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

Reserved on 10th March 2023
Pronounced on 22nd March 2023

+ CS(COMM) 244/2021 & I.A. 6811/2021 (Order XXXIX Rules 1 and 2 of CPC)

**KHADI AND VILLAGE INDUSTRIES
COMMISSION**

..... Plaintiff

Through: Ms. Shwetasree Majumder, Ms.
Devyani Nath and Ms. Archita Nigam,
Advs.

Versus

**KHADI DESIGN COUNCIL OF
INDIA AND OTHERS**

..... Defendants

Through: Mr. Jatin Sharma and Mr.
Sachin Mintri, Advs.

CORAM:

HON'BLE MR. JUSTICE C.HARI SHANKAR

JUDGMENT

22.03.2023

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I.A. 6811/2021 (Order XXXIX Rules 1 and 2 of CPC)


1. The plaintiff Khadi & Village Industries Commission (KVIC) has, by the present suit, alleged that the defendant Khadi Design Council of India (KDCI) is not entitled to use the word KHADI as any part of any word or device mark for any purpose whatsoever, as KHADI, both as a word mark as well as part of various device marks, stands registered in the plaintiff's favour under the Trade Marks Act, 1999.


2. The plaintiff is the registered proprietor of

(i) the word mark KHADI

- (a) in Classes 1, 2, 4, 5, 6, 7, 8, 14, 16, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 29, 30, 32, 34, 35, 38 and 42 with effect from 27th November 2014, claiming user since 25th September 1956, and
- (b) in Class 22 with effect from 28th November 2014 claiming user since 4th October 2014

- (ii) the device mark  in Classes 1, 2, 3, 4, 5, 6, 7, 8, 14, 16, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 29, 30, 32, 34, 35, 38 and 42 with effect from 19th June 2018, claiming user since 25th September 1956,



- (iii) the device mark  in
- (a) in Classes 1, 2, 3, 4, 5, 6, 7, 8, 14, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 37, 38 and 42 with effect from 2nd December 2014, claiming user since 31st May 2000, and
- (b) in Classes 12 and 13 with effect from 31st March 2020, claiming user since 25th September 1956,

- (iv) the device mark  in
- (a) Classes 24 and 25 with effect from 18th October 2019, claiming user since 25th September 1956, and
- (b) Class 35 with effect from 18th October 2019, claiming user since 22nd July 2013 and

- (v) the device mark  since 25th August 2020, claiming user since 22nd July 2013.

For the sake of convenience, these marks would be referred to, hereinafter, as “the KHADI marks” and “Charkha marks/logos”.

3. Case set out in the plaint

3.1 The KHADI trademarks, registered in the plaintiff's favour, it is submitted, are source identifiers. The 'Charkha logos' ( and ) are also harbingers of Gandhian thoughts and ideologies which are stated to guide the plaintiff's activities. It is further asserted that KHADI has been held to a well known trade mark in various WIPO proceedings, though the plaint does not refer to any judicial order passed in this country to the said effect. The plaintiff is also the proprietor of the domain name khadiindia.gov.in and operates the websites www.kviconline.gov.in and www.ekhadiindia.com, which catalogue a variety of products of the plaintiff. The plaintiff also claims to have extensive social media presence. It also operates a mobile application by the name 'Khadi India'. By dint of continuous and uninterrupted adoption and use, asserts the plaint, the trade mark KHADI has become indelibly associated, in the minds of the consuming public, with the plaintiff.

3.2 The plaintiff claims to promote the KHADI brand and products bearing the KHADI mark through institutions certified by it. According to the plaint, the right to use the KHADI mark for textile products requires the person or organization to be enlisted as an authorized user of the KHADI trade marks, for which it has to apply for recognition through the Khadi Institutions Registration and Certification Sewa (KIRCS).

3.3 *Vide* Notification dated 19th July 2013, the plaintiff, in exercise

of the power conferred on it by Section 27¹ read with Section 15(2)(k)² of the Khadi & Village Industries Commission Act, 1956 (the KVIC Act), promulgated the Khadi Mark Regulations, 2013 (hereinafter “the KMR”), to come into force on 2nd October 2013 applicable to persons who desired to produce or trade in Khadi and Khadi products. The KMR, asserts the plaintiff, provides specific guidelines for using the KHADI trademarks or affixing the KHADI mark or label.

3.4 The plaintiff also claims to be the nodal agency, at the national

¹ 27. **Power to make regulations.—**

(1) The Commission may, with the previous sanction of the Central Government, by notification in the Official Gazette, make regulations, not inconsistent with this Act and the rules made thereunder, for enabling it to discharge its functions under this Act.

(2) In particular, and without prejudice to the generality of the foregoing power, such regulations may provide for all or any of the following matters, namely:—

(a) the terms and conditions of appointment and service and the scales of pay of officers and servants of the Commission, other than the Chief Executive Officer] and the Financial Adviser to the Commission, including payment of travelling and daily allowances in respect of journeys undertaken by such officers and servants for the purpose of this Act;

(b) the time and place of meetings of the Commission, the procedure to be followed in regard to transaction of business at such meetings and the quorum necessary for the transaction of such business at a meeting;

(bb) the summoning and holding of meetings, and the conduct of business of a Standing Finance Committee;

(c) the delegation of powers and duties to the Chief Executive Officer] or any employee of the Commission;

(d) the maintenance of minutes of meetings of the Commission and of the Board and the transmission of copies thereof to the Central Government;

(e) the persons by whom, and the manner in which, payments, deposits and investments may be made on behalf of the Commission;

(f) the custody of moneys required for the current expenditure of the Commission and investment of moneys not so required.

(g) the maintenance of accounts; and

(h) the form in which certificate of genuineness of khadi and products of village industries may be granted by the Commission and the fees chargeable in respect thereof.

(2-A) The power to make regulations under this section with respect to the terms and conditions of service and the scales of pay and pension to be paid to the employees of the Commission shall include the power to give retrospective effect from a date not earlier than the commencement of this Act, to such regulations or any of them but no retrospective effect shall be given to any such regulation so as to prejudicially affect the interest of any person to whom such regulation may be applicable.

(3) The Central Government may, by notification in the Official Gazette, rescind any regulation which it has sanctioned and thereupon the regulation shall cease to have effect.

² 15. **Functions of the Commission.—**

(2) In particular, and without prejudice to the generality of the foregoing power, the Commission may take such other steps as it may think fit,—

(k) to ensure genuineness and to set up standards of quality and ensure that products of khadi and village industries do conform to the said standards, including issue of certificates or letters of recognition to the concerned persons; and

level, for implementation of the Prime Minister Employment Generation Programme (PMEGP), which, at the State level, is implemented through State offices of the KVIC, State Khadi and Village Industries Boards (KVIBs) and District Industries Centres and banks. Once an entity is registered under the PMEGP, it is authorized


to use the PMEGP  logo in respect of its business.

3.5 The plaintiff claims to be selling its authorised and licensed products, under its KHADI trademarks directly from seven sale outlets and indirectly through 8050 franchises spread all over the country. Products bearing the KHADI trade marks are also stated to be exhibited in exhibitions in various parts of the world. In furtherance of its aim to promote KHADI trade marks, the plaintiff also collaborated with the Fashion Design Council of India (FDCI) in 2018 and 2019 for organising the Lakme Fashion week. During the said event, on 23rd August 2018, designated as Sustainable Fashion Day, four designers displayed their products made from the Khadi fabric and displaying the plaintiff's KHADI trade marks. The plaint also underscores the large scale publicity that the KHADI trademarks have enjoyed, both in the print and electronic media, as well as the large amounts spent by the plaintiff towards that end. The scale of the plaintiff's operations has been sought to be emphasised by pointing out, *inter alia*, that, in the year 2019-20, the plaintiff's annual sales turnover was ₹ 88875.45 crores. As a result, it is asserted that the KHADI trade marks of the plaintiff have attained immeasurable goodwill and reputation and have become source identifiers, identifying the products and services in relation to which they are used exclusively with the plaintiff.

3.6 The plaintiff claims to have become aware of infringement, by Defendants 1 to 3, of the plaintiff's KHADI trade marks in December 2019, when Defendants 1 to 3 organised the National Khadi Designers Awards, 2019 and the Miss India Khadi event at Goa, in which they

were using the word mark KHADI as well as the  logo.

The plaintiff addressed a legal notice to Defendant 3, calling upon him to cancel the aforesaid events and also filed complaints with the statutory authorities in Goa. Consequent thereto, the defendants

removed the mark KHADI and logo  from their banners, posters and hoardings. The plaintiff, therefore, did not choose to prosecute the matter further.

