

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATIONS Nos. 2285192A AND 2285192B
BY REDENVELOPE INC.
TO REGISTER SERIES OF TRADE MARKS IN CLASSES 35 AND 42**

**AND IN THE MATTER OF OPPOSITIONS THERETO
UNDER Nos. 91408 AND 91409
BY RED LETTER DAYS PLC**

**AND IN THE MATTER OF APPEALS
TO THE APPOINTED PERSON
BY THE OPPONENT
AGAINST THE DECISIONS OF MR. G. W. SALTHOUSE
DATED 15 JUNE 2005**

DECISION

Introduction

1. These are two appeals against the decisions of Mr. G. W. Salthouse acting on behalf of the Registrar of Trade Marks in oppositions by Red Letter Days Plc (“the Opponent”) to application numbers 2285192A and 2285192B in Classes 35 and 42 made by Red Envelope Inc. (“the Applicant”). The Hearing Officer rejected the oppositions (BL O/166/05 and BL O/167/05, dated 15 June 2005) and the Opponent now appeals those decisions. The parties are agreed that there is no material distinction between the cases either below or on appeal. They were content for the appeals to be the subject of a single hearing and decision. Certain preliminary issues likewise arose for common determination on appeal.

Application Nos. 2285192A and 2285192B

2. The “A” application requests registration of a series of two trade marks: REDENVELOPE and RED ENVELOPE. The “B” application relates to the stylised series:

*red*ENVELOPE

*red*ENVELOPE

The colour red is claimed as an element of the second mark in the “B” series.

3. The A and the B applications are both dated 9 November 2001 and the specifications of services are the same:

Class 35

Advertising; business management; business administration; advertising and marketing services; promotion services; database management services; business information services provided online from a computer database or the Internet; composing advertisements for use as web-pages; market surveys; analysis of advertising response and market research; consultancy, advisory and information services relating to prize draws all provided from a global computer network or the Internet; consultancy, advisory and information services relating to mail order services in the field of gifts; consultancy, advisory and information services for retail outlets carried out via a global computer network or the Internet; the bringing together, for the benefit of others, of a variety of goods, enabling customers to conveniently view and purchase those goods from an Internet web-site, on-line catalogue, electronic shopping or mail order specialising in the field of gifts.

Class 42

Providing information by means of a global computer network or the Internet; graphic design; graphic design for the compilation of web-pages on the Internet; creating and maintaining web sites.

4. The Opponent filed notices of opposition against the A and the B applications on 15 January 2003. Under amended statements of grounds dated 28 January 2003, the Opponent put forward objections to the applications based on sections 5(2)(b), 5(3), 5(4)(a) and 3(6) of the Trade Marks Act 1994 (“TMA”).
5. For the purposes of section 5(2)(b), the Opponent relied upon the following earlier trade mark as defined by section 6(1)(a), comprising a series of three designations:

RED LETTER

Red Letter

The image shows the handwritten trade mark 'RedLetter' in a cursive script. The word 'Red' is written in a smaller, more compact cursive, while 'Letter' is written in a larger, more flowing cursive. The two words are joined together at the end of 'Red' and the beginning of 'Letter'.

UK Registration No. 2205212 has an application date of 6 August 1999 and covers goods and services in a number of Classes, namely:

Class 9

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

Web site design services¹.

¹ At the time of the notices of opposition and amended statements of grounds the Class 42 specification on read: "Catering services for the provision of food and drink; accommodation services; beauty services; spa services; hairdressing services; web site design services". The Opponent submitted that "catering services for the provision of food and drink; accommodation services; beauty services; spa services; hairdressing services" were dissimilar services for section 5(3) to the services in

6. For the purposes of section 5(3) (at the time expressed to relate to where a mark “is to be registered for goods or services which are not similar to those for which the earlier trade mark is protected”), the Opponent stated the reputation of Registration No. 2205212 for the RED LETTER series in the following terms (para. 5, amended statements of grounds):

“The Opponent’s Mark has a reputation in the United Kingdom ... The Opponents have established a very significant reputation in a very niche area of the market, namely the provision of goods and services, and very specifically special days out, as gifts ...”.

7. It is noted that the Opponent did not specifically plead reputation for section 5(2)(b) but in the event the Hearing Officer did consider whether the earlier trade mark (Registration No. 2205212) was entitled to a wider scope of protection for the goods and services in question because of use in the marketplace. No objection is, or was taken to that approach by the Applicant.
8. The amended statements of grounds also included section 5(4)(a). Here the Opponent effectively sought to rely on three earlier rights:

- (a) The words RED LETTER -

“The Opponents have also established a very significant reputation in the trade mark RED LETTER through use since as early as 1989, for the range of goods and services set out in 1 above [the goods and services in Registration No. 2205212], as well as the running of incentive points programmes for businesses ... (para. 6, amended statements of grounds)

- (b) The words RED LETTER DAYS –

“The Opponents have also made substantial use of the mark RED LETTER DAYS ... (para. 7, amended statements of grounds)

- (c) The image of a red envelope –

“The Opponents have also made significant use of images of red envelopes and indeed have built up a significant reputation in providing their services and gifts in red envelopes ... (para. 8, amended statements of grounds).

the applications (para. 5, amended statements of grounds). Subsequently “catering services for the provision of food and drink; accommodation services” were reclassified to Class 43 and “beauty services; spa services; hairdressing services” were reclassified to Class 44. The Hearing Officer appears to have omitted any consideration of these services in his decisions although there is an oblique reference to them at paragraphs 3(c). However no issue was taken in that regard on appeal and I make no further mention of it.

