

**TRADE MARKS ACT 1994**

**IN THE MATTER OF APPLICATION No. 2205212  
BY RED LETTER DAYS PLC  
TO REGISTER A SERIES OF TRADE MARKS  
IN CLASSES 9, 14, 16, 18, 21, 22, 25, 26, 33, 36, 39, 41 AND 42**

**AND**

**IN THE MATTER OF OPPOSITION THERETO UNDER No. 51367  
BY REDENVELOPE INC**

**TRADE MARKS ACT 1994**

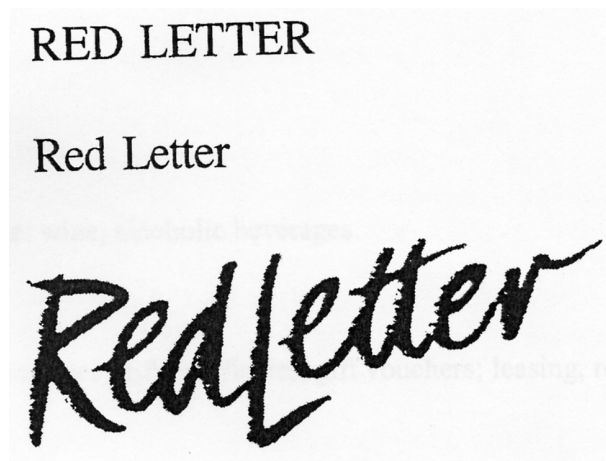
**IN THE MATTER OF Application No. 2205212  
by Red Letter Days Plc  
to register a series of trade marks  
in Classes 9, 14, 16, 18, 21, 22, 25, 26, 33, 36, 39, 41 and 42**

**and**

**IN THE MATTER OF Opposition thereto under No. 51367  
by Redenvelope Inc**

**Background**

1. On 6 August 1999 Red Letter Days Ltd applied for the following series of three marks:



For the following goods and services:

**Class 09:**

Cameras, sunglasses.

**Class 14:**

Key rings; jewellery; articles of precious metal; watches and clocks.

**Class 16:**

Printed matter; printed publications; books; vouchers; plastic bags; postcards; stationery; gift certificates; gift vouchers.

**Class 18:**

Umbrellas; bags; luggage.

**Class 21:**

Mugs; cups; plates; bowls; glasses.

**Class 22:**

Lanyards.

**Class 25:**

Clothing; footwear; headgear.

**Class 26:**

Badges.

**Class 33:**

Champagne; wine; alcoholic beverages.

**Class 36:**

Insurance services; gift certificates; gift vouchers; leasing, rental and sale of property.

**Class 39:**

Travel services; delivery of flowers; delivery of magazines; delivery of food and drink products.

**Class 41:**

Entertainment services, namely, arrangement and provision of sporting activities, leisure activities and special interest events; arranging of sporting activities; cultural activities; training services all relating to leisure and lifestyle activities; arranging of leisure activities; educational services all relating to leisure and lifestyle activities; exhibition and conference services.

**Class 42:**

Catering services for the provision of food and drink; accommodation services; beauty services; spa services; hairdressing services; web site design services.

2. The application is numbered 2205212.

3. On 1 September 2000 Redenvelope Inc filed notice of opposition to this application. They claim to be the proprietors of the well known trade mark REDENVELOPE. The statement of grounds refers to one US and two Community Trade Mark applications. The relevance of the former is not explained. The two CTM applications have filing dates of 10 April 2000 which is some time after the filing date of the application in suit. They do not have the capacity to be earlier trade marks within the meaning of Section 6(1) of the Act.

4. The opponents go on to say that:

“The mark REDENVELOPE has been used extensively in the United States of American for services such as retail store services featuring gifts over the global computer network. As these services of the opponent are accessible over the Internet, the mark REDENVELOPE has a worldwide audience including the United Kingdom. The opponent have sales to the United Kingdom audience which was deduced from UK credit card numbers when transactions were made.”

5. It is said that since the date of first use the mark has gained substantial recognition and reputation from the relevant public in the United Kingdom and elsewhere and is now a well known mark. The examples of publicity referred to are all after the relevant date with one exception (an undated item in a North American publication).

6. The opponents claim that the trade mark REDENVELOPE is a well known mark under Article 6 bis of the Paris Convention and therefore protection should be granted under Section 56 of the Act by refusing the application in suit.