3.7 This, however, submits the plaintiff, was a false sense of security, as the defendants have infringed the plaintiff's KHADI and Charkha trade marks through various other methods and modalities, which may be enumerated thus:

(i) The use of the word "Khadi" by the defendant, in any and every form is, according to the plaintiff, infringement of the plaintiff's KHADI marks, which include the word mark KHADI.

(ii) On the websites www.kdci.org and www.missindiakhadi.in, owned by Defendants 1 and 2 respectively, the said defendants are alleged to be using the KHADI trademarks and marks deceptively similar thereto, without authorisation or permission from the plaintiff.

(iii) The said websites also contained photographs of the

National Khadi Designers Awards, 2019 and the Miss India Khadi Event held in 2019, in violation of the assurance, to the contrary, extended by the defendants on 19th December 2019.

(iv) The KHADI and Charkha trademarks also stand infringed by the use, by the defendants, of the names “Khadi Design

Council of India” and the logos , , ,

and .

(v) It is also alleged that the acronym KDCI is structurally and phonetically similar to KVIC, and also creates an impression of association between Defendant 1 and the plaintiff, in view of the similarity between KDCI and the acronym of the Fashion Design Council of India, FDCI, who is the authorised partner of the plaintiff in the Lakme Fashion week.

(vi) The defendants are also alleged to be using the impugned marks on their social media platforms.

3.8 The plaintiff further alleges that, on their website www.paridhaanam.com (hereinafter “the Paridhaanam website”), for which a hyperlink is provided on the defendants’ websites www.kdci.org and www.missindiakhadi, the defendants are selling jewellery and fabric apart from apparel. The plaintiff has also drawn attention to the following recital, to be found on the said website www.paridhaanam.com:

“Khadi fabric, also known as khaddar, is a hand woven natural fibre made with cotton. The other variations of Khadi fabric include silk and wool. Khadi fabric originated during the

time of Mahatma Gandhi when he led the Swadeshi Movement. This fabric has a rugged texture and feels comfortable when worn during winter season while also keeping one fresh in summers.

With dynamic advancements, Khadi fabric is now available in multiple variations. With handwork ranging from **Kantha** to **Block print**, this fabric captivates beauty with its subtle weaves. The styles that can be crafted from Khadi are not limited to a Nehru jacket anymore. You can now choose from a wide range of shirts, flared pants and dresses.

Modern machinery is taking over the traditional methods of manual crafting. The fabric now also comes with innovative cuts and styles.”

(Emphasis supplied)

The plaintiff alleges that the admission, in the concluding part of the afore-extracted recital, to the effect that the fabric sold across the Paridhaanam website was also being made using modern machinery indicated that the defendants were selling non-Khadi material across the Paridhaanam website, as Khadi fabric is exclusively hand woven, and no machinery can be employed in its making.

3.9 Additionally, the plaintiff alleges that the defendants are falsely claiming to be associated with the Prime Minister Employment Generation Programme (PMEGP) by providing, on their website <https://missindiakhadi.in/>, a hyperlink which redirects to the PMEGP page of the plaintiff at <https://www.kviconline.gov.in/pmegpeportal/pmegphome/index.jsp>.

The plaintiff claims to be the nodal agency in operating the PMEGP and that, therefore, the claim of the defendants, to association with the PMEGP is *ex facie* false.

3.10 The plaintiff also takes exception to a programme titled “Designer Employment Generation Programme”, run by the defendants, under which Designers and Design Institutes are provided “Khadi

Certification”. Grant of Khadi Certification, according to the plaint, is the exclusive prerogative of the plaintiff and the defendants, by holding themselves out as issuing such certificates, are misrepresenting to the public.

3.11 The plaint further alleges that, despite issuance of legal notices by the plaintiff, the defendants’ infringing activities continued unabated as, on 22nd March 2021, the defendants announced, over Facebook that they were conducting a “Designers Training Master Class for Freshers and Experienced Designers” and, on 21st May 2021, announced the holding of an event titled “Miss and Mrs India Khadi 2021”.

3.12 All these activities of the defendants, it is submitted, would inevitably lead an unwary consumer, or visitor to the defendants’ website, to believe in the existence of an association between the defendants and plaintiff, whereas no such association, in fact, exists. By resorting to such methods, the plaint alleges that the defendants are seeking to derive undue benefits by capitalising on the renown and repute of the KHADI trademarks of the plaintiffs. As prior owner and adopter of the said trademarks, the plaintiff claims statutory as well as common law rights therein, as well as the right to interdict infringement, by the defendants, of the said marks. The defendants, particularly, it is submitted, cannot be allowed to use the infringing

logos , ,  and , which are deceptively similar to the plaintiff’s KHADI and Charkha trademarks and logos.

3.13 The plaintiff has, therefore, instituted the present suit against

the defendants, seeking a decree of permanent injunction, restraining the defendants and, all others acting on their behalf from using, in any

manner, the word mark KHADI or the logos



and



, or any other identical or deceptively similar mark or logos, apart from ancillary reliefs of rendition of accounts, delivery up, damages and costs.

4. The plaintiff has also filed, with the plaint, the present application under Order XXXIX Rules 1 and 2 of the Code of Civil Procedure, 1908 (CPC), seeking interlocutory injunctive reliefs.

5. Written Statement

5.1 In their written statement, filed in response to the plaint, the defendants assert that the Paridhaanam website is merely a proposed idea to the Chairman, KVIC and the Prime Minister of India, to create a platform for weavers and designers to purchase, sell and exhibit pure Khadi and other fabric goods and products. It is further asserted that, till date, no e-commerce activity has taken place on the said website as the approval from the Prime Minister's Office (PMO) is awaited.

5.2 The written statement avers that Defendant 2 i.e., Miss India Khadi Foundation (MIKF) was established in 2016 to popularise KHADI by promoting the use of the Khadi fabric among fashion designers. Defendant 1, the KDCI, is stated, was established by Defendant 3 Ankush Anami in 2019 and is registered with the Ministry of Skill Development and Entrepreneurship (MoSDE).

5.3 The written statement further asserts that Defendants 1 and 2, i.e., KDCI and MIKF are neither engaged in manufacturing or weaving of any KHADI fabric nor in sale of any finished clothes. The designers associated with Defendants 1 to 3 (KDCI, MIKF and Ankush Anami), purchased clothes or fabric only from authorised outlets of the KVIC. The written statement asserts that every purchase was intimated to the plaintiff.

5.4 The written statement denies the allegation of infringement. While asserting that the allegedly infringing trademarks are not similar, in any manner, to the registered KHADI or Charkha trademarks of the plaintiff, it is further submitted that KHADI, being a type of fabric, was not registerable as a trade mark in Classes 24, 25, 35, 40 or 42 in view of Section 9(1)(a) and (b)³ of the Trade Marks Act. They have also placed reliance, in this context, on Clauses (h), (i) and (j) of Regulation 2⁴ of the Khadi Mark Regulations, 2013 read with Section 2(d)⁵ of the KVIC Act, which clearly identify Khadi as a

³ **9. Absolute grounds for refusal of registration. –**

- (1) The trade marks –
- (a) which are devoid of any distinctive character, that is to say, not capable of distinguishing the goods or services of one person from those of another person;
 - (b) which consist exclusively of marks or indications which may serve in trade to designate the kind, quality, quantity, intended purpose, values, geographical origin or the time of production of the goods or rendering of the service or other characteristics of the goods or service;
 - (c) which consist exclusively of marks or indications which have become customary in the current language or in the bona fide and established practices of the trade,

shall not be registered:

Provided that a trade mark shall not be refused registration if before the date of application for registration it has acquired a distinctive character as a result of the use made of it or is a well-known trade mark.

⁴ **2. Definitions. –** In these regulations, unless the context otherwise requires,

- (h) “Khadi Mark” means a mark as specified by the Central Khadi Mark Committee and registered under regulation 22 authenticating the genuineness of Khadi to be used by a person or certified khadi institution on every item of khadi and khadi products;
- (i) “khadi product” means any product made from or using khadi;
- (j) “Khadi and Village Industries Board” means a Khadi and Village Industries Board established under a law for the time being in force;

⁵ **2. Definitions. –** In this Act, unless the context otherwise requires, –

- (d) “khadi” means any cloth woven on handlooms in India from cotton, silk or woollen yarn handspun in India or from a mixture of any two or all of such yarns;

type of fabric. In view of the said provisions, the defendants also assert that “KHADI” as a trademark cannot be used for products other than cloth. That apart, being *publici juris*, the KHADI word mark, it is submitted, cannot be appropriated exclusively by the plaintiff.

