perfect Automobiles, alleging that their vehicles or machinery became non-functional after use of the lubricant products supplied through the complainant. Statements of the said persons were recorded under Section 161 of the Cr.P.C., wherein they further stated that issues had arisen in the functioning of their vehicles or machinery after use of the products supplied by the complainant. The complainant, however, did not furnish any material in support of the allegation regarding criminal intimidation.

9. Notices under Section 91 of the CrPC were issued to *Goodyear India Limited* seeking clarification regarding any relationship between *Goodyear* and the Petitioner Company. In response, *Goodyear India Limited* informed that it had no direct relationship with the Petitioner Company but stated that its parent company, namely *The Goodyear Tire & Rubber Company, USA* had granted a trademark licence to the Petitioner Company.

10. A further notice was issued to *The Goodyear Tire & Rubber Company, USA*, seeking verification of the trademark licensing



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arrangement, in response to which it was stated that the request was required to be processed in accordance with Section 166A of the Cr.P.C. and the Mutual Legal Assistance Treaty procedure. Proceedings under Section 166A of the Cr.P.C. were thereafter initiated for verification of the trademark licence agreement dated 09.04.2020 allegedly executed between The Goodyear Tire & Rubber Company, USA and M/s Assurance International Limited, however complete verification could not be concluded during investigation.

11. The investigating agency thereafter issued notices under Sections 91 and 160 of the Cr.P.C. to the Directors and officials of the Petitioner Company. In response thereto, representatives of the Petitioner Company joined the investigation and denied the allegations made in the complaint. It was stated that M/s Assurance International Limited was an authorised licensee of The Goodyear Tire & Rubber Company, USA under a trademark licence agreement dated 09.04.2020, subsequently amended on 03.02.2022, and had been granted rights to manufacture, distribute and market lubricant products, batteries and filters under the Goodyear trademark. It was further stated that the Petitioner Company had supplied products worth approximately Rs.1,75,00,410/- to the complainant and that the distributorship of M/s Dass Automobiles had been terminated due to alleged non-compliance with company policies. The officials of the Petitioner Company also stated that the products were manufactured at its manufacturing unit situated at Hisar, Haryana.



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12. The investigation further revealed that in a Welcome E-mail dated 09.01.2021, issued by the Petitioner Company to the complainant, the Petitioner Company had allegedly represented that the products were laboratory tested, manufactured in accordance with international standards and guaranteed to perform as per API specifications. During investigation, Mr. Mukesh Sharma, CEO of the Petitioner Company, stated that the Petitioner Company followed API guidelines for maintaining quality standards, though it had not claimed that the products were API certified, and further stated that the company possessed ISO/IEC 17025:2017 certification. It was also stated that certain internal documents relating to product composition, formulations and technical data could not be furnished on grounds of confidentiality and trade secrecy.

13. The investigating agency also issued notices under Section 91 Cr.P.C. to the Registrar of Companies and examined records relating to directors and financial disclosures of the Petitioner Company. The investigation noted that ROC records reflected no foreign currency expenditure during financial years 2020-21 and 2021-22, though the balance sheets reflected provisions relating to “GY fee”. It was also noted that no collaboration agreement or resolution concerning the arrangement with The Goodyear Tire & Rubber Company had been filed with the Registrar of Companies.

14. During the pendency of proceedings before this Court, the Petitioner Company, pursuant to order dated 01.06.2023 passed by this



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Court, furnished a *redacted copy of the trademark licence agreement dated 09.04.2020* executed between The Goodyear Tire & Rubber Company, USA and M/s Assurance International Limited.

15. Samples of lubricant products, supplied by the Petitioner Company, were thereafter seized and sent for examination to Shri Ram Laboratory, Noida. As per the laboratory report, the samples conformed to applicable Indian Standards and were found to be synthetic-based products. The laboratory further observed that verification of compliance with API specifications would require relevant API guidelines or specifications from the manufacturer, which had not been provided.

16. During investigation, statements of Mukesh Sharma, Rakesh Sharma, Neeti Sharma and Satya Bhama Sharma were recorded, wherein it was stated that major business and legal decisions relating to Goodyear licensed products were being handled by Mr. Mukesh Sharma.

17. During the pendency of the present petition, chargesheet was filed under Sections 420/406/120-B/34 of the IPC against the Petitioner Company and its officials, namely, Mukesh Sharma, Sanjay Sharma, Rakesh Sharma, Neeti Sharma and Satya Bhama Sharma.

Submissions on behalf of the parties

18. The learned Senior Counsel representing the Petitioner submitted that the subject FIR is a manifest abuse of the criminal process and has been instituted by Respondent No. 2 with *mala fide*



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intentions, arising out of commercial disputes between the parties following termination of the distributorship of Respondent No. 2 by the Petitioner Company. He submitted that a bare perusal of the subject FIR itself, demonstrates that the allegations primarily pertain to supply of alleged defective products, disputes regarding refund/replacement, adjustment of credit notes, outstanding payments and termination of distributorship, all of which are purely civil and commercial disputes which have deliberately been given a criminal colour. He submitted that Section 506 of the IPC has itself been dropped in the chargesheet and even if the allegations contained in the FIR or the chargesheet are taken at face value, no ingredients of offences punishable under Sections 420/406/120B/34 of the IPC are disclosed.