9. Regarding section 3(6), the Opponent referred to an earlier opposition against the Opponent's Registration No. 2205212 involving the same parties. The Hearing Officer dismissed the grounds of opposition under section 3(6) and there is no appeal against that part of his decisions (statements of reasons for appeal, para. 8.). I shall expand upon it no further.

The Hearing Officer's decisions

10. The Applicant joined issue with all the Opponent's grounds of objection in counterstatements submitted on 29 April 2003. Both sides filed evidence and the oppositions came up for hearing in front of the Hearing Officer on 16 March 2005. The same counsel who represented the parties at the hearing appeared before me on appeal. Ms. Denise McFarland of Counsel instructed by Messrs. Olswang appeared on behalf of the Opponent and Mr. Vanhegan of Counsel instructed by Messrs. Field Fisher Waterhouse represented the Applicant.
11. I should mention that the evidence filed in these cases was voluminous especially on the part of the Opponent. The Hearing Officer reviewed the evidence at paragraphs 6 – 41 of his decisions. Generally speaking his descriptions of the evidence are unchallenged. I shall only refer to the evidence in detail when it is the subject of a point on appeal.
12. Although the Hearing Officer issued separate decisions in respect of the A and the B applications, his findings in relation to section 5(2)(b), 5(3) and 5(4)(a) were substantially the same, in summary:
- (a) Section 5(2)(b) The Opponent's earlier trade mark RED LETTER was inherently distinctive for all the registered goods and services save some of the goods in Class 16 for which the mark could be descriptive. The mark was not descriptive for the following goods within Class 16: vouchers; plastic bags; postcards; gift certificates; gift vouchers. Factual distinctiveness was irrelevant to the global assessment of likelihood of confusion because the Opponent had not on the evidence established any reputation in the marketplace for its RED LETTER as opposed to RED LETTER DAYS mark. There was a clear overlap between the Opponent's web site design services in Class 42 and the Applicant's Class 42 services: graphic design for the compilation of web-pages on the internet; creating and maintaining web sites. Otherwise the parties' goods and services overlapped only in the broadest sense. Taking the Opponent's strongest case, the relevant consumer was the general public. The appropriate comparison was between RED ENVELOPE (red ENVELOPE for the B application) and RED LETTER, again the Opponent's strongest case. The marks share a common prefix but the suffixes are different visually and phonetically. There is a degree of conceptual similarity between "envelope" and "letter" but also a considerable conceptual difference between the two words. The letter is the contents whilst the envelope is the packaging. The differences in the marks outweigh the similarities. Taking all the above into account and also imperfect

recollection and any association that might be made with the earlier trade mark, “there is no likelihood of the average consumer being confused into believing that the goods or services provided by the applicant are those of the opponent or provided by some undertaking linked to them”.

- (b) Section 5(3) The Opponent had failed to prove reputation in the earlier trade mark RED LETTER in the sense stipulated by the Court of Justice of the European Communities (“ECJ”) in *General Motors Corporation v. Yplon SA* [1999] ECR I-5421. The section 5(3) ground failed.
- (c) Section 5(4)(a) As regards the three earlier rights on which the Opponent sought to rely: (i) The Hearing Officer had already held that neither actual nor notional use of the Applicant’s marks would result in confusion with the Opponent’s RED LETTER mark. The necessary element of misrepresentation for passing off was therefore missing; (ii) As at the date of the applications, 9 November 2001, the Opponent had succeeded on the evidence in proving UK goodwill and reputation in the name and mark RED LETTER DAYS for the selling of activity days. The only possible overlap in the parties’ activities was between the Opponent’s sales of activity days on the one hand and the Applicant’s Class 35 services: the bringing together, for the benefit of others, of a variety of goods, enabling customers to conveniently view and purchase these goods from an Internet web-site, on-line catalogue, electronic shopping or mail order specialising in the field of gifts on the other hand. The designations RED ENVELOPE (red ENVELOPE for the B application) and RED LETTER DAYS have the same first element “red” and there is some conceptual similarity between “envelope” and “letter”. However there are also significant visual, phonetic and conceptual differences between them and RED LETTER DAYS has a third element “days”. Taken as a whole the Opponent’s RED LETTER DAYS mark has a distinctive meaning as a memorable or calendar day, which moves it further away. The differences in the respective fields of activity and the marks mean that the average consumer would not be misled into believing that services offered by the Applicant were those of the Opponent; (iii) The Opponent had failed on the evidence to establish any goodwill/reputation in the image of a red envelope.