7. In the alternative the opponents say that the applied for mark is devoid of any distinctive character because the phrase ‘Red Letter’ or ‘Red Letter days’ is a common laudatory expression which is not capable of acquiring distinctiveness or trade mark character. The applied for mark is, therefore, said to be non-distinctive as the goods and services are in fact gifts and services related to special occasions. Objection is taken under Section 3(1)(a) and (b).

8. In the further alternative objection is taken under Section 5(3) on the grounds that the mark applied for is similar to the opponents’ earlier trade mark and is to be registered for goods which are not similar to those services provided under the opponents’ earlier well known mark.

9. The remainder of the objection is framed in terms that closely mirror the wording of the Act. I note the further factual claim that the opponents’ mark has acquired a reputation in the UK

through use and accessibility over the Internet since at least as early as October 1999 and through extensive advertising in the United States and consequently in the United Kingdom.

10. The applicants filed a counterstatement denying the grounds of opposition and putting the opponents to proof of their claims. Attached to their counterstatement is a copy of a page from the opponents' website stating that the launch of an online gift service under the mark REDENVELOPE commenced in October 1999. They refer in addition to use of their own mark for over 11 years.

11. Both sides ask for an award of costs in their favour.

12. Both sides filed evidence. The matter came to be heard on 13 May 2003 when the applicants were represented by Mr A M Fiddes of Urquhart-Dykes & Lord and the opponents by Mr R Arnold of Her Majesty's Counsel instructed by Field Fisher Waterhouse.

13. In his skeleton argument and at the hearing Mr Arnold indicated that he was only pursuing the ground under Section 3(1)(b). In the light of the factual position on the opponents' own marks and the use made of them that was in my view an unavoidable concession. I dismiss the other grounds.

Section 3(1)(b) reads:

“3.-(1) The following shall not be registered -

- (a) ....
- (b) trade marks which are devoid of any distinctive character,
- (c) ....
- (d) ....

Provided that, a trade mark shall not be refused registration by virtue of paragraph (b), (c) or (d) above if, before the date of application for registration, it has in fact acquired a distinctive character as a result of the use made of it.”

14. Mr Arnold referred me to a number of authorities which provide guidance on the principles to be followed in applying the Section including *CYCLING IS*... Trade Mark Applications [2002] RPC 37 and the ECJ cases of *Libertel Group BV v Benelux Markenbureau*, Case C-104/01, and *Linde AG (and others) v Deutsches Patent-und Markenamt*, Joined Cases C-53/01 to C-55/01. The principles that I was invited to draw from these decisions can be summarised as follows:

- the exclusions from registrability contained in Section 3/Article 3 are there to ensure that trade marks whose use could successfully be challenged before the Courts are not registered. The defence available to other traders by virtue of

Section 11/Article 6 does not obviate the need for a ‘stringent and full examination’ in order to prevent trade marks from being improperly registered (*Cycling Is* paragraphs 40-42 and *Libertel* paragraphs 57-59);

- an objection under Section 3(1)(b) operates independently of objections under Section 3(1)(c) (*Cycling IS* paragraphs 43-45 and *Linde* paragraphs 67-68);
- for a mark to possess a distinctive character it must identify the product (or service) in respect of which registration is applied for as originating from a particular undertaking and thus to distinguish that product (or service) from the products (or services) of other undertakings (*Linde* paragraphs 40-41 and 47);
- it is legitimate, when assessing whether a sign is sufficiently distinctive to qualify for registration, to consider whether it can be presumed that independent use of the same sign by different suppliers of goods or services of the kind specified in the application for registration would be likely to cause the relevant class of persons or at least a significant proportion thereof, to believe that the goods or services on offer to them come from the same undertaking or economically-linked undertakings (*Cycling IS* paragraph 53);
- a trade mark’s distinctiveness is not to be considered in the abstract but rather by reference to the goods or services in respect of which registration is sought and by reference to the relevant public’s perception of that mark (*Libertel* paragraphs 72-77 and *Cycling IS* paragraphs 54-61);
- the relevant public must be deemed to be composed of the average consumer who is reasonably well-informed and reasonably observant and circumspect (*Libertel* paragraph 46 referring to Case C-342/97 *Lloyd Schuhfabrik Meyer*).