19. He submitted that the allegations do not disclose any *dishonest or fraudulent intention* on part of the Petitioners since the *inception of the transactions*, which is a *sine qua non* for constituting an offence under Section 420 of the IPC.

20. He submitted that the Respondent No. 2 was appointed as distributor in January 2021 and continued commercial dealings with the Petitioner for nearly 15 months, during which period goods worth approximately Rs.1.75 crores were supplied pursuant to more than 40 separate purchase orders placed by Respondent No. 2. Had there been any deception or fraudulent intention from the very inception, the parties would not have continued regular business transactions over



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such an extended period. The Petitioner Company had also extended various business incentives, promotional schemes, credit notes and manpower support to Respondent No. 2 during the subsistence of the distributorship, which itself negates any allegation of dishonest intention.

21. He submitted that the only allegation of alleged “*misrepresentation*” in the FIR pertains to the association of the Petitioner Company with *The Goodyear Tire & Rubber Company, USA*. The said allegation is entirely untenable and stands contradicted by the material collected during investigation itself. The investigation revealed that the Petitioner Company is an authorised licensee of The Goodyear Tire & Rubber Company, USA under a trademark licence agreement dated 09.04.2020. He submitted that the said position stands duly substantiated from the Authorization Letter issued by Goodyear USA, the replies furnished by Goodyear India during investigation, the documents placed before the Trademark Registry, as well as the verification conducted by the Trademark Registry confirming the grant of trademark licence in favour of the Petitioner Company.

22. He submitted that the allegation that the products supplied by the Petitioner were sub-standard, mixed with water, reused or spurious also stand disproved by the investigation and laboratory reports. He submitted that the laboratory reports of the Petitioner Company’s products confirmed that the samples conformed to applicable Indian



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Standards and were synthetic-based. The Complainant has also failed to furnish any particulars of the customers who allegedly suffered losses and refused making payments on account of inferior quality of products.

23. He submitted that no offence under Section 406 of the IPC is made out as there are no allegations whatsoever regarding entrustment of any property to the Petitioners, which constitutes the foundational ingredient of criminal breach of trust. Any outstanding amount or payment, if at all, would be related to reconciliation of accounts and such commercial disagreements cannot constitute *misappropriation* so as to attract Section 406 of the IPC.

24. He further submitted that the complainant repeatedly approached multiple authorities and police stations in Delhi and Haryana on the very same set of allegations, including the office of the Chief Minister, Haryana, Police Station Sadar Thana, Gurugram and Police Station Hazarat Nizamuddin, Delhi. He submitted that despite the complaints already being pending before the Gurugram Police and despite the complaint filed before Police Station Hazarat Nizamuddin having been transferred by the DCP, South-East Delhi to Police Station Sadar Thana, Gurugram on 22.06.2022, the present FIR thereafter came to be registered at Police Station Hazarat Nizamuddin on the same allegations. He submitted that the repeated filing of complaints before different authorities and police stations on the same



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cause of action clearly demonstrates forum shopping, *mala fide* intent and abuse of the criminal process by the complainant.

25. *Per contra*, the learned Additional Standing Counsel appearing for the State vehemently opposed the present petition. He submitted that upon completion of investigation and analysis of the material collected during investigation, sufficient material had come on record disclosing commission of offences punishable under Sections 420/406/120-B/34 IPC against the accused persons and accordingly a Charge Sheet came to be filed before the learned Trial Court on 19.12.2024.

26. He submitted that the investigation in the present case already stands concluded and the Petitioners now have an efficacious remedy to raise all pleas available to them at the stage of consideration on charge before the learned Trial Court. It was further submitted that at this stage, when the investigating agency has already completed investigation and filed the Charge Sheet after collecting material in support of the allegations, no ground for exercise of inherent jurisdiction under Section 482 of the CrPC is made out and the present petition is liable to be dismissed.

27. The learned Counsel for the Complainant opposed the present petition and submitted that the material collected during investigation clearly discloses commission of cognizable offences and reveals deliberate false representations and inducement on part of the Petitioner from the inception of the transaction. He submitted that the



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Petitioner induced the complainant into entering the distributorship arrangement and placing orders worth approximately Rs.1.75 Crores by representing that the products were backed by Goodyear USA, developed with its support and guaranteed to perform as per API specifications.

28. He submitted that the investigation revealed several contradictions in the stand of the Petitioner Company. Despite repeated notices, the Petitioner failed to provide any material showing that the products were approved by Goodyear USA or compliant with API specifications. It was submitted that while the Welcome E-mail and product labels expressly referred to API standards, the CEO of the Petitioner Company subsequently stated during investigation that the Company had nowhere claimed that the products were API certified. He submitted that the laboratory clarification relied upon during investigation only stated that the products met Indian Standards and that API compliance could not be verified in absence of relevant specifications and documents from the Petitioner Company.