The appeal

13. On 13 July 2005, the Opponent filed notices of appeal to an Appointed Person under section 76 of the TMA. Ms McFarland explained that broadly speaking there were two planks to the Opponent’s appeals. She accepts that the Hearing Officer did not misdirect himself as to the relevant law. However, in applying those legal principles, the Hearing Officer: (a) incorrectly assessed the Opponent’s evidence; and/or (b) failed to take note of, or gave insufficient weight to, persuasive evidence before him. The Applicant’s position is that the Opponent’s cases do not meet the necessary threshold for appeal.

Nevertheless Mr. Vanhegan said that he was content to deal separately with each of the Opponent's criticisms.

14. It is accepted by both parties that the appeals are by way of review and not rehearing and that the approach I should adopt is as stated by Robert Walker L.J. in *REEF Trade Mark* [2003] RPC 101 at 109:

“In this case the hearing officer had to make what he himself referred to as a multi-factorial comparison, evaluating similarity of marks, similarity of goods and other factors in order to reach conclusions about likelihood of confusion and the outcome of a notional passing off claim. It is not suggested that he was not experienced in this field, and there is nothing in the Civil Procedure Rules to diminish the degree of respect which has traditionally been shown to a hearing officer's specialised experience ... On the other hand the hearing officer did not hear any oral evidence. In such circumstances an appellate court should in my view show a real reluctance, but not the very highest degree of reluctance, to interfere in the absence of a distinct and material error of principle.

The appellate court should not treat a judgment or written decision as containing an error of principle simply because of its belief that the judgment or decision could have been better expressed. The duty to give reasons must not be turned into an intolerable burden ...”

Preliminary issues

15. The appeal hearing was appointed for Wednesday 28 June 2006. On the evening of Friday 23 June 2006, after normal business hours, an appeal bundle was delivered by hand for my attention and to Counsel for the Applicant. The appeal bundle contained further evidence on which the Opponent sought to rely. At around the same time on 23 June 2006, a letter from Messrs. Olswang to Mr. Ian Hiscox, UK Patent Office, was copied by fax to Messrs. Field Fisher Waterhouse and myself. The letter raised issues concerning the correct party to the proceedings on the Opponent's side.
16. On Monday 26 June 2006, I received a request from Messrs. Field Fisher Waterhouse for an adjournment until the following week in order to investigate these issues. After due consideration, I decided not to grant an adjournment at that stage but to deal with any applications the parties might wish to make as a preliminary to the appeal hearing. In the event an adjournment proved unnecessary and the appeal was heard. I set out below my decisions on the preliminary matters.

The joinder issue

17. Messrs. Olswang's letter to Mr. Ian Hiscox, dated 23 June 2006, detailed the following information:

“At the time the Opponent filed the opposition notices against the above trade mark applications [15 January 2003], the Opponent was called Red Letter Days Plc (company number 2389878). Subsequently on 24 August 2004, Red Letter Days Plc became a limited company and was therefore named Red Letter Days Limited.

On 1 August 2005 [after filing notices of appeal on 13 July 2005], Red Letter Days Limited went into administration. All of the goodwill and the assets in Red Letter Days Limited were acquired by a different company, called AIC Limited.

On 6 September 2005, Red Letter Days Limited (2389878) changed its name to Oldco 2005 Limited. On 9 September 2005, AIC Limited changed its name to Red Letter Days Limited. The company number for the new Red Letter Days Limited is 5473745.

Accordingly, the Opponent in this case is technically a different company to the company that originally lodged the opposition notices. However, having acquired the assets of company number 2389878, the new Red Letter Days Limited (5473745) can be treated as being the original Opponent in all material respects.”

18. Messrs. Field Fisher Waterhouse on behalf of the Applicant followed with an immediate written request for full details and supporting evidence showing the alleged entitlement of Red Letter Days Limited (5473745) to be treated as the Opponent. They also asked to see a copy of the documentation showing the acquisition of the goodwill and assets of Red Letter Days Limited (2389878) by AIC Limited. There was some uncertainty at the hearing whether those requests had been complied with and on what terms, and whether the relevant documentation had been supplied. However, the tribunal’s attention was drawn to an entry on the Registry database for Registration No. 2205212 concerning the recordal of an assignment from Red Letter Days Plc to Red Letter Days Limited on 25 October 2005.
19. No application had been made to the Registrar or the Appointed Person to substitute or join Red Letter Days Limited (5473745) as Opponent to these proceedings. Ms. McFarland confirmed to me that on appeal she represented Red Letter Days Limited (5473745) and not Oldco 2005 Limited (2389878). As Mr. Vanhegan observed, on the present state of play, Ms. McFarland appeared on behalf of an entity that was not the Opponent and had no standing.
20. In *Pharmedica GmbH’s Trade Mark Application* [2000] RPC 536, Pumfrey J. confirmed the Registrar’s power (and that of the Appointed Person) under the current legislation to order change or substitution of an opponent. He approved the Registrar’s practice, once proof of transfer of the relevant interest(s) is shown, to require the party seeking change or substitution to provide written confirmations that they first, have had sight of any forms or evidence filed, second, stand by the grounds or statements made in the Notice

of Opposition/evidence and third, accept costs liability for the whole of the proceedings should the opposition fail.

