CANCELLATION No 14 179 C (REVOCATION)

Music Group IP Ltd., P.O. Box 146 Trident Chambers, Wickhams Cay, Road Town, Tortola, British Virgin Islands (applicant), represented by **Stephan Dirks**, Knooper Weg 75, 24116 Kiel, Germany (professional representative)

a g a i n s t

Gibson Brands, Inc., 309 Plus Park Boulevard, Nashville Tennessee 37217, United States of America (EUTM proprietor), represented by **Allen & Overy LLP**, One Bishops Square, London E1 6AD, United Kingdom (professional representative).

On 05/09/2018, the Cancellation Division takes the following

DECISION

1. The application for revocation is upheld.

2. The EUTM proprietor's rights in respect of European Union trade mark No 441 519 are revoked in their entirety as from 14/12/2016.

3. The EUTM proprietor bears the costs, fixed at EUR 1 080.

PRELIMINARY REMARK

As from 01/10/2017, Regulation (EC) No 207/2009 and Regulation (EC) No 2868/95 have been repealed and replaced by Regulation (EU) 2017/1001 (codification), Delegated Regulation (EU) 2017/1430 and Implementing Regulation (EU) 2017/1431, subject to certain transitional provisions. Further, as from 14/05/2018, Delegated Regulation (EU) 2017/1430 and Implementing Regulation (EU) 2017/1431 have been codified and repealed by Delegated Regulation (EU) 2018/625 and Implementing Regulation (EU) 2018/626. All the references in this decision to the EUTMR, EUTMDR and EUTMIR should be understood as references to the Regulations currently in force, except where expressly indicated otherwise.

REASONS

The applicant filed a request for revocation of European Union trade mark registration No 441 519 'OBERHEIM' (the EUTM). The request is directed against all the goods covered by the EUTM, namely:

Class 15: *Electronic synthesizers, sequencers, filters, phase shifters and amplifiers for modifying the sounds produced by electrified musical instruments comprising electric guitars, wind instruments with pickups, electric keyboard instruments and digital piano/controllers; parts and fittings for all the aforesaid goods.*

The applicant invoked Article 58(1)(a) EUTMR.

SUMMARY OF THE PARTIES' ARGUMENTS

In response to the application for revocation, the EUTM proprietor provides a brief history of the company 'Oberheim Electronics' and submits evidence of use of the EUTM (listed further in the decision).

The applicant argues that the EUTM proprietor failed to submit evidence of genuine use for the EUTM within the EU. In particular it is stated that the documents relate to a software emulation of an analogue device which is not a product to be registered in Class 15. The applicant states also that the EUTM proprietor has not put forward any reasons for non-use.

The applicant submits further that the EUTM proprietor itself distinguishes between software and analogue devices, a fact proven by the EUTM proprietor's recent 'OBERHEIM' trade mark application for registration with the USPTO where registration for the mark is claimed for goods in both classes (9 and 15). In support of its arguments the applicant files an excerpt from the USPTO trade mark register.

In its observations in reply the EUTM proprietor comments on the issues raised by the applicant and submits further evidence. In particular the EUTM proprietor explains that indeed initially 'OBERHEIM' synthesisers were analogue synthesisers but over the years as music and technology converged, the 'OBERHEIM' synthesisers evolved to become digital instruments where the sound was powered by a set of circuit boards, similar to the circuit boards which may be used in a computer. As a result of this continued evolution, an electronic synthesiser can now exist either as a virtual synthesiser on a computer or a tablet, producing the same or similar sounds as the physical electronic synthesiser or electronic keyboard instrument replaced. The fact that they are virtual does not make them any less of a musical instrument.

Further in its observations the EUTM proprietor comments also on the time and place of use of the EUTM.

In relation to the filed US application for registering the mark in Classes 9 and 15 the EUTM proprietor puts forward that this application is irrelevant to the current proceedings and refers to a decision of the Cancellation Division stating that the EU trade mark regime is an autonomous system and registrability of a sign as a EU mark must be assessed by reference only to the relevant EU rules. According to the EUTM proprietor all observations made by the applicant concerning the US application should be disregarded.