5.5 The Paridhaanam project, asserts the written statement, was envisaged only after meetings with the plaintiff and on the basis of the decisions taken therein. The final such meeting, it is asserted, took place on 25th November 2019.

5.6 Insofar as the PMEGP is concerned, the written statement alleges that the plaintiff receives grants under the said Scheme from the Ministry of MSME for the implementation of various programmes and schemes for the development of Khadi and village industries, for which the targets and financial allocations are fixed by the Ministry.

5.7 Intellectual property rights over the term “Khadi”, it is submitted, would vest with every person who is associated with Khadi.

5.8 The defendants claim to be vitally interested in promoting purchase of Khadi fabric across the nation through authorized sales outlets of the plaintiff and to have been making efforts, towards that end, since 2016. For this purpose, it is asserted that several letters were written by Defendants 1 to 3 to the plaintiff, seeking support and requesting for issuance of workable guidelines to, *inter alia*, make designers aware of the benefits of Khadi. Despite the absence of any encouragement from the plaintiff, the defendants claim to have continued promoting the Khadi concept, thereby also ameliorating the rural and village sectors of the populace. The plaintiff, it is asserted,

was kept in the loop at every stage. The defendants claim to have “invested their crucial hours in promoting, advertising, and educating the concept of Khadi Fabric among the youth, college students, designers, professors, and other stakeholders who are actively involved to make Khadi a consistent National Pride”. The Court has been exhorted, by the defendants, to ensure that “Khadi” be not vested as a trade mark or copyright in favour of one particular institution.

5.9 The defendants have attempted to fault the plaintiff to have claimed various user dates in their applications seeking registration of the KHADI trademarks. Some applications, in fact, it is pointed out, have been filed on a “proposed to be used” basis.

5.10 The defendants have also, in their written statements, referred to various events hosted and conducted by them, in which senior personnel of the plaintiff, including the Chairman of the KVIC, participated. Tacit acquiescence, to the activities of the defendants, it is submitted, was always forthcoming from the plaintiff. The defendants have, *inter alia*, referred to

- (i) the auditions for the Miss India Khadi 2017 event conducted by the defendants on 28th January 2017 in which, on instructions of the State Director of KVIC, the Deputy Director, KVIC and the CEO of UPKVIB participated as the Chief Jury and Jury respectively,
- (ii) the actual Miss India Khadi 2017 event held on 4th February 2017 in which the State Director, KVIC crowned the winner of the Miss India Khadi Uttar Pradesh competition,
- (iii) the participation, on invitation from the plaintiff KVIC, of Defendant 3 Ankush Anami, CEO of Defendant 2 MIKF, at the inauguration of the world’s largest Charkha at Champaran

Samaroh on 22nd May 2017, during which Defendant 3 discussed various ideas to modernize Khadi clothes,

(iv) the Miss India Khadi Uttarakhand 2017 event organized in Dehradun by Defendant 2 in which the State Director, KVIC, participated,

(v) the grant of permission by the Rajasthan Khadi Board, on 30th August 2017, for the hosting of the Miss India Khadi Rajasthan 2017 event,

(vi) the Miss India Khadi Chhattisgarh 2017 event conducted by Defendant 2 on 8th November 2017, in which the CEO, UPKVIB was the Chief Guest and judge,

(vii) the Miss India Khadi Odisha State Finale hosted by Defendant 2 on 13th November 2017, in which the Assistant Director of the plaintiff KVIC participated as the Chief Guest and as member of the jury,

(viii) the Miss India Khadi Jharkhand 2017 event, which was judged by the State Director, KVIC as one of the jury members,

(ix) communication dated 24th November 2017 from the Chhattisgarh Khadi Board, appreciating the organisation, by Defendant 2 of the Chhattisgarh Miss India Khadi Fashion Show on 8th November 2017,

(x) letter dated 29th December 2017, from the plaintiff to Defendant 2, appreciating the efforts of Defendant 2 in promoting Khadi and permitting use of the KHADI marks of the plaintiff, by Defendant 2, in its Miss India Khadi Grand Finale to be held on 30th December 2017, and

(xi) letter dated 11th June 2018 from the Chhattisgarh KVIB, permitting organisation of the Miss India Khadi Fashion Show in Raipur, Chhattisgarh.

The defendants also rely on various occasions when officers of the KVIC had meetings with the defendants and their officials or attended the same events or functions.

5.11 The defendants assert “Khadi Designing Council of India” and “Miss India Khadi Foundation”, as also their respective acronyms KDCI and MIKF, as the names of their Trust and the appellation under which they conducted their activities. These names, it is submitted, were adopted as the defendants are committed to promoting and furthering the Khadi concept. The defendants assert that they have never manufactured or sold any non-Khadi product as Khadi and that all Khadi fabric used by them was sourced from authorized outlets of the plaintiff, of which the plaintiff was kept periodically aware.

5.12 In these circumstances, the defendants plead, in the written statement, that the suit be dismissed.

6. Replication

6.1 In its replication, the plaintiff invokes Section 31⁶ of the Trade Marks Act to contend that there exists, in law, a presumption of validity of a granted trade mark.

6.2 Adverting to the references, by the defendants, to the meetings,

⁶ 31. **Registration to be prima facie evidence of validity.** –

(1) In all legal proceedings relating to a trade mark registered under this Act (including applications under Section 57), the original registration of the trade mark and of all subsequent assignments and transmissions of the trade mark shall be *prima facie* evidence of the validity thereof.

(2) In all legal proceedings, as aforesaid a registered trade mark shall not be held to be invalid on the ground that it was not a registrable trade mark under Section 9 except upon evidence of distinctiveness and that such evidence was not submitted to the Registrar before registration, if it is proved that the trade mark had been so used by the registered proprietor or his predecessor in title as to have become distinctive at the date of registration.

shows, and other events attended by the plaintiff's personnel, it is submitted that such presence and participation does not constitute acquiescence, by the plaintiff, to the unauthorized use, by the defendants, of the plaintiff's registered KHADI and Charkha trade marks. Acquiescence to the use, by the defendants, of the plaintiff's registered trade marks, it is submitted, is required, by the Trade Marks Act, to be in writing. No such document, granting permission to the defendants to use the plaintiff's registered trade marks, was cited by the defendants. Apropos the e-mails addressed by the defendants to the plaintiff, it is submitted that the plaintiff never responded to the said e-mails, which remained, therefore, one-sided requests. Having thus sought the plaintiff's permission, and failed to secure it, the defendants could not unilaterally have proceeded to use, without authorization, the plaintiff's registered trade marks for their own activities. In fact, points out the replication, the plaintiff had addressed as many as three legal notices to the defendants to cancel the National Khadi Designers Award and Miss India Khadi events proposed to be conducted by them, and to discontinue use of the plaintiff's registered trade marks, but to no avail. The present suit was instituted only thereafter.

6.3 The Paridhaanam website, contends the plaintiff, is an e-commerce website of the defendant, similar to the e-khadiindia.com website of the plaintiff, through which the defendant claimed to be selling khadi fabric. However, on accessing the website, it was found that machine woven fabric was being sold by the defendants. The plaintiff rebuts the contention that the Paridhaanam website was merely a proposed idea, and contends, *per contra*, that it is a fully functional infringing website. The fabric sold on the Paridhaanam website was neither certified by the plaintiff nor permitted by the

plaintiff to be sold under the KHADI trade marks. KHADI fabric had necessarily to be purchased from sources authorised by the plaintiff or licensed by the plaintiff to use the plaintiff's trade marks. The plaintiff denies the defendants contention that they are selling KHADI fabric on the Paridhaanam website.

6.4 By using the KDCI acronym, the plaintiff submits that the defendant was seeking to convey a misleading impression of association with the FDCI which, according to the plaintiff, was its authorised partner for the Lakme Fashion week.

6.5 The plaintiff also denies the defendants' contention that the registration of the KHADI marks was contrary to Section 9(1) of the Trade Marks Act. The plaintiff submits, on the other hand, that indiscriminate use of the KHADI marks, organising of fashion shows, setting up of e-commerce portals and providing design courses under the KHADI trade marks, or misrepresenting that the defendant was a body authorised by the Government or the KVIC, was not permitted either by Section 2(d) of the KVIC Act or by Regulation 2(h) or (j) of the KMR.

6.6 Insofar as the providing, by it, of various dates of user while applying for registration of the KHADI trade marks, the plaintiff submits that the date of user varied depending on goods and services in respect of which registration of the mark was sought.

6.7 Pointing out that the defendant was using the KHADI trade marks in the charkha logos even while conducting the National Khadi Designers Awards and the Miss India Khadi events in 2019, the plaintiff, in its replication, reiterated the prayers in the suit.