29. He further submitted that although the Petitioner represented that Goodyear USA was providing technical know-how, support and development, the financial documents and balance sheets of the Petitioner did not disclose foreign exchange transactions towards royalty, technical know-how or import of raw materials despite the alleged License Agreement contemplating payments in USD. He submitted that the material collected during investigation *prima facie*



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indicates that the Petitioner was supplying its own products while projecting them as products backed and developed by Goodyear USA so as to induce the complainant into obtaining distributorship and placing substantial orders.

30. He lastly submitted that the allegation of abuse of process on account of multiple complaints is also misconceived. He submitted that the entire cause of action arose within Delhi since the products were supplied to the Complainant in Delhi and the distributorship itself pertained to Delhi. He submitted that the complaint filed at Gurugram was subsequently withdrawn by the Complainant and the same stands verified in the Status Reports filed by the State.

31. Hence, it is urged that the present petition be dismissed.

32. I have heard the arguments advanced and perused the material placed on record.

Analysis and Findings

33. At the outset, it is relevant to note that the Petitioner has invoked the inherent jurisdiction of this Court seeking quashing of the present FIR. While this Court needs to exercise restraint in stifling prosecution, however, the inherent jurisdiction can be exercised if it is found that the continuance of criminal proceedings would be a clear abuse of process of law. The Hon'ble Apex Court, in the case of ***State of Haryana v. Bhajan Lal : 1992 Supp (1) SCC 335***, had illustrated certain categories of cases where the inherent jurisdiction can be



exercised to prevent abuse of process of law and secure the ends of justice. The relevant portion of the judgment is reproduced hereunder:

“102...(1) Where the allegations made in the first information report or the complaint, even if they are taken at their face value and accepted in their entirety do not prima facie constitute any offence or make out a case against the accused.

(2) Where the allegations in the first information report and other materials, if any, accompanying the FIR do not disclose a cognizable offence, justifying an investigation by police officers under Section 156(1) of the Code except under an order of a Magistrate within the purview of Section 155(2) of the Code.

(3) Where the uncontroverted allegations made in the FIR or complaint and the evidence collected in support of the same do not disclose the commission of any offence and make out a case against the accused.

(4) Where, the allegations in the FIR do not constitute a cognizable offence but constitute only a non-cognizable offence, no investigation is permitted by a police officer without an order of a Magistrate as contemplated under Section 155(2) of the Code.

(5) Where the allegations made in the FIR or complaint are so absurd and inherently improbable on the basis of which no prudent person can ever reach a just conclusion that there is sufficient ground for proceeding against the accused.

(6) Where there is an express legal bar engrafted in any of the provisions of the Code or the concerned Act (under which a criminal proceeding is instituted) to the institution and continuance of the proceedings and/or where there is a specific provision in the Code or the concerned Act, providing efficacious redress for the grievance of the aggrieved party.

(7) Where a criminal proceeding is manifestly attended with mala fide and/or where the proceeding is maliciously instituted with an ulterior motive for wreaking vengeance on the accused and with a view to spite him due to private and personal grudge.”

(emphasis supplied)

34. The Hon’ble Apex Court in the case of ***Indian Oil Corporation v. NEPC India Limited and Others : (2006) 6 SCC 736*** has discussed the scope of jurisdiction under Section 482 of the CrPC to quash



criminal proceedings. The relevant portion of the same is reproduced hereunder:

“12. The principles relating to exercise of jurisdiction under Section 482 of the Code of Criminal Procedure to quash complaints and criminal proceedings have been stated and reiterated by this Court in several decisions. To mention a few— Madhavrao Jiwajirao Scindia v. Sambhajirao Chandrojirao Angre [(1988) 1 SCC 692 : 1988 SCC (Cri) 234] , State of Haryana v. Bhajan Lal [1992 Supp (1) SCC 335 : 1992 SCC (Cri) 426] , Rupan Deol Bajaj v. Kanwar Pal Singh Gill [(1995) 6 SCC 194 : 1995 SCC (Cri) 1059] , Central Bureau of Investigation v. Duncans Agro Industries Ltd. [(1996) 5 SCC 591 : 1996 SCC (Cri) 1045] , State of Bihar v. Rajendra Agrawalla [(1996) 8 SCC 164 : 1996 SCC (Cri) 628] , Rajesh Bajaj v. State NCT of Delhi [(1999) 3 SCC 259 : 1999 SCC (Cri) 401] , Medchl Chemicals & Pharma (P) Ltd. v. Biological E. Ltd. [(2000) 3 SCC 269 : 2000 SCC (Cri) 615] , Hridaya Ranjan Prasad Verma v. State of Bihar [(2000) 4 SCC 168 : 2000 SCC (Cri) 786] , M. Krishnan v. Vijay Singh [(2001) 8 SCC 645 : 2002 SCC (Cri) 19] and Zandu Pharmaceutical Works Ltd. v. Mohd. Sharaful Haque [(2005) 1 SCC 122 : 2005 SCC (Cri) 283] . The principles, relevant to our purpose are:

(i) A complaint can be quashed where the allegations made in the complaint, even if they are taken at their face value and accepted in their entirety, do not prima facie constitute any offence or make out the case alleged against the accused.