In an overall conclusion the EUTM proprietor requests the rejection of the application and an award of costs.

GROUNDS FOR THE DECISION

According to Article 58(1)(a) EUTMR, the rights of the proprietor of the European Union trade mark will be revoked on application to the Office, if, within a continuous period of five years, the trade mark has not been put to genuine use in the Union for the goods or services for which it is registered, and there are no proper reasons for non-use.

Genuine use of a trade mark exists where the mark is used in accordance with its essential function, which is to guarantee the identity of the origin of the goods or services for which it is registered, in order to create or preserve an outlet for those goods or services. Genuine use requires actual use on the market of the registered goods and services and does not include token use for the sole purpose of preserving the rights conferred by the mark, nor use which is solely internal (11/03/2003, C-40/01, Minimax, EU:C:2003:145, in particular § 35-37, 43).

When assessing whether use of the trade mark is genuine, regard must be had to all the facts and circumstances relevant to establishing whether commercial exploitation of the mark is real, particularly whether such use is viewed as warranted in the economic sector concerned to maintain or create a market share for the goods or services protected by the mark (11/03/2003, C-40/01, Minimax, EU:C:2003:145, § 38). However, the purpose of the provision requiring that the earlier mark must have been genuinely used 'is not to assess commercial success or to review the economic strategy of an undertaking, nor is it intended to restrict trade-mark protection to the case where large-scale commercial use has been made of the marks' (08/07/2004, T-203/02, Vitafruit, EU:T:2004:225, § 38).

According to Article 19(1) EUTMDR in conjunction with Article 10(3) EUTMDR, the indications and evidence of use must establish the place, time, extent and nature of use of the contested trade mark for the goods and/or services for which it is registered.

In revocation proceedings based on the grounds of non-use, the burden of proof lies with the EUTM proprietor as the applicant cannot be expected to prove a negative fact, namely that the mark has not been used during a continuous period of five years. Therefore, it is the EUTM proprietor who must prove genuine use within the European Union, or submit proper reasons for non-use.

In the present case, the EUTM was registered on 02/09/1998. The revocation request was filed on 14/12/2016. Therefore, the EUTM had been registered for more than five years at the date of the filing of the request. The EUTM proprietor had to prove genuine use of the contested EUTM during the five-year period preceding the date of the revocation request, that is, from 14/12/2011 to 13/12/2016 inclusive, for the contested goods listed in the section 'Reasons' above.

On 26/05/2017 the EUTM proprietor submitted the following evidence as proof of use:

Annex 1 Wikipedia extract outlining the history of 'Oberheim Electronics' – a manufacturer of audio synthesizers and a variety of other electronic musical instruments.

Item 1 A copy of a licence agreement dated 10/09/2010 between the EUTM proprietor and the company Arturia for the use of the EUTM in connection with software for personal music and more specifically virtual

instrument plug-in software that is used to create a sound synthesizer in electronic devices such as tablet computers.

Item 2 A press release dated 15/12/2011 announcing that Arturia has begun shipping its highly anticipated new synthesizer: the OBERHEIM SEM V.

Item 3 An extract from the website of Arturia setting out the product details relating to the OBERHEIM SEM. V. The words OBERHEIM ELECTRONICS INC are visible on the synthesiser facades.

Item 4 A press release from Arturia dated 23/05/2013 announcing the resurrection of the OBERHEIM synthesiser brand.

Item 5 A series of screen shots taken from the Apple App Store relating to the OBERHEIM synthesiser distributed by Arturia via the Apple App Store. The screenshots show the use of the EUTM on the synthesisers, the version history and consumer reviews dated July and October 2016.

Item 6 A press release from Arturia dated 28/10/2015 relating to the launch of the Apple iPad version of the OBERHEIM iSEM synthesiser.

Item 7 An extract from Arturia's website providing details of the OBERHEIM MATRIX-12 synthesiser. The price for the synthesiser is EUR 169.

Item 8 A press release from Arturia dated 04/12/2014 announcing the launch of the OBERHEIM MATRIX-12 synthesiser.