Rival submissions at the Bar

7. Detailed oral arguments were advanced by Ms. Shwetasree Majumder on behalf of the plaintiff and Mr. Jatin Sharma, on behalf of the defendant.

8. Submissions of Ms. Shwetasree Majumder

8.1 Ms. Majumder submits that, in view of the validity and subsisting registrations held by the plaintiff in the KHADI marks as well as the charkha logos, the defendants are disentitled, entirely, from using the word “KHADI” in any part of their marks. She invited my attention to the webpage of Defendant 1, which contains, at the head, the following representation:



8.2 Ms. Majumder submits that Defendant 1 was misusing official government logos to seek to draw an association with the plaintiff. Ms. Majumder further submits that the plaintiff held valid trade mark registrations in, inter alia, Class 35, which dealt with, among other things, “organising shows, exhibitions and trade fares for commercial purpose”, w.e.f. 27th November 2014 and valid till 27th November 2024 and Class 42, dealing with “engineering services, scientific and technological services, industrial research, designing and development services, software development” w.e.f. 27th November 2014 and valid

till 27th November 2024.

8.3 These were both service marks registration of the plaintiff, which also covered the types of activities in which the defendants claimed to be involved.

8.4 Ms. Majumder further submits that the plaintiff used to authorise various textile retail sellers, organisations, societies and other institutions to sell products under the KHADI trade marks. In order to be listed as an authorised user of the KHADI trade marks for the purposes of sale and promotion of KHADI certified textile products and services, she submits that each organisation has to apply for recognition through the KIRCS. Without obtaining such authorisation, she submits that no person can use the plaintiff's registered KHADI trade marks. In order to obtain a valid certificate from the plaintiff-KVIC, it is submitted that the applicant has to obtain a certificate under Section 15(2)(k) of the KVIC Act read with Regulation 24(2) of the KVIC Commission Regulations, 2007. It was, *inter alia*, suggested in the regulation as to how the KHADI trade marks were to be used by affixation or by other modes. The plaintiff also claimed to be the Nodal Agency for implementation of the PMEGP at the national level, under which financial assistance is provided to new enterprises. At the State level, it is submitted that the implementation of the PMEGP takes place through State KVIC offices, State Khadi and Village Industry Board, District Industry Centres and Banks. The subsidiary received from the government under the PMEGP is stated to be routed by the plaintiff through identified banks for eventual distribution to the beneficiaries or entrepreneurs.

8.5 Ms. Majumder disputes the applicability of Section 30(2)(a) of the Trade Marks Act by submitting that the said provision applies only to non-trade mark use. In this context, she has pointed out that the language of Section 30(2)(a) is identical to the language of Section 9 (1)(b). The defendants are not, however, carrying on any such business. She submits that any other interpretation, if accorded to Section 30(2)(a), would render Section 29(5) otiose.

8.6 Without prejudice, Ms. Majumder submits that the defendant is estopped from pleading Section 30(2)(a) as the defendant is itself holding a registration for the KDCI mark. Ms. Majumder has also referred me to the main object of Defendant 1, as set out on its website, which is “to promote, advance, increase, develop the export of all types of khadi garments, including, woolen knitwear and garments of *leather*, jute, and hemp.”

8.7 The plaintiff KVIC, she submits, never deals with leather. As such, she disputes the defendant’s contention that it was merely seeking to promote the object of the plaintiff. She further submits that the use of the plaintiff’s KHADI mark, by the defendant, for conducting Miss India Khadi Beauty pageant could not be said to be protected under Section 30(2)(a), as the KHADI marks could not be regarded as descriptive of the activity of conducting the beauty pageant.

8.8 Ms. Majumder also invites my attention to the website of Defendant 1, in which the following depiction is to be found:

“HOW DOES ‘KDCI’ WORK

1) EXPECTED MORE THEN 5000 DESIGNING
INSTITUTES IN INDIA

2) EXPECTED MORE THEN 1,00,000 STUDENT PASSING EVERY YEAR FROM VARIOUS INSTITUTIONS

3) EVERY DESIGER WILLING TO PROMOTE THEMSELVE AND WANT TO ESTABLISED THE CAREER IN DESIGNING

DESIGNERS ARE DEVIDED INTO FOUR MAZOR CATEGORIES



CELEBRITY DESIGNERS

1. THOSE ARE CONNECTED WITH INTERNATIONAL FASHION TRENDES AND DESIGNING THE GARMENTS ON INTERNATIONAL LEVEL AND FOR CELEBRITY LIKE; WENDELL RODRICKS, ANJU MODI, ROCKY S, MANISH MEHROTRA ETC .

2. ROLE OF CELEBRITY DESIGNINERS IN COMMITTEE TO INVOLVE THE KHADI Fabric INTO THEIR COLLECTION FOR BOLLYWOOD AND INTERNATIONAL PROGRAMS.

3. INSPIRE THE EMERGING DESIGNERS AND UPCOMING DESIGNERS TO WORK ON KHADI LIKE THEM.

4. TO ADVICE THE EXCUTIVE BOARD AND ENROLLED DESIGNER WITH LATEST AND INTERNATIONAL FASHION TRENDS.

5. TO APPOINT THEM AS MENTOR AND GIVE THE SEMINARS ON KHADI ATLEAST TWICE IN YEARS.

6. TO GIVE THE CERTIFICATION FOR UPCOMING DESIGNERS.

7. TO MAKE THE KHADI AS FASHION AND COMFORT SYMBOLE FOR NATIONAL AND INTERNATIONAL BUYERS.

8. TO CONNECT WITH THE TOP UNIVERSITY OF INDIA LIKE AMITY, GALGOTIA ETC TO ORGANIZED THE

ZONE WISE SEMINAR ON KHADI AND KHADI DESIGNING TO CONNECT THE YOUTHS.

9. INVOLVE THEM TO PROMOTE THE GOVERNMENT BENEFITS PROGRAMS.

10. CELEBRITY DESIGNER WILL BE SUPPORT US TO MAKE THE KHADI POPULOR IN CELEBRITY AND YOUTHS.

(THIS LEVEL OF COMMITTEE ARE NOT PROPOSED FOR ANY GOVT. SCHEME LIKE PMEGP, SKILL INDIA HENCE THEY ARE NESASORY TO PROMOTE AND PASSIONATE THE KHADI TOWARDS THE YOUTH.)”

8.9 She has also drawn my attention to the objective of Miss India Beauty Pageant as thus set out on the website of Defendant 1:

“MISS INDIA KHADI is associated with the Khadi Designing Council of India and it is the only platform where you can learn earn explore and establish yourself. Miss is a title of respect for a woman, India is our proud nation and Khadi is a symbol of nationalism, self-reliance, and equality. Khadi itself a versatile fabric, it brings about a silent and sure revolution.

Woman itself is a versatile creation on earth and we are empowering women within the country with the quality of the pride of the nation “KHADI” to bring the change.

Miss India Khadi is a National pageant, one of the only pageants that work for the social cause and empowering women. It also gives them confidence, leadership skills and it promotes social values towards society.

We groom those qualities who work to promote the social responsibility to become role models of the nation.

The purpose of Miss India Khadi is to find those personalities from all over the nation who are not just beautiful but who can accomplish the change with their work.

Our objective is to encourage the self-confidence, self-reliance, and Independent, strong and positive self-image of a woman.

This pageant does not just give you the grace, proper communication, building self-confidence, networking but it will change your whole life by experiencing the real you by doing social work like Plantation, Prohibition on Female foeticide (Beti

Bachao- Beti Padhao), waste management, and a Clean and Green Environment (Swachh Bharat Mission), teach others about women's safety & Empowerment, stop body Shaming social task activities.”

8.10 Ms. Majumder further refers to the Paridhaanam website on which it is stated that “modern machinery is taking over traditional methods of manual crafting”. The use of modern machinery in crafting of fabric, submits Ms. Majumder, is completely incompatible with the KHADI philosophy. She has also drawn my attention to the publicity, on the Paridhaanam website, regarding the KHADI mask, in respect of which it is inter alia stated that thus:

- (i) It has been made using many types of designer fabric and hence it is available in many beautiful colours”
- (ii) The use of this KHADI facemask will ensure compatibility for many small scale industries and village industries and is a step towards a self-reliant India.

These recitals, submits Ms. Majumder, are not compatible with organisations which is promoting the KHADI fabric and the KHADI culture.

8.11 Ms. Majumder has next referred me to the following advertisement, to be found on the website of Defendant 1:

| OPEN CENTRE | BECOME TRAINER | EDUCATE MORE



By such an advertisement, Ms. Majumder submits that defendants are clearly seeking to convey an impression that they are an government organisation.