For this purpose, the complaint has to be examined as a whole, but without examining the merits of the allegations. Neither a detailed inquiry nor a meticulous analysis of the material nor an assessment of the reliability or genuineness of the allegations in the complaint, is warranted while examining prayer for quashing of a complaint.

(ii) A complaint may also be quashed where it is a clear abuse of the process of the court, as when the criminal proceeding is found to have been initiated with mala fides/malice for wreaking vengeance or to cause harm, or where the allegations are absurd and inherently improbable.



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(iii) The power to quash shall not, however, be used to stifle or scuttle a legitimate prosecution. The power should be used sparingly and with abundant caution.....”

(emphasis supplied)

35. It is true that in case it is found that the proceedings are manifestly frivolous or vexatious or are instituted with the ulterior motive of wreaking vengeance, this Court ought to look into the FIR with care and little more closely. The Court can look into the attending circumstances emerging from the record of the case and can read between the lines. If the allegations are far-fetched and it appears that the provisions of the IPC are misused, the Court can interfere while exercising powers under Section 482 of the CrPC [Ref. **Mahmood Ali & Ors. v. State of U.P & Ors. : 2023 SCC OnLine SC 950; Abhishek v. State of Madhya Pradesh : 2023 SCC OnLine SC 1083**].

36. The *preliminary issue* which arises for consideration in the present case is the objection raised on behalf of the Respondents that during the pendency of the present petition, investigation already stands concluded and the Charge Sheet has been filed before the learned Trial Court and therefore the Petitioners ought to urge all their contentions at the stage of consideration on charge instead of seeking quashing of the FIR in the present proceedings.

37. It is well settled that this Court in exercise of the powers conferred *vide* Section 482 of the CrPC retains the power to quash an FIR, even after charge sheet has been filed in a particular case,



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provided that this Court is satisfied that the allegations in the FIR and charge sheet, even if accepted as true and correct, do not disclose the commission of any offence or that continuation of proceedings arising out of such an FIR would in fact be an abuse of the process of Court. Reference in this regard may be drawn to the judgment in ***Shaileshbhai Ranchhodbhai Patel v. State of Gujarat:2024 SCC OnLine SC 5569*** where the Hon'ble Apex Court held as under:

“7. The question of law involved in these two appeals as to whether quashing of the FIR should have been refused for no other reason than that the investigating officer has filed the charge-sheet is no longer res integra. Decisions of this Court to such effect are legion. We may profitably refer to the decisions of this Court in Ruchi Majoo v. Sanjeev Majoo³, Anand Kumar Mohatta v. State (Govt. of NCT of Delhi) Home Department⁴ and Abhishek v. State of Madhya Pradesh⁵.

8. On the authority of the aforesaid decisions, law seems to be well-settled that the High Court under Section 482, Cr. P.C. retains the power to quash an FIR, even after charge-sheet under Section 173(2) thereof is filed, provided a satisfaction is reached, inter alia, that either the FIR and the charge-sheet read together, even accepted as true and correct without rebuttal, does not disclose commission of any offence or that continuation of proceedings arising out of such an FIR would in fact be an abuse of the process of law as well as of the Court given the peculiar circumstances of each particular case.”

(emphasis supplied)

38. It is also pertinent to note that the availability of a remedy before the learned Trial Court at the stage of charge or discharge cannot operate as a bar to the maintainability of proceedings under Section 482 of the Cr.P.C. Reference in this regard can be drawn to the judgment in ***Mukesh & Ors. v. The State of Uttar Pradesh and***



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Ors. : SLP No. 12354/2024 where the Hon'ble Apex Court held as under:

“5. By the impugned order dated 8th May, 2024, which is a one line order, the High Court dismissed the writ petition 1 on the statement of the first informant that a charge-sheet has been filed. We are surprised to note that without considering the case of the appellants on merits, the petition has been dismissed as infructuous. We fail to understand how a petition for quashing criminal proceedings becomes infructuous on the ground of filing of a chargesheet. Only on this ground itself, the impugned order deserves to be set aside.

6. Learned counsel representing the State of Uttar Pradesh submits that the High Court order does not call for interference as the appellants have an efficacious remedy to challenge the order framing charge by filing a revision application. We are shocked to note the approach adopted by the State Government. What is suggested by the State Government is that once charge-sheet is filed, accused cannot do anything except to wait till the charge is framed and thereafter, can file a revision application to challenge the order of framing charge.

7. At this stage, learned counsel appearing for the State submits that possibly because a remedy of filing revision application against the order framing charge was available, the High Court has dismissed the petition. We do not see any such reason forthcoming from the impugned order as the petition is dismissed as infructuous without mentioning how it has become infructuous.