Item 9 A press release from Arturia which sets out a price promotion. Among the special deals promoted, are three special price deals for OBERHEIM products referred to as software instruments.

On 05/12/2017, after expiry of the time limit, the EUTM proprietor submitted further evidence:

Annex 1 Witness Statement of David Angus Stone, partner of Allen & Overy LLP, legal adviser to Gibson Brands, Inc. The statement provides information on the history of Gibson Brands, in particular the establishment in 1902 by Orville Gibson of the Gibson Mandolin-Guitar Manufacturing company in Kalamazoo, Michigan to make mandolin family instruments. The article mentions about the single-piece mandolin design patented by Orville Gibson and the legendary Gibson F5 mandolin designed by Lloyd Loar. The witness statement includes a summary of a research performed by the trainee solicitor Andrea Leonelli, working in Allen & Overy on the convergence of music and technology.

Several Exhibits are attached to the witness statement of David Angus Stone:

Exhibit 1 Printout of the Wikipedia page about Gibson and the printout of Gibson Brands' timeline obtained from the website Gibson.com.

Exhibit 2 Printout of a page from Gibson's website detailing some of its professional audio brands, such as ONKYO, Cerwin-Vega, Cakewalk and Stanton.

Exhibit 3 Photos of historic OBERHEIM models (multi-effects processors, analog-modelling synthesisers, drawbar organ modules, etc) produced between 1979 and 2005 featuring the mark.

Exhibit 4 The same document submitted as Item 1.

Exhibit 5 Screenshots of customer reviews in relation to an iPad application 'iSEM Synthesizer' posted during the relevant period obtained from the iTunes Store.

Exhibit 6 Pictures of the packaging and interface of the Oberheim SEM V software produced by Arturia.

Exhibit 7 Reviews in relation to the Arturia Oberheim SEM V software synthesizer in Sound on Sound magazine, MusicRadar, Producer Spot.

Exhibit 8 Reviews in Spanish, Italian, French and German media in relation to the Arturia Oberheim SEM V software synthesizer.

Exhibit 9 A printout of Arturia web page advertising an 'Origin keyboard' featuring various interfaces of the most famous synthesizers such as ARP 2600, Jupiter-8, Oberheim SEM and two of the Bob Moog's designs and a printout of a UK online store that used to stock the model.

Exhibit 10 An article about the history of the synthesizer published by Apple and a printout of Wikipedia for 'Synthesizers'. The materials illustrate how analogue synthesizers were replaced by digital synthesizers over the decades.

Exhibit 11 Articles from the United Kingdom newspapers The Guardian, The Observer, Fact evidencing the huge growth in the field of 'virtual instruments' that can be controlled via a mouse and keyboard or can be plugged into electronic instruments such as keyboard controllers.

Exhibit 12 An article from the United Kingdom newspaper The Guardian 'Joe Goddard's favourite instruments' showing an OBERHEIM OB-XA synthesiser pretty similar to (or a variant of) the OB-X model produced between 1979 and 1981 (Exhibit 3).

Exhibit 13 Front cover of the book 'In the box music production' by Mike Collins displaying the interface of the Arturia Oberheim software, further information about the UK publisher, pages of the book that discuss the Arturia software instrument reproducing Oberheim synthesisers.

Annex 2 Printouts from the arturia.com website accessed via the time back machine archive.org containing details of the SEM V synthesiser.

Annex 3 Printouts from the arturia.com website accessed via the time back machine archive.org containing details of the iSEM synthesiser.

Preliminary remarks

The evidence submitted on 05/12/2017 was filed after the time limit set by the Cancellation Division for submitting evidence of use. Article 82 EUTMDR expressly states that Article 19 EUTMDR does not apply to requests for proof of use made before 01/10/2017. Therefore, Regulation (EC) No 2868/95 has to be applied to the present case.

Even though, according to Rule 40(5) Regulation (EC) No 2868/95, the EUTM proprietor has to submit proof of use within a time limit set by the Cancellation Division, this cannot be interpreted as preventing **additional** evidence from being taken into account where new factors emerge (12/12/2007, T-86/05, Corpo livre, EU:T:2007:379, § 50). The Office has to exercise the discretion conferred on it by Article 95(2) EUTMR (18/07/2013, C-621/11 P, Fishbone, EU:C:2013:484, § 30).