8.12 Referring once again to the material on the website of Defendant 1 relating to the Paridhaanam project, Ms. Majumder has emphasised the following recitals to be found therein, with respect to the Paridhaanam website:

“This e-commerce panel is exclusive for khadi & swadeshi products (i.e handmade jewelry, handicrafts made by students). Under this program, all students from your institute will get their own exclusive e-commerce store among **1.54 million** established reach that can help them to connect with the audience to sell their products & become an entrepreneur.

Following are the perks and incentive which you will be getting for your participation in the Khadi Designer Awards & in association with Miss India Khadi Foundation-

1. The designer who is going to associate/participate with Miss India Khadi Foundation will get an exclusive e-commerce store to sell their garments directly to the customers.

2. If your garments qualify all our selection parameters in the competition, then your **LABEL** will get khadi certification(Miss India Khadi Certified).

3. When your designing label becomes Khadi certified, you will get an e-commerce store for selling your khadi garments every year.

Certificate from Goa Khadi Board (Government of Goa).

6. Fashion Designers will get the opportunity to showcase their collection free of cost in Domestic Fashion shows (2 to 3 shows) every year organized by our foundation.

7. Your logo will be published on our website.”

8.13 Ms. Majumder next refers me to the constitution of the Corporate Committee of Defendant 1, as is thus reflected on its website:

“CORPORATE COMMITTEE

The corporate Committee will work as advisors, financial support as donations, CSR, and sponsors for different projects of council and social activities.”

1. They are responsible for formulating key policies about the direction and strategy of the organization in keeping with the nonprofit’s mission and stated purpose.

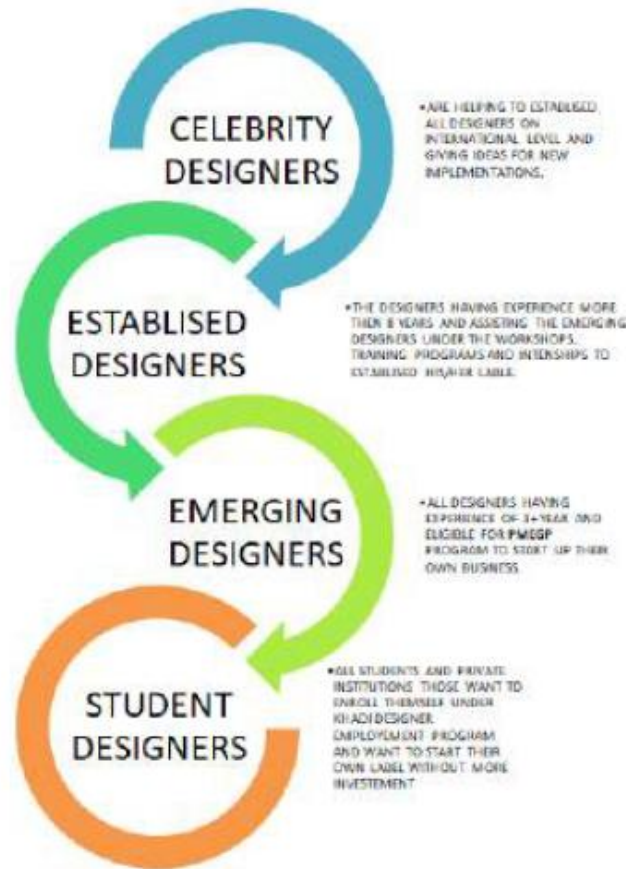
2. Promotion of Khadi Designing Council projects in the corporate sector.

3. Inspire corporate employees to wear khadi.

4. Fund Raising and corporate collaboration.

5. They works for the Celebrity Sponsors.

6. Separate space for Khadi Promotion.



8.14 She has also referred to the rules and regulations for registration of participants for the Miss/Mrs. India KHADI contest conducted by Defendant 1, especially to the following recitals, to be found therein:

“Right of refund for any denomination are reserve with Miss India Khadi foundation. There would be no any legal claim will be accepted against any cause.”

Ms. Majumder submits that the very concept of refund implies that the Defendant 1 is recovering payment from participants for participating in the Miss India Khadi Contest, which indicate that the defendants are working purely for profit as a commercial enterprise.

8.15 Ms. Majumder has final referred me to the following promotional advertisement for Miss/Mrs India Khadi 2021 pageant, to be conducted by Defendant 1:

BE THE FACE OF BIGGEST PAGEANT OF THE NATION

Become a registered Model
of
"KHADI DESIGNING COUNCIL OF INDIA"

- Work for More than 10,000 Brands under one roof
- 45 DAYS GROOMING WITH ADVANCE CERTIFICATION
- GET CONNECTED WITH INDIA'S LARGEST COUNCIL
- LEARN EARN EXPLORE AND BE ESTABLISHED

KDCI
KHADI DESIGNING COUNCIL OF INDIA
In Association with

Miss & Mrs India Khadi
2021
SEASON- 4

VIRTUAL AUDITION
CRITERIA
AGE: 18 TO 35 YEARS, HEIGHT- 5'4 FT & ABOVE

SIGN UP TODAY
9870145341, 7303221225

Whatsapp your Name, age, height, city and two pictures

Ms. Majumder has also drawn my attention to photographs of Miss India Khadi event conducted by Defendant 1, as they appear on the Facebook page of Defendant 1, and submits that a glance at the attires worn by the models and other persons attending the event featuring in photograph clearly indicate that they are not made of KHADI.

8.16 Ms. Majumder has also invited my attention to para 5 of order dated 26th July 2022 passed by a coordinate Bench of this Court in the present proceedings, in which it has been noted that “The mark 'KHADI' along with the 'Charkha logo' have become well-known and have, in fact, been protected in several proceedings before this Court, as also, in several administrative proceedings.” .

8.17 Ms. Majumder has placed reliance on paras 8 and 10 of the judgments of the Supreme Court in *Laxmikant V. Patel v. Chetanbhai Shah*⁷ , *Bengal Waterproof Ltd. v. Bombay Waterproof Manufacturing Company*⁸ , *Midas Hygiene Industries (P) Ltd. v. Sudhir Bhatia*⁹ and *Jagdish Gopal Kamath v. Lime & Chilli*

⁷ (2002) 3 SCC 65

⁸ (1997) 1 SCC 99

⁹ (2004) 28 PTC 121 (SC) : (2004) 3 SCC 90

*Hospitality Services*¹⁰ as well as the judgments of this Court in *Bloomberg Finance LLP v. Prafull Saklecha*¹¹, *B.K. Engineering Co. v. UBHI Enterprises*¹², *Montari Overseas Ltd v. Montari Industries Ltd.*¹³ and the judgment of High Court of Bombay in *Hem Corporation v. ITC Limited*¹⁴.

9. Submissions of Mr Jatin Sharma:

9.1 Responding to the submissions of Ms. Majumder, Mr. Jatin Sharma, learned Counsel for the defendants, drew my attention to para 35 of the plaint, which sets out the cause of action for instituting the suit. He submits that, in the said paragraph, the plaintiff asserts that it came to know of the defendants' activities on 19th December 2019. There is no reference to any earlier knowledge or connection with the defendant.

9.2 Adverting, next, to the internal communication dated 19th December 2019, of the plaintiff, thereafter, he has referred me to internal communication dated 19th December 2019 of the plaintiff, in which it is noted that, during the visit of the plaintiff at the venue of the proposed Miss India Khadi event in 2019, no logo or mark of the plaintiff was found therein. On the same day, *vide* another internal communication of the plaintiff, it was noted that the plaintiff had obtained, from Defendant 3, an oral assurance that he would not use the KHADI marks of the plaintiff, in the proposed event. He has also referred me to various other communications from the plaintiff to the defendants in which they appreciated the work being carried out by

¹⁰ (2015) 62 PTC 23 (Bom) : 2015 SCC OnLine Bom 531

¹¹ (2014) 207 DLT 35

¹² (1985) 27 DLT 120 (DB) : AIR 1985 DEL 210

¹³ (1996) 16 PTC 142

¹⁴ (2012) 52 PTC 600 (Bom) : (2012) SCC OnLine Bom 551

the defendant. Mr. Sharma submits that the defendant continued to use the KHADI mark, despite want of permission from the plaintiff but that the plaintiff never objected to the said use at any point of time.