21. Ms. McFarland requested the opportunity for her client to make a formal application for substitution rather than the point be taken against her. Mr. Vanhegan expressed concerns over substitution because of the existence of Oldco 2005 Limited. I informed the parties that I might be willing to permit Red Letter Limited (5473745) to be joined as a party to the appeal in addition to (and not in lieu of) the original Opponent, Oldco 2005 Limited (2389878) (*DAAWAT Trade Mark* [2003] RPC 187, para. 40). Moreover, provided Ms. McFarland undertook on behalf of her client to make a formal application for joinder, supply proof of transfer of relevant interests and to provide written confirmations as above (extended to include notices of appeal and any costs of the appeals), my view was that the substantive hearing of the appeals could proceed. My request for further information was made pursuant to rule 57 of the Trade Marks Rules 2000, as amended, and should be satisfied within seven days through the offices of the Treasury Solicitor with copies to the Registrar and Messrs. Field Fisher Waterhouse. The parties signified their acceptances of this course of action and agreed that in these circumstances the appeals should proceed. On 4 July 2006, Red Letter Days Limited (5473745) duly submitted a written application for joinder as a party to these proceedings. The application was supported by a witness statement of Bill Alexander, Managing Director of Red Letter Days Limited (5473745), dated 4 July 2006, and complied with the requirements set out by Pumfrey J. in *Pharmedica* (extended to cover the appeal). Comments were invited from Messrs. Field Fisher Waterhouse by 17 July 2006 but none were forthcoming. I therefore confirm that Red Letter Days Limited (5473745) is formally joined as a party to these proceedings as co-opponent/co-appellant alongside Oldco 2005 Limited (2389878) and that henceforth “Opponent” in this judgment is to be read accordingly.

The additional evidence issue

22. In the statements of reasons for appeal, dated 13 July 2005, the Opponent announced intentions to apply to the Appointed Person to rely on additional evidence that was not before the Hearing Officer (para. 2(b)). The Opponent also stated intentions to present to the Appointed Person the Opponent’s original evidence in reduced format. The reasons given for the latter were first, to meet the Hearing Officer’s criticism of difficulty in navigating around the Opponent’s bundles and second, to render the Opponent’s evidence of use of red envelopes more accessible to the Appointed Person (para. 14.2).
23. On 29 July 2005, Messrs. Field Fisher Waterhouse wrote a without prejudice letter to Messrs. Olswang requesting details and sight of such additional and reduced format evidence. Messrs. Olswang replied in a letter dated 3 August 2005 that the request was premature since no date for the appeal hearing had been appointed. As I recall, efforts were made to find a suitable date for the appeal hearing in April 2006. At least one month’s notice was given of the finally agreed date, 28 June 2006.

24. As I have already mentioned, appeal bundles were delivered by hand under cover of a letter from Messrs. Olswang on the evening of Friday 23 June 2006. The covering letter made no reference to any application to introduce additional evidence into the appeals.
25. The appeal bundle at tab 3 contained two witness statements of Rachel Elnaugh, founding director of Red Letter Days Limited (now Oldco 2005 Limited), dated 19 July 2005. One relates to the A application and the other to the B application. Otherwise the statements are in identical terms. They address two issues: first, whether the turnover figures given by Ms. Elnaugh in her original statements related solely to the UK; and second, the colour envelope(s) in which Spectrum vouchers were despatched. At paragraph 5 of her statements, Ms. Elnaugh says: "... my solicitors have provided an indexed file of the pictures of red envelopes taken from these brochures, in coloured form". Tabs 4 and 5 of the appeal bundle contained respectively a consolidated bundle of evidence index and contents of consolidated evidence.
26. There was no disagreement as to the legal principles governing the discretion of an Appointed Person to admit further evidence on appeal. *The Ladd v. Marshall* [1954] 1 WLR 1489 at 1491 criteria are basic to the exercise of that discretion but other factors such as those set out by Laddie J. in *Hunt-Wesson Inc's Trade Mark Application (SWISS MISS)* [1996] RPC233 at 242 may be relevant (*LABEL ROUGE Trade Mark* [2003] FSR 13, *DU PONT Trade Mark* [2004] FSR 15). The three conditions stated by Denning L.J in *Ladd v. Marshall* are:

"... first, it must be shown that the evidence could not have been obtained with reasonable diligence for use at the trial; secondly, the evidence must be such that, if given, it would probably have an important influence on the result of the case, although it need not be decisive; third, the evidence must be such as is presumably to be believed, or in other words, it must be apparently credible, though it need not be incontrovertible".