15. I understand that the applicants do not dissent from the fact that these are proper considerations. I will deal with the applicants’ evidence in more detail later in this decision suffice to say at this point that they are in the business of providing what they call ‘gift experiences’ – an event, day out, sporting or leisure activity (Annex A gives an indication of the type and range of activities offered). The services are provided to both individuals and the corporate market. The applicants make play of the fact that the gift experiences are intended to mark special occasions. That, briefly, is the background against which the distinctive character of the mark must be assessed.

16. The opponents’ case is that the sign RED LETTER would be understood by the average consumer as being an abbreviation of RED LETTER DAYS and that this point is reinforced by the fact that the applicants usually use the mark applied for with the word DAYS (the latter being presented in smaller and less prominent lettering). Furthermore the sign is used in relation to the provision of services and goods as gifts.

17. The submissions in Mr Arnold’s skeleton argument was to the effect that:

“The key factor in assessing the distinctiveness of the sign is the fact that the expression RED LETTER DAY has for centuries been an extremely well known and common expression to denote a special day such as a birthday, wedding anniversary etc. Such days are, of course, common occasions for the giving of gifts. It follows that the sign, while not directly descriptive of the goods and services for which it is sought to be registered, is one which had as at August 1999 an established, commonly understood, origin-neutral connection with gifts and the giving of gifts. The Applicant’s slogans and statements depend on the reader already being familiar with the expression RED LETTER DAY and understanding what it means.”

18. On that basis it is said that the sign is not inherently distinctive for goods or services to be given as gifts or for services related to the giving of gifts and, moreover, is a sign that other traders in the field have a legitimate interest in using. Mr Arnold gave hypothetical examples such as “Our red letter day service”.

19. Mr Fiddes, who appeared for the applicants, reminded me that the marks applied for (it is a series) were the words RED LETTER and not RED LETTER DAYS. In any case he did not accept that the term RED LETTER DAYS was generally known and understood. I find the latter to be a surprising position to adopt. It seems to me that it is a fairly well known and understood expression signifying an important or happy occasion. Mr Fiddes’ position is also at odds with his clients’ own promotional literature which contains the following:

“A Red Letter Day .... So called because auspicious or memorable days were traditionally marked in red on the calendar. Now you can make this Christmas one to remember with a gift experience from The Red Letter Company”  
(‘This Christmas’ leaflet dating from 1990 or 1991).

20. I am less persuaded that it is a term commonly used to denote birthdays, wedding anniversaries etc. as Mr Arnold suggested. Those occasions have their own names. Rather it is a general term used to mark a special occasion. Nor is it entirely obvious that the association with the giving of gifts is as strong as Mr Arnold would have me believe. A variety of events may be said to make for a red letter day whether it be passing an examination, getting promoted, meeting a long lost friend etc. Such days are not necessarily occasions for the giving of gifts though I readily accept that receiving a gift may contribute to making a particular occasion a red letter day.

21. Mr Arnold was right, therefore, to concede that the mark is not directly descriptive of the goods and services applied for. The core of the applicants’ activities is the arranging of the various sporting, leisure, entertainment and special interest activities contained in the Class 41 specification. RED LETTER is not a way of describing any of those activities. What the objection amounts to is a claim that the provision of any of these services creates a red letter occasion for the recipient. On that basis it seems to me that the objection I am being asked to consider is that the mark(s) is devoid of distinctive character in that it is descriptive of the effect produced by the services or, as Mr Arnold put it, an origin-neutral connection with gifts and the giving of gifts.

22. There is one further issue I should touch on before coming to my own view of the matter. It is the opponents' contention that the sign is one which other traders in the field of gifts, and services related to the giving of gifts, have a legitimate interest in using in the course of their trade and "are inherently likely to have used both before and after the application date". As I have said Mr Arnold formulated his own examples of how the words might be used.

23. Despite those claims the opponents have filed no evidence to support such a view. Not surprisingly Mr Fiddes objected to Mr Arnold handing me the results of recently conducted internet searches at the hearing. I was, however, taken to the applicants' own evidence to show that RED LETTER is used on its own and with the word DAYS and that the applicants' own usage plays on the ordinary meaning of the words. Annex B to this decision is a specimen page (taken from the 1993 brochure) to illustrate the nature of the applicants' use. It can be seen that usages include:

"... Red Letter Days offer inspiration."

"A beautifully presented personalised Red Letter information pack comes free ...."

"Red Letter gifts packs are normally despatched within seven days ...."

"... Why not choose a Red Letter Day?".

24. I believe it is fair to say that these are not untypical of the sort of usage shown though there is a greater preponderance in recent years of usage of the form RED LETTER DAYS.