9.3 He submits that all usages, by the defendant, of the KHADI marks were with the knowledge of the plaintiff and had resulted in accumulation of the considerable goodwill in the defendants, of which the plaintiff could not, at this stage, seek to deprive the defendants. He submits that the defendant had conducted over 200 events using KHADI fabric with the plaintiff's permission and refers me, in this context, to email dated 22nd October 2018, from the defendant to the plaintiff, in which it is so stated. He has further relied on letter dated 7th December 2018 from defendant to the plaintiff and other associated communications which clearly depict the appreciation, by the plaintiff, to the manner in which the defendants had organised the Miss India Khadi Fashion show in Orissa.

9.4 Mr. Sharma also contests the entitlement of the Khadi marks of the plaintiff to registration. He submits that, as Khadi is a type of fabric, it is incapable of registration under Classes 24, 25, 33, 40 and 42, in view of Section 9(1) of the Trade Marks Act. He further submits that the usage, by the plaintiff, of the trademark KHADI in respect of goods other than cloth violates Section 2(d) of the KVIC Act read with Regulations 2(h) and (j) of the KMR. He further pleads that, as the plaintiff was aware of the use, by the defendant, of the KHADI mark since 2016, the plaintiff must be deemed to have acquiesced to such use. Moreover, submits Mr. Sharma, the KMR does not entitle the plaintiff to monopolise the mark KHADI. With respect to the various functions, events and pageants hosted by the defendants, Mr. Sharma contends that the Khadi fabric, sourced for

each such event was purchased from authorised outlets of the plaintiff and that the plaintiff was kept in the loop.

Analysis

10. Many of the aspects around which arguments at the bar revolved are, in my opinion, really peripheral to the real issue at hand. These proceedings are in the nature of civil commercial proceedings governed by the CPC as amended by the Commercial Courts Act. Pleadings are, therefore, everything. The Court is required, in all such cases, to examine the rival contentions, as pleaded, and assess for itself whether they justify grant, or denial, of the prayers of the plaintiff.

11. The plaintiff is, undisputedly, the proprietor of the registered KHADI and Charkha marks/logos in several classes. Section 28(1)¹⁵ of the Trade Marks Act confers, on the registrant of a valid trade mark, the right to:

- (i) exclusive use of the mark in relation to the goods or services in respect of which it is registered and
- (ii) obtain relief against infringement of the said mark.

12. Challenge to validity of the plaintiff's marks:

12.1 The use of the words "if valid", in Section 28(1), assumes importance, as the defendant has questioned the validity of the plaintiff's KHADI trade marks as being non-registerable by virtue of

¹⁵ 28. **Rights conferred by registration.** –

(1) Subject to the other provisions of this Act, the registration of a trade mark shall, if valid, give to the registered proprietor of the trade mark the exclusive right to the use of the trade mark in relation to the goods or services in respect of which the trade mark is registered and to obtain relief in respect of infringement of the trade mark in the manner provided by this Act.

Section 9(1)(a) and (b). It would be necessary to consider, at the outset, the extent to which such a challenge can be raised by the defendant in the present case. In the process, two important provisions come up for consideration – Sections 31 and 124 of the Trade Marks Act.

12.2 Section 31(1) ordains that, in all legal proceedings relating to a registered trade mark under the Trade Marks Act – which would include, needless to say, infringement proceedings – the registration of the mark *shall be prima facie evidence of the validity thereof*. These words are of signal significance, when examining an application for interlocutory injunctive relief under Order XXXIX Rules 1 and 2 of the CPC. The grant of relief under Order XXXIX is subject to satisfaction of the *troika* considerations of a *prima facie* case, balance of convenience and irreparable loss to the applicant were interlocutory relief not to be granted. Once, therefore, Section 31(1) declares, as a matter of legislative fiat, that the registration of a mark *shall be prima facie evidence* of the validity thereof, the first of the three requirements which govern grant of interim relief already stands satisfied, insofar as the issue of *validity* of the asserted mark of the plaintiff is concerned. Ordinarily, therefore, there is no occasion, in the face of such a clear statutory *diktat*, for the Order XXXIX Court to examine, on merits, the challenge to the validity of the plaintiff's mark, if the mark is registered. The use of the words “shall be” enforce this legal position, as they indicate the sequitur of registration of the mark, at the *prima facie* stage, to be mandatory in nature. In *U.O.I. v. A.K. Pandey*¹⁶, the Supreme Court approved the following exposition of the legal position, as contained in Crawford's “Mandatory and Directory or Permissive Words”:

“Ordinarily the words "shall" and "must" are mandatory, and the word "may" is directory, although they are often used interchangeably in legislation. This use without regard to their literal meaning generally makes it necessary for the courts to resort to construction in order to discover the real intention of the legislature. *Nevertheless, it will always be presumed by the court that the legislature intended to use the words in their usual and natural meaning. If such a meaning, however, leads to absurdity, or great inconvenience, or for some other reason is clearly contrary to the obvious intention of the legislature, then words which ordinarily are mandatory in their nature will be construed as directory, or vice versa.* In other words, if the language of the statute, considered as a whole and with due regard to its nature and object, reveals that the legislature intended the words "shall" and "must" to be directory, they should be given that meaning.”

(Emphasis supplied)

According to the words “shall be”, as employed in Section 31(1) their normal etymological mandatory connotation does not result in any absurdity or great inconvenience; nor can it be said to be contrary to the legislative intent. Ergo, applying the test in the above passage from *A.K. Pandey*⁸, the words have to be regarded as mandatory. The consequence is, therefore, that, at the Order XXXIX stage, the Court would treat a registered trade mark as valid. Embarking into the merits of a challenge to the validity of the mark, in the written statement of the defendant, would do violence to the legislative intent manifested in Section 31(1).

12.3 Sub-sections (1), (2) and (5)¹⁷ of Section 124 of the Trade

¹⁶ (2009) 10 SCC 552

¹⁷ 124. Stay of proceedings where the validity of registration of the trade mark is questioned, etc. –

- (1) Where in any suit for infringement of a trade mark—
 - (a) the defendant pleads that registration of the plaintiff's trade mark is invalid; or
 - (b) the defendant raises a defence under clause (e) of sub-section (2) of Section 30 and the plaintiff pleads the invalidity of registration of the defendant's trade mark,the court trying the suit (hereinafter referred to as the court), shall, -
 - (i) if any proceedings for rectification of the register in relation to the plaintiff's or defendant's trade mark are pending before the Registrar or the High Court, stay the suit pending the final disposal of such proceedings;
 - (ii) if no such proceedings are pending and the court is satisfied that the plea regarding the invalidity of the registration of the plaintiff's or defendant's trade mark is *prima facie* tenable, raise an issue regarding the same and adjourn the case for a period of three months from the date of the framing of the issue in order to enable the party concerned to apply to the High Court for rectification of the register.
- (2) If the party concerned proves to the court that he has made any such application as is referred to in clause (b)(ii) of sub-section (1) within the time specified therein or within such

Marks Act, read conjointly, lead to the same interpretative sequitur. While Sections (1) and (2) of Section 124 envisage, in the event of a defendant raising a challenge to the validity of the plaintiff's mark in an infringement suit, framing of an issue by the Court regarding the validity of the plaintiff's mark and grant of time to the defendant to apply for rectification of the register of trade marks under Section 57, staying further proceedings in the suit in the interregnum, sub-section (5) is clear in its mandate that the stay of the suit would not preclude the Court from granting an interlocutory injunction. The legislative intent is clear and unmistakable. The Court, seized of an application under Order XXXIX of the CPC seeking an interlocutory injunction in the suit, may proceed to decide the application even though a challenge to the validity of the asserted mark of the plaintiff has been raised by the defendant to defend the infringement allegation. Inasmuch as Section 124 envisages (i) consideration, by the Court, of the tenability of the challenge to the validity of the plaintiff's mark as raised by the defendant in its written statement, (ii) if the challenge is found to be tenable, framing of an issue by the Court, (iii) adjournment of the suit by three months and (iv) institution, by the defendant, of rectification proceedings during that period, and, nonetheless, directs that adjudication of the Order XXXIX application of the plaintiff would not be affected by the said exercise, it is clear that the Order XXXIX Court would not pre-empt the exercise of

extended time as the court may for sufficient cause allow, the trial of the suit shall stand stayed until the final disposal of the rectification proceedings.

(3) If no such application as aforesaid has been made within the time so specified or within such extended time as the court may allow, the issue as to the validity of the registration of the trade mark concerned shall be deemed to have been abandoned and the court shall proceed with the suit in regard to the other issues in the case.

(4) The final order made in any rectification proceedings referred to in sub-section (1) or sub-section (2) shall be binding upon the parties and the court shall dispose of the suit conformably to such order in so far as it relates to the issue as to the validity of the registration of the trade mark.