The additional *SWISS MISS* factors are, the nature of the trade mark, the nature of the objections to it, whether or not the other side will be significantly prejudiced by the admission of the new evidence in a way that cannot be compensated, e.g., by an order of costs, the desirability of avoiding multiplicity of proceedings and the public interest concerned.

27. Ms. McFarland sought to argue that Ms. Elnaugh's witness statements were not really fresh evidence. They were merely confirmatory of Ms. Elnaugh's original evidence. That argument strikes me as circular. As Mr. Vanhegan put it: if the witness statements in question were not fresh evidence then why was Ms. McFarland seeking to introduce them? No satisfactory reason was offered for the last minute submission of Ms. Elnaugh's witness statements, which were signed on 19 July 2005. Ms. McFarland additionally sought to categorize the consolidated evidence in the appeal bundle as "old" evidence on the ground that it was the same as the evidence before the Hearing Officer. The consolidated evidence consisted of extracts from the Opponent's original

evidence reorganised and reordered according to date. Colour copies were provided where there were none before. The consolidated evidence was, as its title suggests, in a very much-reduced format. It was impossible in the time frame (or indeed without devoting significant time and energy to the task) to verify the consolidated evidence with the evidence before the Hearing Officer. Ms. McFarland assured me that the consolidated evidence merely contained better examples of pages from originally exhibited brochures. That was not entirely correct because the selected brochure pages were interleaved with newspaper articles and other materials arranged in date order. In my view, the consolidated evidence amounted to new and different presentations of the Opponent's original evidence and must therefore be considered as fresh evidence along with Ms. Elnaugh's witness statements.

28. I decided not to allow the further evidence. First, it was clearly available to be put in front of the Hearing Officer and no substantive explanation was given for its last minute submission. Second, I was unconvinced that it would probably have an important influence on the result of the cases. Ms. Elnaugh's witness statements concerned the same points that were being taken on appeal against the Hearing Officer's assessment of the evidence. Both the other side and I were familiar with the evidence as it stood before the Hearing Officer. The introduction at this late stage of a selection of that evidence arranged in a different fashion would merely serve to disrupt the proceedings. Third, the further evidence was apparently credible but the effort involved in checking the contents of the consolidated evidence with the original evidence was disproportionate. The additional *SWISS MISS* factors seemed to me neutral.

The material date issue

29. Ms. McFarland confined her remarks to section 5(4)(a). The Hearing Officer held that the material date for assessing whether the Opponent's objections under section 5(4)(a) were made out, was the date of filing the A and the B applications namely, 9 November 2001. In this, he was guided by Article 4(4)(b) of Council Directive 89/104/EEC ("the Directive"), which section 5(4)(a) is intended to implement. Article 4(4)(b) provides:

“Any Member State may furthermore provide that a trade mark shall not be registered or, if registered, shall be liable to be declared invalid where, and to the extent that:

[...]

(b) rights to a non-registered trade mark or to another sign used in the course of trade were acquired prior to the date of application for registration of the subsequent trade mark, or the date of the priority claimed for the application for registration of the subsequent trade mark and that non-registered trade mark or other sign confers on its proprietor the right to prohibit the use of a subsequent trade mark ...”

30. Ms. McFarland concedes that: (a) the material date for section 5(4)(a) was not in issue before the Hearing Officer. Both parties accepted that it should be the date the A and B applications were made, i.e., 9 November 2001; (b) the Hearing Officer's findings on the material date for section 5(4)(a) are not a ground of appeal; and (c) for section 5(4)(a) to operate, rights in an unregistered mark must have been acquired at least prior to the date of application (or priority) for the later mark. Nevertheless, Ms. McFarland is aware that questions of timing under the Directive have been the subject of discussion. She referred me to my own decision in *Omega SA (Omega AG) (Omega Ltd)'s Application for a Declaration of Invalidity*, BL O/227/05 and the judgment of the ECJ in *Levi Strauss & Co v. Casucci SpA*, Case C-145/05, 27 April 2006. Ms. McFarland highlights use of the present tense in section 5(4)(a): "A trade mark shall not be registered if ... its use in the United Kingdom is liable to be prevented ..." and suggests that the time for determining the parties' rights under section 5(4)(a) is not only the date of application for the mark in suit but also the date of close of evidence or possibly the date of the opposition or appeal hearing. She invited me to seek a ruling from the Court of Justice. Mr. Vanhegan says a ruling is unnecessary. The later evidence does not benefit the Opponent's case. I shall return to Ms. McFarland's reference request later in my decision.

The substantive appeal

31. Under the umbrella of the two planks of appeal (see para. 13 above), the Opponent's major criticisms, as I understand them, are that the Hearing Officer:
- (i) ignored uses in the evidence of RED LETTER alone;
 - (ii) ignored evidence showing the dominance of RED LETTER as part of the compiled mark RED LETTER DAYS;
 - (iii) minimised the effect and impact of the Opponent's evidence in particular concerning turnover because he says he was not told that turnover figures related solely to the UK;
 - (iv) dismissed press articles, radio and television advertising because they fell in the period after 9 November 2001. This links in with Ms. McFarland's material date point.
 - (v) ignored the evidence of sales of non-activity day gifts.
 - (vi) became unduly diverted by promotions of the Opponent's Spectrum vouchers;
 - (vii) contradictorily characterised, and ignored evidence as to the overlap in, the respective goods/services;
 - (viii) misapplied the law relating conceptual similarity;

- (ix) impermissibly elided approaches under section 5(2)(b) and 5(4)(a).