25. With these considerations in mind would the mark RED LETTER when considered in the context of the goods and services applied for act as an indicator of origin and distinguish the applicants' goods and services from those of other undertakings? I have not found that to be an easy question to answer. The mark(s) applied for is RED LETTER and not RED LETTER DAYS but, in the context particularly of the applicants' core services, the significance of the words will not be lost and the applicants' own usage is likely to reinforce the potential significance behind the words. Nevertheless the words are not directly descriptive pertaining as they do to an occasion rather than the goods and services applied for and the applicants' own usage is, in my view, clearly as a trade mark.

26. In *Cycling IS* Mr Hobbs put the opposing positions as follows:

" The case for allowing registration rests upon the proposition that the signs are cryptic to a degree which makes it more likely than not that they would carry connotations of trade origin (whatever other connotations they might also carry) in the minds of the relevant class of persons or at least a significant proportion thereof.

The case for refusing registration rests upon the proposition that the signs are visually and linguistically meaningful in a way which is more likely than not to relate the goods and services to the activity of cycling without also serving to identify trade origin in the minds of the relevant class of persons.



The difference between these two positions resides in the question whether the perceptions and recollections the signs would trigger in the mind of the average consumer of the specified goods and services would be origin specific or origin neutral.”

27. I have come to the view that, in the context of the applicants’ gift experience services, the relevant consumer (individuals or corporate entities) might reasonably be expected to make a ready association with the idea of red letter days and construe the mark as alluding to the fact that some memorable or happy occasion is being offered. However, the connection between red letter days (in the sense that that term is commonly understood) gifts and the particular goods and services offered by the applicants is not particularly strong. The allusion is an indirect one. Specifically I consider it more likely than not that the average consumer faced with RED LETTER in the context of the goods and services proposed for registration would take the words to be an indication of the trade origin of those goods and services. Furthermore I would not come to a different view of the matter by approaching it from the perspective of the legitimate interests of other traders. Specifically I would expect independent use of the same sign to cause the relevant class of persons to assume a trade connection with the applicants (Cycling IS, paragraph 53). Accordingly I find that even on a prima facie basis the objection is not made out.

28. For the purpose of submissions at the hearing neither side invited me to draw a distinction between what I regard (on the basis of the evidence filed) as the applicants’ core services, (mainly Class 41) and the remaining goods and services. As I have already indicated I regard the primary association of the term red letter days as being with, happy or memorable occasions rather than the giving of gifts though I accept that the latter could contribute to the making of a red letter day. For the purposes of my preceding comments I have primarily had regard to the applicants’ core services in Class 41, these being the sort of activity/leisure/sporting events in respect of which the objection might be thought to be at its highest. For the record I should add that I regard the degree of allusiveness involved in the use of RED LETTER in relation to the remaining goods and services to be rather more remote and hence less susceptible to the sort of objection levelled at the mark by the opponents.

29. In case I am wrong in the above view of the matter I go on to consider the applicants’ use in order to determine whether they would be entitled to benefit from the proviso to Section 3(1). The applicants filed a statutory declaration by Rachel Harriott, their Managing Director.

30. Ms Harriott says that her company was established originally as a partnership in July 1989 trading as The Red Letter Company. The business was incorporated in November 1989 under the name Red Letter Days Limited and the trading name Red Letter Days was adopted in May 1991. The trade mark RED LETTER was first used in commerce in November 1989.

31. Since the date of first use, Ms Harriott says that the company’s business has expanded to the point where it now has a 20 per cent share of the market in selling special events and days out. Exhibited at RH1 is a selection of brochures. From the material in this exhibit it is clear that the company produces an annual glossy brochure containing details (including costs) of the wide variety of activities or experiences that are on offer. I have included at Annex A the inside cover of the tenth anniversary brochure (1989 to 1999) which gives an insight into the activities offered. There are copies of brochures for most years since the business was founded. It seems

that in addition to, and in support of, the core activities a range of promotional merchandise is offered to customers.

32. Turnover figures are given from 1994 to 2001. Excluding the period after the material date in these proceedings the figures are:

<b>Year</b>	<b>Approximate Turnover</b>
1994	£701,884.00
1995	£955,820.00
1996	£1,171,389.00
1997	£1,846,004.00
1998	£3,362,895.00
1999	£4,975,567.00

33. Some £2.5 million is said to have been spent on advertising but this is a global figure covering the period from the date of first use and extending to 2001. I treat it with some caution not least because there has been a further significant increase in turnover since 1999 which may reflect the effect of increased advertising from that time.