(5) The stay of a suit for the infringement of a trade mark under this section shall not preclude the court from making any interlocutory order (including any order granting an injunction, directing account to be kept, appointing a receiver or attaching any property), during the period of the stay of the suit.

challenge to validity of the plaintiff's mark by returning any finding thereon at that stage. The Order XXXIX Court would, therefore, proceed on the basis of the statutory presumption, engrained in Section 31(1), of validity of the plaintiff's mark.

12.4 That said, it is also equally trite that the legislature cannot bind the hands of the Court in exercising the jurisdiction that the legislature vests in it. If, therefore, in an extreme case, the Court, even at the Order XXXIX stage, finds the challenge to the validity of the plaintiff's mark, as raised by the defendant, to be so substantial as to merit consideration, there can be no legislative hurdle on the Court proceeding to examine the issue. That, however, in my opinion, has to be restricted to extreme cases, and cannot be a matter of routine, if Sections 31 and 124 are to be allowed full play.

12.5 I have, therefore, in deference to the submissions advanced at the Bar, considered the *prima facie* sustainability of the challenge, by the defendant, to the validity of the plaintiff's KHADI and Charkha marks. The only ground urged by the defendant in that regard, expressed in multifarious ways in the pleadings in the written statement, which can be said to merit some consideration, is that 'KHADI' is descriptive of a variety of cloth and cannot, therefore, be registered as a mark for fabrics. Though the defendant has, alongside, also extolled the virtues of Khadi, the manner in which Khadi originated from the thoughts and teachings of Mahatma Gandhi and of its being a "national pride", these submissions cannot, needless to say, inhibit the entitlement of the mark to registration, as they do not constitute either absolute or relative grounds of refusal as envisaged in Sections 9 and 11 of the Trade Marks Act.

12.6 Insofar as the challenge to the entitlement of the KHADI mark to registration as being descriptive in nature is concerned, the challenge remains incomplete as there is no absolute proscription to registration of a descriptive mark. The proviso to Section 9(1) permits registration of a descriptive mark if, before the date of application for registration of the mark, it has acquired a distinctive character as a result of the use made of it, or is a well-known trade mark (within the meaning of Section 2(1)(zg)¹⁸ of the Trade Marks Act). The onus would, therefore, be on the defendant, challenging the validity of the plaintiff's mark, to positively aver, with corroborative material, that the plaintiff is *not* entitled to the benefit of the proviso to Section 9(1), i.e., that, before the date of registration of the mark, it had not acquired a distinctive character as a result of the use made of it and was not a well-known trade mark.





12.7 There is, however, no such assertion in the written statement. That being so, the challenge to the validity of the registration of the plaintiff's KHADI trade marks, as urged by the defendants, does not *prima facie* appeal, or defeat the statutory presumption of validity contained in Section 31(1), at least at the Order XXXIX stage.

13. Besides, as Ms. Majumder correctly points out, the plaintiff is the holder of a valid and subsisting trade mark registration in Class 35, which covers "organizing shows, exhibitions, and trade fairs for commercial purposes". The defendant has not questioned the validity of the said registration.

¹⁸ (zg) "well-known trade mark", in relation to any goods or services, means a mark which has become so to the substantial segment of the public which uses such goods or receives such services that the use of such mark in relation to other goods or services would be likely to be taken as indicating a connection in the course of trade or rendering of services between those goods or services and a person during the mark in relation to the first-mentioned goods or services.

14. The aspect of infringement

14.1 Once the doubt that the defendants have attempted to cast on the validity of the plaintiff's KHADI and Charkha marks is thus dispelled, the defendants have not, quite advisedly, sought to seriously submit that they do not use the plaintiff's registered trade marks. The

impugned , ,  and  marks of the defendant all use, prominently, either KHADI as a word or the Charkha as an emblem. They have, admittedly, been used by the defendant to designate its activities relating to use, display and promotion – as they would contend – of the Khadi fabric and the Khadi culture and, in fact, the activities of the plaintiff itself. *The submissions advanced by the defendants in their defence, therefore, themselves vouchsafe their intent to create an association with the plaintiff KVIC, by using the impugned marks. The fact that the use of the impugned marks by the defendants would lead to an impression of association between the defendants and the plaintiff, therefore, stands conceded by the defendants.*

14.2 Infringement of registered trade marks is covered by Section 29 of the Trade Marks Act, more particularly sub-sections (1) to (5)¹⁹ and

¹⁹ 29. **Infringement of registered trade marks. –**

(1) A registered trade mark is infringed by a person who, not being a registered proprietor or a person using by way of permitted use, uses in the course of trade, a mark which is identical with, or deceptively similar to, the trade mark in relation to goods or services in respect of which the trade mark is registered and in such manner as to render the use of the mark likely to be taken as being used as a trade mark.

(2) A registered trade mark is infringed by a person who, not being a registered proprietor or a person using by way of permitted use, uses in the course of trade, a mark which because of—

(a) its identity with the registered trade mark and the similarity of the goods or services covered by such registered trade mark; or

(b) its similarity to the registered trade mark and the identity or similarity of the goods or services covered by such registered trade mark; or

(c) its identity with the registered trade mark and the identity of the goods or services covered by such registered trade mark,

is likely to cause confusion on the part of the public, or which is likely to have an association with the registered trade mark.

(7) to (9) thereof, of which sub-sections (7) to (9) are not of particular relevance to the present dispute.

14.3 Sub-section (6)²⁰ of Section 29 facilitates application of the Section by precisely delineating the ambit of the concept of use of a registered mark, as envisaged therein. Section 29(6) has, however, to be read in conjunction with 2(2)(b) and (c)²¹, which, in fact, define the concept of “use of a mark”, of which Section 29(6) merely delineates certain *particular* instances.

14.4 Section 29(1) is a somewhat ambiguously worded provision. Pared down to its ingredients, Section 29(1) envisages the existence of infringement where (i) a registered trade mark of one person, or one deceptively similar thereto, (ii) is used by another, (iii) who has neither proprietorial nor permissive rights for such use, (iv) “in the

(3) In any case falling under clause (c) of sub-section (2), the court shall presume that it is likely to cause confusion on the part of the public.

(4) A registered trade mark is infringed by a person who, not being a registered proprietor or a person using by way of permitted use, uses in the course of trade, a mark which—

(a) is identical with or similar to the registered trade mark; and

(b) is used in relation to goods or services which are not similar to those for which the trade mark is registered; and

(c) the registered trade mark has a reputation in India and the use of the mark without due cause takes unfair advantage of or is detrimental to, the distinctive character or repute of the registered trade mark.

(5) A registered trade mark is infringed by a person if he uses such registered trade mark, as his trade name or part of his trade name, or name of his business concern or part of the name, of his business concern dealing in goods or services in respect of which the trade mark is registered.

²⁰ (6) For the purposes of this section, a person uses a registered mark, if, in particular, he—

(a) affixes it to goods or the packaging thereof;

(b) offers or exposes goods for sale, puts them on the market, or stocks them for those purposes under the registered trade mark, or offers or supplies services under the registered trade mark;

(c) imports or exports goods under the mark; or

(d) uses the registered trade mark on business papers or in advertising.

²¹ (2) In this Act, unless the context otherwise requires, any reference—

(b) to the use of a mark shall be construed as a reference to the use of printed or other visual representation of the mark;

(c) to the use of a mark, -

(i) in relation to goods, shall be construed as a reference to the use of the mark upon, or in any physical or in any other relation whatsoever, to such goods;

(ii) in relation to services, shall be construed as a reference to the use of the mark as or as part of any statement about the availability, provision or performance of such services

course of trade”, (v) in relation to goods or services in respect of which the mark is registered (vi) “in such manner as to render the use of the mark likely to be taken as being used as a trade mark”. This last ingredient (vi) is, without meaning any disrespect to the legislature, vague as vague can be. In what circumstances is the use of mark “likely to be taken as being used as a trade mark”? The statute proffers no answer. Perhaps one may glimpse some vestige of a hint to understanding the provision in the definition of “trade mark”, as contained in Section 2(1)(zb), which defines “trade mark” as meaning “a mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from those of others and may include shape of goods, their packaging and combination of colours; and

- (i) in relation to Chapter XII (other than Section 107), a registered trade mark or a mark used in relation to goods or services for the purpose of indicating or so as to indicate a connection in the course of trade between the goods or services, as the case may be, and some person having the right as proprietor to use the mark; and
- (ii) in relation to other provisions of this Act, a mark used or proposed to be used in relation to goods or services for the purpose of indicating or so to indicate a connection in the course of trade between the goods or services, as the case may be, and some person having the right, either as proprietor or by way of permitted user, to use the mark whether with or without any indication of the identity of that person, and includes a certification trade mark or collective mark”.