It seems to me that the Opponent's criticisms on appeal need to be judged in the context of the Hearing Officer's findings under section 5(2)(b), 5(3) and 5(4)(a) respectively, although generally speaking that is not the way in which the criticisms were argued before me.

Section 5(2)(b)

32. Section 5(2)(b) states that a later mark must be refused registration where because it is similar to an earlier trade mark and is to be registered for goods or services identical with or similar to those for which the earlier trade mark is protected, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.
33. For the purposes of section 5(2)(b) the relevant comparison was between on the one hand, the Opponent's earlier trade mark number 2205212 for the RED LETTER series registered in Classes 9, 14, 16, 18, 21, 22, 25, 26, 33, 36, 39, 41 and 42 (see footnote 1) and on the other hand, the A and B series marks REDENVELOPE/RED ENVELOPE and redENVELOPE stylised applied for in Classes 35 and 42.
34. In that context, the Opponent's criticisms that the Hearing Officer: (a) ignored uses in the evidence of RED LETTER alone; (b) ignored the dominance of RED LETTER in the compiled mark RED LETTER DAYS; and (c) minimised the effect and impact of evidence relating to the Opponent's turnover figures, go to the question of factual distinctiveness of the Opponent's earlier trade mark number 2205212 and whether it was entitled to an increased penumbra of protection as a result.
35. Ms. McFarland took me to instances of use of RED LETTER alone in the Opponent's evidence, for example, "Red Letter Package" (1995/96 brochure, Exhibit RE3 to the statutory declaration of Rachel E. Elnaugh, dated 6 August 2003). Ms. McFarland admitted that such instances were not many, just a few (transcript, p. 50). The Hearing Officer noted at paragraph 8 of his decisions that there were instances of use of RED LETTER alone. But he also found that much of the evidence relied upon to show use of the earlier trade mark RED LETTER actually showed use of the name and mark "Red Letter Days" (see, for example, "Red Letter Days Gift Voucher" (1995/96 brochure, Exhibit RE3), "Red Letter Days Experience" (2001 brochure, Exhibit RE 30 to Ms. Elnaugh's second statutory declaration, dated 6 August 2003)). I am unable to accept that the Hearing Officer ignored uses of RED LETTER alone.
36. The "compiled mark" RED LETTER DAYS referred to Ms. McFarland in her submissions is as follows:



Invariably in the Opponent's brochures and other promotional materials including experience vouchers, the stylised words "Red Letter" appear in red with the word "Days" in smaller italic black capital letters underneath. Following a re-branding exercise in 2002, the compiled mark was represented thus:

red letter
DAYS

Again, I am satisfied that the Hearing Officer was mindful of the Opponent's use of the RED LETTER DAYS compiled mark because he mentions both the old- and new-style appearances at paragraph 40 of his decisions.

37. In order to demonstrate recognition of its products, the Opponent exhibited a Mintel report on the activity days out market ("Activity Days Out, Leisure Intelligence – UK report, October 2001", statutory declaration of Rachel E. Elnaugh, dated 6 March 2003, RE2). The report concludes that Red Letter Days is the clear market leader and elsewhere refers to Red Letter Day packages and branding (page 18). The Hearing Officer considered that the Mintel report and frequent references to RED LETTER DAYS in the Opponent's brochures, advertising, gift packages, co-branding materials and newspaper coverage went to the reputation of RED LETTER DAYS and not RED LETTER, which in his view were conceptually different (para. 49):

"A "red letter" refers either to a letter of the alphabet written or printed in red, literally a red letter, or it refers to an item of correspondence or letter on red stationery. The company name [Red Letter Days] has a quite separate well known meaning which refers to a memorable or significant day."

38. At paragraph 15 of her statutory declaration dated 6 March 2003, Ms. Elnaugh gives turnover figures from 1994 – 2002. The Hearing Officer cited those between 1996 – July 2001, totalling in the order of £28.2 million. The Hearing Officer noted at paragraph 14 of his decision that Ms. Elnaugh did not state if the figures related only to the UK. He repeated that observation at paragraph 49 of his decision. Ms. McFarland argues that it was clear from Ms. Elnaugh's declaration and the exhibits thereto that the turnover figures, given in British pounds, were for the UK. Thus Ms. Elnaugh speaks of first use in the UK (para. 4), the Mintel Report concerns the UK market (para. 5), the retail companies with which the Opponent partners, e.g., The Boots Co. plc and Debenhams Retail Plc are based in the UK (paras. 9 – 11 and 13), advertising and marketing figures are said to relate to the UK (para. 17) and UK press coverage is exhibited (para. 21). Mr. Vanhegan replied that there are several references to the Republic of Ireland in Ms. Elnaugh's statutory declaration and that the Opponent's brochures offer activities taking place outside the UK, e.g., space flights/training in Russia and USA (RE30).