The factors to be evaluated when exercising this discretion are, first, whether the material that has been produced late is, on the face of it, likely to be relevant to the outcome of the proceedings and, second, whether the stage of the proceedings at which that late submission takes place, and the circumstances surrounding it, do not argue against these matters being taken into account (18/07/2013, C-621/11 P, Fishbone, EU:C:2013:484, § 33). The acceptance of additional belated evidence is unlikely where the EUTM proprietor or IR holder has abused the time limits set by knowingly employing delaying tactics or by demonstrating manifest negligence (18/07/2013, C-621/11 P, Fishbone, EU:C:2013:484, § 36).

In this regard, the Cancellation Division considers that the EUTM proprietor did submit relevant evidence within the time limit initially set by the Office and, therefore, the later evidence can be considered to be additional.

The additional evidence merely strengthens and clarifies the evidence submitted initially, as it does not introduce new elements of evidence but merely enhances the conclusiveness of the evidence submitted within the time limit.

For the above reasons and in order to consider the case of the EUTM proprietor in the best possible light, in the exercise of its discretion pursuant to Article 95(2) EUTMR, the Cancellation Division decides to take into account the additional evidence submitted on 05/12/2017. This approach will not prejudice the interests of the applicant as will be evidenced below. It is also for this reason that the Cancellation Division will not give another round of observations to the parties and in particular an opportunity to the applicant to comment on the additionally submitted evidence.

Assessment of genuine use – factors

The factors time, place, extent and nature of use are cumulative (05/10/2010, T-92/09, STRATEGI / Stratégies, EU:T:2010:424, § 43). This means that the evidence must provide sufficient indications of all these factors to prove genuine use. The Cancellation Division finds it appropriate to first examine the nature of use of the contested EUTM, in particular its use in relation to the goods for which it is registered.

Use in relation to the registered goods and services

Article 58(1)(a) EUTMR and Article 10(3) EUTMDR require that the EUTM proprietor proves genuine use for the contested goods and services for which the European Union trade mark is registered.

The contested EUTM is registered for the goods in Class 15 *Electronic synthesizers, sequencers, filters, phase shifters and amplifiers for modifying the sounds produced by electrified musical instruments comprising electric guitars, wind instruments with pickups, electric keyboard instruments and digital piano/controllers; parts and fittings for all the aforesaid goods.*

There is no doubt that the evidence submitted by the EUTM proprietor refers to software; software for personal music and more specifically virtual instrument plug-in software that is used to create a sound synthesizer in electronic devices such as tablet computers. The software uses an interface which is a true copy of the appearance of an analogue synthesiser expansion module (SEM) device marketed in the XX century under the EUTM. It can also be inferred from the evidence that the original analogue device acquired certain fame in the field of synthesizers, electronic pianos and electronic devices for synthesising, amplifying and/or modifying sounds produced by electrified musical instruments or input keyboards - the latter being incorporated in the device itself. According to the submitted evidence the devices were manufactured until 2005 (Exhibit 3).

In principle, the Office understands the class number as being indicative of the characteristics of the goods or services, such as the predominant material, the main purpose or the relevant market sector, considering the natural and usual meaning of each term at the same time. Each term is assessed in the context of the class in which it is applied for. Therefore, the goods in Class 15 for which the EUTM enjoys protection are tangible goods. No protection is granted for software (intangible) which is clearly to be protected under Class 9 of the Nice Classification. The natural and usual meaning of the goods and the class number leave no room for interpretation as to the scope of protection of the EUTM. Last but not least, the addition *parts and fittings for all the aforesaid goods* can only refer to tangible goods.

All in all, the evidence shows use of the EUTM during the relevant period in relation to musical software – a good which is not covered by the specification of the registration. Therefore, the EUTM proprietor has not shown use for the goods for which the mark is registered, but for others for which it has no protection.