I do not deem it necessary to devote further time to Section 29(1), as a *prima facie* case of infringement is, in my view, made out even by applying the other provisions in Section 29.

14.5 Section 29(2) applies in three situations, of which clause (b) would, *prima facie*, apply to the facts on hand. Let us identify its ingredients. Section 29(2)(b) envisages infringement of a registered trade mark as having taken place where

- (i) in the course of trade,
- (ii) a person who is neither its registered proprietor nor a person entitled permissively to use it,
- (iii) uses another, identical mark which is either identical (in which case clause (a) or (c) would apply) or similar (in which case clause (b) would apply),
- (iv) in respect of goods or services which are either identical, or similar to the goods in respect of which the mark is registered,
- (v) and, because of such identity or similarity of the marks and the goods or services covered thereby,
- (vi) there is likelihood of either
 - (a) confusion on the part of the public, or
 - (b) an association with the registered trade mark.

That the defendants are using the impugned marks “in the course of trade” is admitted, as their own stand is that they use it to promote commercial use of the KHADI mark of the plaintiff. Inasmuch as (i) the impugned marks use the word KHADI, (ii) the word KHADI also forms part of the names of both defendant 1 and 2, and (iii) the



logo of the defendants prominently features a “*charkha*” in association with the word ‘KHADI’, the marks under which the

defendants carry out their activities are similar to the registered KHADI marks of the plaintiff. The activities in relation to which the defendants use the mark are similar to those in respect of which the KHADI and Charkha marks are registered in the plaintiff's favour, as the defendants themselves admit that their activities are interlinked; in fact, that the defendants' aim is to promote the use of Khadi, in which the plaintiff is admitted by the defendants to be the nodal organization. The conjoint use of the impugned marks, in relation to such activities is also admitted, by the defendants, to be intended to infer an association between the defendants and the plaintiff. Once the very intent to create an association stand acknowledged by the defendants, the likelihood of inference of such association, thereby, in the minds of the consuming public, and the possibility of confusion thereby, also stands admitted. Section 29(2), thereby, squarely applies, and a *prima facie* case of infringement, under the said provision, therefore, exists.


14.6 Section 29(4), inasmuch as it deals with usage of the impugned mark in respect of goods or services other than those in respect of which the mark is registered in the plaintiff's favour, would not apply. However, a *prima facie* case of infringement would also be made out under Section 29(5), as the defendants are using the registered KHADI word mark of the plaintiff as part of "Khadi Design Council of India" and "Miss India Khadi", which are both their trade names, as well as the names of their business concerns, which deal with goods and services in respect of which the KHADI word mark stands registered in favour of the plaintiff. A *prima facie* case of infringement under Section 29(5) is also, therefore, made out in the present case.

14.7 I may note, here, that the manner in which the KHADI word is used by the respondent amounts to "use of the mark" within the

meaning of the Trade Marks Act both under Section 2(2)(b) and (c) as well as Section 29(6)(a), (b) and (d) thereof, inasmuch as

- (i) the defendants use KHADI in its printed form as well as its visual representation (thereby attracting Section 2(2)(b)),
- (ii) the goods displayed and sold by the defendants bear the KHADI mark (thereby attracting Section 2(2)(c)(i)),
- (iii) the services provided by the defendants in the form of exhibitions, fashion shows, beauty pageants, and the like, too, use KHADI as part of the statement about the availability, provision and performance of such services (thereby attracting Section 2(2)(c)(ii)),
- (iv) the KHADI mark is affixed on the Khadi goods in which the defendants profess to deal (thereby attracting Section 29(6)(a)),
- (v) the various activities of the defendants involve putting up and exposing goods for sale, and offering of services, under the registered KHADI word mark of the plaintiff (thereby attracting Section 29(6)(b)), and
- (vi) the defendants prominently use KHADI in their business papers in advertisements, to many of which Ms. Majumder alluded, and which already stand noted hereinbefore (thereby attracting Section 29(6)(d)).

14.8 Resultantly, the use of the word KHADI, as well as the impugned marks, by the defendant, *prima facie* infringe, within the meaning of Section 29(2) and (4) of the Trade Marks Act, the word mark KHADI, in which the plaintiff has valid and subsisting registrations in Classes 1, 2, 4, 5, 6, 7, 8, 14, 16, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 29, 30, 32, 34, 35, 38 and 42 and also infringe, in fact,

the device mark  of the plaintiff, which stands registered in the plaintiff's favour in Classes 1, 2, 3, 4, 5, 6, 7, 8, 14, 16, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 29, 30, 32, 34, 35, 38 and 42, as 'KHADI' forms a prominent part of the said mark, as well as of the impugned

,  and  marks of the defendants.

15. Passing off:

15.1 The line of defence adopted by the defendants in the present case also makes out, *prima facie*, a case of passing off, by the defendants, of their services as being associated with the plaintiff. The defendants admit that their activities are intended to draw an association with Khadi, to the extent that they also claim to be promoting the mark of the plaintiffs. The case set up by the defendants is that they are sourcing fabric manufactured by the plaintiff, and bearing the plaintiff's marks, from authorized outlets and stockists, and placing the fabrics on display, *inter alia* by using them in designer clothing, beauty pageants, and the like. The intent to associate the activities of the defendants with those of the plaintiff is, therefore, not only apparent but admitted. Inasmuch as the plaintiff has granted no authority, whatsoever, to the defendant to do so, these attempts amount, *prima facie*, to passing off, by the defendants, of their services as those of the plaintiff or, at the very least, drawing an association between the two.

16. Acquiescence and permissive use

16.1 “Permitted use” is a complete defence to an allegation of infringement, under each of the sub-sections of Section 29. The reason is obvious; one cannot, on the one hand, permit use, by another, of its registered trade mark and, on the other hand, allege infringement as a consequence of such use. Permissive use would also, therefore, constitute a defence to a claim of passing off, as, if the use of the plaintiff’s mark, by the defendant, is with the plaintiff’s permission, the defendant cannot very well be alleged to have sought to pass off its goods or services as those of the plaintiff, by doing so.

16.2 “Permitted use” has, however, to be understood in the manner in which it stands defined in clause (r)²² of Section 2(1). The interspersing “and” between the various sub-clauses (a) to (d) in Section 2(1)(r)(i) and (ii) make it clear that the indicial of clauses (a) to (d) is, in each case, *to be cumulatively satisfied* before a case of “permitted use” can be said to exist.

16.3 Sub-clause (i) in Section 2(1)(r) obviously does not apply as the defendants are not registered users of the plaintiff’s marks. Apropos sub-clause (ii), as Ms. Majumder correctly points out, consent of the registered trade mark holder has to be in the form of a written agreement. No such written agreement exists in the present case;

²² (r) “permitted use”, in relation to a registered trade mark, means the use of trade mark –

- (i) by a registered user of the trade mark in relation to goods or services—
 - (a) with which he is connected in the course of trade; and
 - (b) in respect of which the trade mark remains registered for the time being; and
 - (c) for which he is registered as registered user; and
 - (d) which complies with any conditions or limitations to which the registration of registered user is subject; or
- (ii) by a person other than the registered proprietor and registered user in relation to goods or services—
 - (a) with which he is connected in the course of trade; and
 - (b) in respect of which the trade mark remains registered for the time being; and
 - (c) by consent of such registered proprietor in a written agreement; and
 - (d) which complies with any conditions or limitations to which such user is subject and to which the registration of the trade mark is subject;

ergo, the defendants cannot, *prima facie*, plead that they were using the KHADI and Charkha marks as permitted users thereof.

17. None of the other submissions advanced at the Bar need, in my opinion, to be considered, as a *prima facie* case of infringement and passing off stands made out against the defendants and in favour of the plaintiff.

Conclusion

18. Resultantly, the defendants as well as all others acting on their behalf shall stand restrained, during the pendency of the suit, from using, directly or indirectly, the mark KHADI, either as a word or as part of its trade name or name of its business concern, as well as from using the impugned marks



, or any other mark identical or deceptively similar thereto. The defendants shall also stand restrained from operating any social media web page, including but not restricted to Facebook, Instagram and Youtube, in the name of Defendants 1 or 2, or from reflecting, on the www.paridhanam.com website, the mark KHADI or any of the impugned marks.

19. Needless to say, all observations and findings in this judgment are *prima facie*, and are not tantamount to any final expression of opinion on any of the issues in controversy.

20. I.A. 6811/2021 stands allowed accordingly.

CS(COMM) 244/2021

21. Re-notify on 16th May 2023.

C.HARI SHANKAR, J

MARCH 22, 2023

rb/dsn