39. Even if I accept that an overcritical eye may have been applied, the Hearing Officer commented upon other shortcomings in the Opponent's turnover evidence. First, Ms. Elnaugh did not state whether the evidence related to RED LETTER or RED LETTER DAYS. Second, there was no breakdown of goods/services, even though the earlier trade mark was registered in a number of different Classes. Indeed, Ms. Elnaugh's reference to "specialised niche of the market" when speaking about turnover figures (para. 15, statutory declaration dated 6 August 2003) suggests that she had in mind activity days out.
40. Taking into account the totality of the Opponent's evidence especially the Mintel report, the Hearing Officer held that the Opponent had succeeded in establishing reputation in RED LETTER DAYS for activity days out. However the Opponent had failed to prove that the distinctiveness of RED LETTER had similarly been enhanced. In assessing the likelihood of confusion for section 5(2)(b), he must therefore have regard solely to the inherent distinctiveness of the earlier trade mark RED LETTER for the goods and services in question. In my judgment the Hearing Officer cannot be said to have made a material error of principle in that regard.
41. Also relevant to section 5(2)(b) is the Opponent's contention that the Hearing Officer misapplied the law relating to conceptual similarity. The Hearing Officer said (at para. 61):

"Clearly, the marks start with the same word "red" and therefore have visual, phonetic and conceptual identity at the start. However, the second part of each mark is quite different visually and phonetically. It was contended that the conceptual similarity remained. I accept that there is a degree of conceptual similarity between the words "envelope" and "letter" in that a written communication is made up of letters of the alphabet and a missive is called a letter and is frequently sent in an envelope. However, the letter is the contents whilst the envelope is merely a form of packaging. There is therefore a considerable degree of conceptual difference between the two words ..."

Ms. McFarland says that having held there was conceptual similarity that was that. The Hearing Officer could not then do a U-turn and find conceptual dissimilarity. Mr. Vanhegan says this is an example of inelegant expression, not error. I agree with Mr. Vanhegan. As the ECJ recently re-affirmed in *L'Oréal SA v. OHIM and Revlon (Switzerland) SA (FLEXI AIR/FLEX)*, Case C-235/05 P, 27 April 2006, it is necessary to give an interpretation of the concept of similarity in relation to the likelihood of confusion (para. 35) and, "in order to assess the degree of similarity between the marks concerned, it is necessary to determine the degree of visual, aural or conceptual similarity between them ..." (para. 40).

42. In the reasons for appeal, the Opponent relies upon a ruling of the Opposition Division of the Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) in Decision No. 1507/2005 of 28 April 2004.

Conceptual similarity and likelihood of confusion were found to exist between RED LETTER and REDENVELOPE in relation to part of the services². For the reasons given by Mr. Geoffrey Hobbs QC sitting as the Appointed Person in *Zurich Banking Trade Mark*, BL O/201/04, OHIM decisions are not binding on the Registrar who must decide questions of registrability in the UK under the provisions of the TMA (and see, *JESUS Trade Mark* [2005] RPC 611, para. 19). Ms. McFarland did not pursue this point at the hearing.

Section 5(3)

43. Section 5(3) confers protection on an earlier trade mark if or to the extent that it has a reputation. In *General Motors Corporation v. Yplon SA*, Case 375/97 [1999] ECR I-5421, the ECJ ruled that the earlier trade mark must be known to a significant number of the public concerned in a substantial part of the registration territory. The earlier trade mark the Opponent relied on was UK Registration No. 2205212, RED LETTER series. I have already held that the Hearing Officer did not err in finding that the Opponent had failed to establish reputation in RED LETTER for the registered goods or services in the UK. The Opponent's appeal under section 5(3) is dismissed.

Section 5(4)(a)

44. Section 5(4)(a) states that a mark shall not be registered if or to the extent that its use in the UK is liable to be prevented by virtue of the law of passing off protecting an unregistered trade mark or other sign used in the course of trade.
45. In relation to the Opponent's section 5(4)(a) objection based on the trade mark RED LETTER, the Hearing Officer held (para. 71):

“Earlier in this decision I found that use of the mark in suit, actual or on a fair and notional basis would not result in confusion with the opponent's mark. Accordingly, it seems to me that the necessary misrepresentation required by the tort of passing off will not occur. The opposition under Section 5(4)(a) with regard to the opponent's trade mark RED LETTER must fail.”

46. Ms. McFarland contends that the Hearing Officer wrongly elided the tests under section 5(2)(b) and 5(4)(a). Mr. Vanhegan acknowledges that the two tests are not the same. But, he says, all the Hearing Officer did was to reject the narrower case under section 5(4)(a), which was particularly justified since the Hearing Officer found that the Opponent had not established that it had any reputation or goodwill in the mark RED LETTER alone.