8. It is true that the appellants can apply for discharge. However, the scope of application for discharge is completely different from the scope of a petition for quashing the criminal proceedings. While arguing a case for discharge, the appellants will not be in a position to rely upon any document which is not the part of charge sheet. The ground of abuse of process of law will not be available while arguing discharge application. However, in a petition for quashing either under Section 482 of the Code of Criminal Procedure, 1973 or under Article 226 of the Constitution of India, a wider challenge is available including a challenge on the ground of abuse of process of law. In such proceedings, the accused can rely upon documents which are not



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the part of the charge-sheet. Therefore, we reject the submission made by learned counsel appearing for the State. Though the submissions made on behalf of the State have no basis, we have dealt with the same elaborately to ensure that the same are not urged in a similar case.”

(emphasis supplied)

39. The present petition seeking quashing of the subject FIR was filed in the year 2022, and the charge sheet was filed during the pendency thereof. Accordingly, this Court deems it appropriate to examine the FIR and the charge-sheet conjointly to ascertain whether, even if the allegations and material contained therein are accepted as true in their entirety and without rebuttal, they disclose the commission of any offence or whether the continuation of the criminal proceedings would amount to an abuse of the process of law.

40. Adverting to the merits of the case, the allegations against the Petitioner Company pertain to alleged misrepresentations made by the Petitioner Company regarding its association and collaboration with M/s The Goodyear Tire & Rubber Company, USA, representations regarding the quality and standards of the lubricants supplied by it, and the alleged inducement of the Complainant to enter into the distributorship arrangement and place orders for products on the basis of such representations. The FIR further contains allegations regarding supply of allegedly defective and inferior quality lubricants, refusal to compensate or replace the same, and consequent wrongful loss allegedly caused to the Complainant.



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41. The Petitioner Company and its officials have been charge-sheeted for offences punishable under Sections 406/420/120-B/34 of the IPC. In view of the nature of allegations levelled in the FIR and the submissions advanced on behalf of the parties, it becomes pertinent to examine the essential ingredients of the offences punishable under Sections 420/406/120B of the IPC in order to ascertain whether the allegations and material collected during investigation *prima facie* disclose commission of the said offences.

The relevant provisions are extracted hereinbelow:

“120B. Punishment of criminal conspiracy:-

(1) Whoever is a party to a criminal conspiracy to commit an offence punishable with death, imprisonment for life or rigorous imprisonment for a term of two years or upwards, shall, where no express provision is made in this Code for the punishment of such a conspiracy, be punished in the same manner as if he had abetted such offence.

(2) Whoever is a party to a criminal conspiracy other than a criminal conspiracy to commit an offence punishable as aforesaid shall be punished with imprisonment of either description for a term not exceeding six months, or with fine or with both.

405. Criminal breach of trust:-

Whoever, being in any manner entrusted with property, or with any dominion over property, dishonestly misappropriates or converts to his own use that property, or dishonestly uses or disposes off that property in violation of any direction of law prescribing the mode in which such trust is to be discharged, or of any legal contract, express or implied, which he has made touching the discharge of such trust, or wilfully suffers any other person so to do, commits “criminal breach of trust”.

406. Punishment for criminal breach of trust: -

Whoever commits criminal breach of trust shall be punished with imprisonment of either description for a term which may extend to three years, or with fine, or with both.”



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420. Cheating and dishonestly inducing delivery of property –

Whoever cheats and thereby dishonestly induces the person deceived to deliver any property to any person, or to make, alter or destroy the whole or any part of a valuable security, or anything which is signed or sealed, and which is capable of being converted into a valuable security, shall be punished with imprisonment of either description for a term which may extend to seven years, and shall also be liable to fine.”

42. A perusal of the aforesaid provisions would show that in order to constitute an offence punishable under Section 406 of the IPC, the prosecution must *prima facie* establish entrustment of property or dominion over property coupled with dishonest misappropriation, conversion, use or disposal of such property in violation of law. Similarly, for an offence punishable under Section 420 of the IPC, the essential ingredients are deception, dishonest or fraudulent inducement and the existence of fraudulent or dishonest intention at the very inception of the transaction. It is well settled that mere breach of contract or subsequent failure to fulfil a promise would not by itself constitute the offence of cheating unless it is shown that the accused possessed dishonest intention from the very beginning.

43. As regards the first contention, *firstly*, a perusal of the material forming part of the Chargesheet itself does not *prima facie* support the allegation that the Petitioner Company had illegally represented itself as “Goodyear Lubricants” or had unauthorizedly used the trademarks of M/s The Goodyear Tire & Rubber Company. Rather, the Chargesheet itself reflects material demonstrating the existence of



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authorization and trademark license arrangements in favour of the Petitioner Company.

44. The Petitioner Company produced an Authorization Letter before the investigating agency, dated 07.02.2022 issued by Goodyear U.S.A. in favour of the Petitioner Company, which reflected that the Petitioner had been granted rights to produce, distribute, appoint and authorize distributors or agents in relation to the licensed products. The said letter is reproduced hereinbelow:

“To Whom It May Concern:

RE: Authorization Letter for Assurance Intl Limited

This letter is to confirm that Assurance Intl Limited (“Licensee”) is a licensee of The Goodyear Tire & Rubber Company (“Goodyear”), Akron, Ohio, USA, pursuant to the agreement dated April 9, 2020 (the “Agreement”), as amended on February 3, 2022.