34. The services and merchandise are said to be available throughout the United Kingdom with sales being by post, telephone or via the Internet. Individuals purchase a special occasion, event, day out or activity and are provided with a voucher for the purpose of undertaking that activity on the day chosen.

35. Mr Arnold made two important criticisms of this evidence. Firstly that it attempts to prove acquired distinctiveness merely by demonstrating use of the sign. He referred me to *British Sugar Plc v James Robertson & Co Ltd (Treat)*, where Mr Justice Jacob noted that use does not necessarily equate to distinctiveness in the sense of recognition as a trade mark. Secondly he suggested that the evidence carried little weight because the turnover and advertising figures are not broken down as between the various goods and services.

36. I do not accept the first of these criticisms. The nature of the use shown leaves me in no doubt that RED LETTER is being used as a trade mark and would be seen as such. Unlike the Treat case there is no other more obviously trade mark matter present. There is rather more force to the second criticism. But it must be borne in mind that the applicants' brochure advertises the whole range of services with prices etc. The services of offering gift experiences in the form of activity/entertainment days is at the heart of the applicants' business. It is a reasonable inference that the turnover figures shown relate in large measure to these activities. It would fly in the face of the evidence to suppose otherwise. I also bear in mind that this is a niche market and the applicants' claim to have a 20 per cent market share has not been disputed by the opponents. Notwithstanding Mr Arnold's criticisms I take the view that the applicants would have been entitled to claim the benefit of the proviso to Section 3(1) in so far as their core services are concerned.

37. Sale of goods appear to be peripheral to the applicants' mainstream business and I am unable to draw any inferences as to the extent of any trade in goods (or what sort of goods have been

sold) from the evidence filed. In the event that my primary finding was found to be wrong I would have been unable to accept the applicants' case for registration based on acquired distinctiveness in respect of the various categories of goods claimed.

## **Costs**

38. The applicants have been successful and are entitled to a contribution towards their costs. Mr Fiddes' skeleton argument contained the following:

“It is submitted that this case is one where exceptional circumstances exist which justify a cost award on a compensatory basis. It is quite clear that the Opponents had no reason to believe that their grounds of opposition would succeed, as they were aware at the date of filing the Opposition that it was not soundly based. We submit that it would appear that the only reason for filing this Opposition was to delay the registration of the Applicant's mark and therefore these proceedings were quite clearly being used for a purpose other than resolving a genuine dispute or they were ill advised by their solicitors. It is submitted that this Opposition should never have been filed. The Applicants should be awarded costs to cover all the unnecessary expenditure on this matter. We attach a schedule setting out the costs incurred to date.”

39. As will be apparent from my decision I do not accept that the opponents' case can be said to have been without foundation. Nor, therefore, do I accept that it was an attempt to delay the registration of the applicants' mark. That being the case I do not intend to approach the question of costs from the standpoint of the request for an award on a compensatory basis and the schedule of costs referred to above.

40. The opponents' statement of grounds was largely devoted to setting out their claims in relation to relative grounds of objections and their evidence also focussed on their claimed use. It was tolerably clear from a perusal of this material that the opponents had no real basis for an objection on relative grounds. It was not surprising, therefore, that for the purposes of the hearing Mr Arnold re-focussed the opposition so as to concentrate on the Section 3(1)(b) objection. Clearly the applicants were involved in some unnecessary work in relation to the relative grounds objections that were not pursued.

41. There are also costs issues outstanding from interlocutory hearings, in particular the applicants' success in resisting an extension of time request by the opponents for filing evidence and the opponents' partial success in having certain passages from evidence filed by Mr Fiddes struck out. The first of these interlocutory issues went to appeal (not in the event proceeded with) and the costs of the appeal (only) have since been dealt with by means of the Appointed Person's decision dated 6 May 2003. Basing my award on the published scale of costs I would have expected to award the applicants the sum of £2000. Taking account of certain unnecessary costs that the applicants have incurred as a result of the way the opponents have conducted the case and the interlocutory issues referred to above I propose to increase the basic award by £500.

I therefore, order the opponents to pay the applicants the sum of £2,500. This sum is to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

**Dated this 4<sup>th</sup> day of June 2003**

**M REYNOLDS  
For the Registrar  
the Comptroller General**

**Annex in paper copy only**