The EUTM proprietor does not contest the fact that within the relevant period the EUTM was used in relation to music software. The EUTM proprietor develops a line of arguments supposed to justify the acceptance of the use of the EUTM in relation to music software as use in relation to the goods covered by the EUTM in Class 15. In particular the EUTM proprietor focuses on the convergence between music and technology and the perception of the consumers of the software as a musical instrument and/or synthesizer.

The Cancellation Division agrees that indeed such a convergence is taking place in the last decades. However, this does not help the case of the EUTM proprietor. The fact remains that there is a clear difference between tangible (mechanical, electric, electronic devices in Class 15) and intangible assets (musical software in Class 9). Such a distinction is made not just by the Nice Classification but is also taking place in the minds of the consumers. Even though (as evidenced by the reviews) consumers refer to the software application as a synthesizer or a musical instrument the fact

remains that their primary perception of the good is an app, a software application, an emulator of the physical device of the last century. Consumers themselves differentiate between the software and 'a real' SEM module (review by Whigfhhgyhghv, dated 09/08/2017), between the 'recreation' and the 'classic mid-70's synthesiser expansion module' (review by V_O_D_E dated 20/03/2016).

It is also true that bearing in mind the state of technology as of the date of filing the application (1996) and the early stage of convergence between music and technology and in particular the later development of software emulators it cannot be expected that the EUTM proprietor would foresee such a development and apply for registration the EUTM also for the goods in Class 9 back in 1996, even though the 6th edition of the Nice Classification (applicable as of the date of the application) already included software (Computer-) recorded. However, what the EUTM proprietor should have done in order to secure protection for its mark was to register it later on also for the goods in Class 9 in order to adapt to the technological convergence and extend the protection of the EUTM accordingly - something that the EUTM proprietor obviously did in the US.

Even though the EU trade mark system is indeed an autonomous trade mark system, there are certain similarities between this system and other trade mark systems of states or organisations parties to the Paris Convention and the Nice Agreement. Use of the Nice Classification is mandatory for the parties to the Nice Agreement. In particular as far as the use of the Nice Classification and its importance for defining the scope of protection of trade marks is concerned there cannot be material differences between the EU and other trade mark systems of states or organisations parties to the Nice Agreement (such as the US system, for instance). Therefore, the argument of the applicant for the US filing of the sign OBERHEIM in Classes 9 and 15 even though not conclusive on its own, is indicative and also supports the findings of the Cancellation Division in the current proceedings.

Conclusion

It follows from the above that the EUTM proprietor has clearly failed to prove the nature of use of the EUTM, namely the use in relation to the goods covered by the EUTM.

Taking into consideration the above and recalling that the requirements for proof of use are cumulative, the EUTM proprietor has not proven genuine use of the contested EUTM for any of the goods for which it is registered. At the same time, the EUTM proprietor did not submit any proper reasons for non-use. As a result, the application for revocation is wholly successful and the contested EUTM must be revoked in its entirety.

According to Article 62(1) EUTMR, the revocation will take effect from the date of the application for revocation, that is, as of 14/12/2016.

COSTS

According to Article 109(1) EUTMR, the losing party in cancellation proceedings must bear the fees and costs incurred by the other party.

Since the EUTM proprietor is the losing party, it must bear the cancellation fee as well as the costs incurred by the applicant in the course of these proceedings.

According to Article 109(1) and (7) EUTMR and Article 18(1)(c)(ii) EUTMIR, the costs to be paid to the applicant are the cancellation fee and the representation costs, which are to be fixed on the basis of the maximum rate set therein

The Cancellation Division

Irina SOTIROVA Plamen IVANOV Judit NÉMETH

According to Article 67 EUTMR, any party adversely affected by this decision has a right to appeal against this decision. According to Article 68 EUTMR, notice of appeal must be filed in writing at the Office within two months of the date of notification of this decision. It must be filed in the language of the proceedings in which the decision subject to appeal was taken. Furthermore, a written statement of the grounds of appeal must be filed within four months of the same date. The notice of appeal will be deemed to be filed only when the appeal fee of EUR 720 has been paid.