As a Goodyear licensee, Licensee has been granted rights to produce, distribute, appoint and authorize distributors or agents, advertise and promote, the following category of products bearing Goodyear trademarks:

- (i) Engine oil, diesel exhaust fluid, transmission fluid, gear oil, brake oil, hydraulic oil, shock absorbers oil, grease and anti-freeze for motorbikes, passenger cars, SUVs, tractors and trucks as well as construction, industrial and marine equipment;*
- (ii) Batteries with voltage up to 120 volts for motorbikes, passenger cars, SUVs, tractors and trucks as well as construction, industrial and marine equipment; and*
- (iii) Air filters, oil filters, and fuel filters for motorbikes, passenger cars, SUVs, tractors and trucks as well as construction, industrial and marine equipment.*

Licensee is authorized to sell Goodyear branded Licenses Products in the following territories:

- The following Asian countries for all categories of Licenses Products: Australia, Bhutan, Brunei, India, Indonesia, Laos, Malaysia, Maldives, Myanmar, New Zealand, Nepal, Singapore, Sri Lanka, Thailand, Timor-Leste and Vietnam*
- The following Asian countries subject to the restrictions set forth below: Bangladesh and Pakistan.*



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- *Licensee acknowledges and agrees that in the countries above it will only market, promote, distribute and sell category (ii) and category (iii) Licensed Products*

Licensee is authorized to sell Goodyear branded Licensed Products until July, 31, 2025 (unless the Agreement is terminated prior thereto)."

45. The Chargesheet further records that Goodyear India, a subsidiary of Goodyear U.S.A., informed the investigating agency that its parent company had granted a trademark license to the Petitioner Company. The relevant extract of the chargesheet is reproduced herein below:

"During course of investigation, notices u/s 91 Cr.P.C were issued to Goodyear India Limited who replied that their company has no relationship with Assurance Intl. Limited. They further informed that they were aware that their ultimate parent company i.e. The Goodyear Tyre & Rubber Company USA has granted a trademark license to M/S Assurance Intl Ltd."

46. Further, pursuant to the Order dated 01.06.2023 passed by this Court, the Petitioner Company furnished a redacted copy of the Trademark License Agreement dated 09.04.2020 executed between Goodyear U.S.A. and the Petitioner Company. The relevant clauses of the said agreement are reproduced hereinbelow:

PART 1 Clause 2:

Property

Those trademarks set forth on Annex A

PART 1 Clause 3:

Licensed Products

Engine oil, Diesel Exhaust Fluid. transmission fluid, gear oil, brake oil, hydraulic oil, shock absorbers oil, grease and anti-freeze for motorbikes, passenger cars, including light trucks, SUV's as well as construction and marine equipment.



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PART 2 Clause 2.1:-

The Licensor grants to the Licensee, subject to and on the terms of this Agreement, a limited, revocable right and license to use the Property on and in connection with the manufacture, promotion and sale of Licensed Products in the Distribution Channels in the Territory for the duration of the Term.”

47. A conjoint reading of the above clearly demonstrates that the Petitioner Company had been granted the right to use the trademarks of Goodyear U.S.A on and in connection with manufacture, promotion and sale of its licensed products which include engine oil, diesel exhaust fluid, gear oil, brake oil etc.

48. The Chargesheet further shows that the Petitioner Company had supplied an Affidavit dated 23.09.2021 filed by Goodyear U.S.A. before the Registrar of Trade Marks, wherein Goodyear U.S.A. itself stated that it was selling lubricants and engine oil under the mark “Goodyear” in collaboration with the Petitioner Company. Significantly, the Chargesheet further reflects that the Trademark Registry, *vide* its reply dated 10.08.2024, verified the factum of the trademark license granted by Goodyear U.S.A. in favour of the Petitioner Company. The relevant extract of the same is reproduced hereinbelow:

“During investigation, a notice u/s 91 Cr.PC was sent to the office of Trade Mark Registry, Intellectual property office for verifYing the Trade Mark application, No. 4482679 vide which the accused company has claimed that Good Year Tyre & Rubber Company USA has tie up with Assurance Inti Ltd. as per reply of the same, it is found that at page number 9 of the above Trademark application it is mentioned that "In India the company is selling lubricants and



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engine oils under the mark/name GOODYEAR in collaboration with Assurance International Limited, a key player in the lubricants industry since December 01, 2020. Assurance International Limited is a leading manufacturing and marketing company with presence world-over and was established four decades ago with the primary focus on bringing to market specially lubricants, motorbike oils, passenger car engine oils, transmission oils, hydraulic oils, pump set oils and CNG oil, lubricant products under the mark/name GOODYEAR caters to all kind of vehicles including commercial and passenger vehicles and two wheelers." The above information clarifies only about 'agreement for using the name of Goodyear' as brand name, but not about the quality of the products being manufactured by the accused."

49. Thus, the material forming part of the Chargesheet indicates that the Petitioner Company had authorization to use the trademarks and branding associated with Goodyear U.S.A. in connection with manufacture, promotion and sale of lubricants within India. In view thereof, the allegation that the Petitioner Company had falsely portrayed itself as associated with Goodyear U.S.A. or had illegally used the Goodyear trademark does not appear to sustain from the material placed on record.