² RED LETTER web site design services in Class 42 on the one hand and REDENVELOPE advertising; advertising and marketing services; composing advertisements for use as WebPages in Class 35; graphic design, graphic design for the compilation of web pages on the Internet; creating and maintaining web sites, computer database management; leasing access time to computer database; hosting the web sites of others in Class 42 on the other hand.

47. I agree with Mr. Vanhegan that this is matter of expression and not of error and that the Hearing Officer did not err in principle in rejecting the Opponent's RED LETTER section 5(4)(a) objection.
48. The Hearing Officer's second finding for section 5(4)(a) was that the Opponent had shown no goodwill or reputation in the image of a red envelope. The Opponent says the Hearing Officer erred because of a personal preoccupation with the colours of envelopes used by the Opponent for its Spectrum vouchers. I reject the Opponent's contention. The Hearing Officer deals with the issue of Spectrum vouchers because it was raised during the hearing and formed the subject matter of post-hearing correspondence (para. 51). The Hearing Officer had evidence before him that red envelopes are common in the greeting cards industry. His material findings were (para. 51):
- “The opponent provided no evidence from the trade or public that the red envelopes would be seen as a trade mark at all let alone the opponent's trade mark. I therefore do not accept that the opponent had a reputation for in red envelopes for any goods or services.”

In my view, the Hearing Officer was entitled to arrive at that finding.

49. Thirdly, the Hearing Officer held for section 5(4)(a) that by 9 November 2001 the Opponent had established a goodwill and reputation for the selling of activity days under the name and mark RED LETTER DAYS in the UK. The Hearing Officer largely based that finding on the Mintel report (RE2) described at paragraph 37 above. The report stated that, as at October 2001, RED LETTER DAYS was the dominant player in the UK activity days out market. The Opponent's claims that the Hearing Officer ignored the Mintel report are clearly unfounded.
50. The Opponent contends that in determining the scope of the Opponent's goodwill and reputation, the Hearing Officer disregarded the Opponent's trade in traditional gifts, including wine, flowers and birth charts as shown in the Opponent's brochures. Again, I believe the criticism is unjustified. There was no evidence before the Hearing Officer going to the extent, if any, of the Opponent's trade in connection with such goods. The turnover figures given by Ms. Elnaugh were broken down neither by product nor by mark (decision, para. 49). The Mintel report and media coverage spoke only to the Opponent's business in the provision of activity days out.
51. Linked to the above, the Opponent says that the Hearing Officer failed to take into account the Opponent's partnering activities with, for example, Marks and Spencer, where there is use of Red Letter Days/Marks & Spencer in relation to gift boxes containing toiletries and activities vouchers (RE12). The Opponent adds that the partnering activities demonstrate the overlap between the activity days out and traditional gifts markets. In my view, the Applicant rightly responds that the Hearing Officer was cognisant of both. The Hearing Officer noted in the Opponent's evidence “print outs from the M&S website which show use of the opponent's trade mark some of which are dated November 2000 relating to actual gifts and experiences” (para. 13). And in determining

the likelihood of material misrepresentation/damage he had in mind on the one hand the Applicant's Class 35 specification: "the bringing together, for the benefit of others, of a variety of goods, enabling customers to conveniently view and purchase these goods from an Internet web-site, on-line catalogue, electronic shopping or mail order specialising in the field of goods" and on the other hand the Opponent's trading in activity days out. Having considered the respective marks RED ENVELOPE/red ENVELOPE and RED LETTER DAYS, the Hearing Officer concluded (para. 77):

"To my mind the differences between the goods and services and the marks far outweigh any similarities such that the average consumer would not be misled into believing that the goods and services offered by the applicant were goods or services of the opponent".

In my view, he reasonably held with regard to RED LETTER DAYS that the Opponent's case under section 5(4)(a) was not made out.

52. Ms. McFarland makes the further criticism that the Hearing Officer contradictorily characterised the overlap between the respective products when assessing the objections under section 5(2)(b) and 5(4)(a). But as she earlier argued the tests for section 5(2)(b) and 5(4)(a) are not the same.
53. I have dismissed the Opponent's appeals against the Hearing Officer's findings that the requirements of section 5(4)(a) were not met at the date of the A and the B applications, i.e., 9 November 2001. The Opponent's cases are not improved (or worsened) by evidence of events occurring after that date. These are not appropriate appeals in which to refer questions concerning timing issues under art. 4(4)(b) of the Directive to the ECJ.

Conclusion

53. In the result, the appeals have not succeeded. The Hearing Officer ordered the Opponent to pay the Applicant a sum of £5000 in total towards its costs below. I will order that the Opponent pay the Applicant an additional sum of £2,200 in respect of the costs of these appeals and preliminary applications.

Professor Ruth Annand, 29 August 2006

Ms. Denise McFarland instructed by Messrs. Olswang appeared as counsel on behalf of the Opponent

Mr. Mark Vanhegan instructed by Messrs. Field Fisher Waterhouse appeared as counsel on behalf of the Applicant