50. *Secondly*, it has been alleged that the Petitioner Company falsely represented its products to be genuine lubricants of high international quality and API standards, whereas the Complainant and its customers allegedly received inferior and defective products. It was alleged that despite being aware of the alleged defects and complaints regarding product quality, the Petitioner Company continued supplying the products and induced the Complainant to place substantial orders on the basis of such representations.



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51. A perusal of the charge sheet shows that samples of the lubricant products supplied by the Petitioner Company were seized by the investigating agency and examined by Shri Ram Laboratory, Noida. The results of the said examination as recorded in the charge sheet are reproduced hereinbelow:

“During the course of investigation, the samples of the lubricants and oil (allegedly supplied by the alleged persons) provided by the complainant, were taken into police possession through seizure memo and on 15/09/2023, the same were sent to Shri Ram Laboratory, Sector-62, Noida, UP for examination. In this regard, the test report of the samples has been received from the above Laboratory. As per the test report, the sample of all alleged products were duly analysed by the authorised expert of above-mentioned Lab. On scrutiny of test report, samples are confirmed that it is synthetic based and according to API. On further clarification it has been submitted by the LAB that samples sent to the laboratory have fulfilled the specifications of IS standard but the authorised expert stated that to fulfil the standard specification as laid down by API, the manufacturer has to provide the API guidelines and then only the sample products can be analysed accordingly but the same has not been provided by the accused company despite specific directions. The remarks provided are based solely on the result obtained from testing as per IS standard.”

52. It is evident from the above that the laboratory report reflects that the samples conformed to the applicable Indian Standards and were found to be synthetic-based products. Further, in response to queries raised by the investigating agency regarding allegations that the products were mixed with water and reused substances, the laboratory specifically opined that the water content was within the permissible limits prescribed under the relevant *IS Standards* and that there exists no parameter to determine whether the samples were



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“reused” products. Insofar as the allegation regarding API standards is concerned, while the laboratory did not render any conclusive finding regarding API compliance, the material collected during investigation nevertheless reflects that the products examined were found conforming to the applicable Indian Standards. *Prima facie*, therefore, the material on record does not indicate that the products supplied by the Petitioner Company were spurious or inherently substandard so as to disclose dishonest or fraudulent intention from the inception of the transaction, which is a necessary ingredient for the offence punishable under Section 420 of the IPC.

53. Further, the Petitioner Company has clarified that, as evident from its Welcome E-mail dated 09.01.2021, that they merely claimed that their products would perform as per API specifications and never claimed their products to be API Certified. The relevant extract of the said letter is reproduced hereinbelow:

“Assurance Intl Limited is consistently improving the performance of all products through the development of a proprietary type of synthetic based oil technology combined with innovative additive packages. Using the most advanced formulation and state of the art technology; the products are fully tested and proven both in laboratory and fields. All international standards are being followed during the manufacturing process and the laboratory checks made on all products before they leave the blending plant. All products are guaranteed to perform as per the specifications of API (American Petroleum Institute).”

54. Be that as it may, whether the products strictly conformed to particular API specifications or international standards, despite conforming to Indian Standards, would essentially give rise to issues



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relating to quality assurance, contractual representations and commercial warranties arising out of the distributorship arrangement between the parties. *Prima facie*, such disputes would predominantly fall within the realm of civil and commercial adjudication rather than constituting criminal offences of cheating or criminal breach of trust.

55. Significantly, the material placed on record reflects that the Respondent No. 2 continued placing orders with the Petitioner Company, on a monthly basis, from January 2021 till February 2022 and during this period approximately 1,12,206 litres of lubricants were supplied by the Petitioner Company. Evidently, had the products been consistently inferior or defective in the manner alleged, the continued placement of substantial orders over such an extended period would appear improbable.

56. *Thirdly*, it has been alleged that despite repeated requests, the Petitioner Company neither refunded the alleged advance money nor replaced the products supplied, and is further liable towards various amounts claimed by the Complainant including credit note dues, dead stock and market dues allegedly arising on account of inferior quality products.

57. The aforesaid allegations primarily pertain to monetary and contractual disputes arising out of the distributorship arrangement between the parties. In this regard, it is pertinent to note that while terminating the distributorship *vide* email dated 26.03.2022, the Petitioner Company itself offered to undertake full and final



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settlement after verification of claims and schemes from the market. It is further noteworthy that the Chargesheet itself records that in relation to the allegations regarding dead stock and market dues, the Complainant did not permit verification of the alleged dead stock by opening the cartons and further failed to furnish particulars of customers who allegedly refused payment on account of inferior quality products. Be that as it may, this Court finds merit in the contention raised by the Petitioner that, if at all, any outstanding amount remained payable, by either parties, the same would be related to reconciliation/settlement of accounts and any such commercial disagreements, may at best be the basis for instituting a suit for recovery/appropriate civil remedy, but cannot constitute *misappropriation* so as to attract Section 406 of the IPC.

58. *Fourthly*, it has been alleged that though the Petitioner Company represented that its products, raw materials and technical support were sourced from or backed by Goodyear USA, there exist no corresponding foreign remittances or transactions in the financial records of the Petitioner Company. The Complainant further alleged that the initial batches of products supplied by the Petitioner Company did not disclose the place of manufacture and carried the flag of the United States of America, thereby creating an impression that the products were manufactured in the USA under the “*Goodyear*” brand, whereas the subsequent batches disclosed that the products were manufactured in India by the Petitioner Company.



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59. It is pertinent to note that the Welcome E-mail dated 09.01.2021 issued by the Petitioner Company to the complainant clearly records that the Petitioner Company informed the complainant that its lubricant products would be manufactured in India at two facilities, in Mumbai and Haryana. The relevant extract of the said email is reproduced herein below:

“The lubricant products would be manufactured at two facilities: Mumbai (Maharashtra) and the other one is in Haryana. While Goodyear would provide all products and development & support and all products approved by Goodyear USA. Assurance International would look after manufacturing, marketing, and distribution. It will also provide after-sales assistance to consumers. The company's lubricant product portfolio would cater to all kinds of vehicles, including commercial and passenger vehicles and two-wheelers.”

60. Even otherwise, in the considered opinion of this Court, the aforesaid allegations, even if accepted at face value, primarily pertain to representations and commercial assurances made in the course of a distributorship arrangement. Whether the products were imported, technically supported or developed in collaboration with Goodyear USA, and whether the packaging or branding created a particular commercial impression, are matters which at best give rise to contractual or civil disputes and do not, by themselves, disclose the essential ingredients of offences punishable under Sections 406 or 420 of the IPC, in absence of material indicating *dishonest inducement or fraudulent intention from the inception*.

61. It has also been brought to the notice of this court, that the Complainant repeatedly approached multiple authorities and police



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stations in Delhi and Haryana on the very same set of allegations, including the office of the Chief Minister, Haryana, Police Station Sadar Thana, Gurugram and Police Station Hazarat Nizamuddin, Delhi. Despite the complaints already being pending before the Gurugram Police and despite the complaint filed before Police Station Hazarat Nizamuddin having been transferred by the DCP, South-East Delhi to Police Station Sadar Thana, Gurugram *vide* communication dated 22.06.2022, the present FIR thereafter came to be registered at Police Station Hazarat Nizamuddin on the same allegations. It is also relevant to note that the Complainant withdrew its complaint *vide* letter dated 11.10.2022 only after the registration of the present FIR. The repeated and parallel institution of proceedings before multiple fora on the same cause of action is nothing but a clear attempt at forum shopping and reflects a deliberate design to circumvent due process. The same has resulted in grave prejudice and undue harassment to the Petitioner, compelling it to face multiple proceedings arising out of identical allegations. Such conduct squarely amounts to an abuse of the process of law, as it seeks to misuse the criminal justice mechanism for collateral purposes, thereby warranting interference by this Court to prevent continuation of such oppressive and vexatious proceedings.

62. As regards the last limb of contention, it is necessary to note that the offense of Criminal Conspiracy, punishable under Section 120B of the IPC, requires an agreement between two or more persons



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to commit an illegal act. It is a substantive offense in itself, but it hinges on the existence of a conspiracy to commit a crime. As established in the preceding analysis, the essential ingredients for the substantive offences of Cheating (Section 420) and Criminal Breach of Trust (Section 406) are not fulfilled in this case. The dispute between the parties is fundamentally commercial and civil in nature, stemming from a breach of contractual terms rather than a criminal act. Since *no prima facie* criminal offense has been made out, the charge of conspiring to commit such offenses cannot be sustained. Even otherwise, no specific or overt act or agreement to commit an offence has been attributed to any of the officials of the Petitioner Company and have merely been looped in owing to the positions held by them. Thus, the charge under 120B of the IPC cannot be sustained.

63. Considering the aforesaid aspects, in the opinion of this Court, the material collected during the investigation itself belies the case of the Complainant and no commission of an offence, let alone “*grave suspicion*”, is disclosed against the Petitioner Company or its officials to attract Sections 406/420/120-B/34 of the IPC. The disputes, as reflected from the record and analysed above, arise purely out of a commercial distributorship arrangement involving supply of goods, pricing, alleged quality issues and settlement of accounts, which at best give rise to civil and contractual remedies. Perusal of the material, as discussed above, therefore warrants interference by this Court.



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64. As noted above, this Court in exercise of its jurisdiction under Section 482 of the CrPC can look into the FIR, the charge-sheet and the accompanying material to ascertain whether the basic ingredients of the alleged offences are made out and whether continuation of criminal proceedings would amount to an abuse of the process of law, and to prevent misuse of criminal law in cases arising out of predominantly civil disputes.

65. In the circumstances of the present case, continuation of proceedings against the Petitioner would amount to an abuse of the process of law. In view of the above, FIR No. 294/2022 and all consequential proceedings arising therefrom are quashed.

66. The present petition is allowed in the aforesaid terms. Pending applications also stand disposed of.

AMIT MAHAJAN, J

JULY 01, 2026

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