

LEGAL RIGHTS OBJECTION

WIPO Model Form

(Annex A to WIPO Rules for New gTLD Dispute Resolution)

This Legal Rights Objection model form must be used by parties wishing to file a Legal Rights Objection with the World Intellectual Property Organization Arbitration and Mediation Center ("WIPO Center") pursuant to the New gTLD Dispute Resolution Procedure ("Procedure"), provided as an Attachment to Module 3 of the gTLD Applicant Guidebook ("Applicant Guidebook") (v. 2012-01-11) approved by the Internet Corporation for Assigned Names and Numbers ("ICANN") on June 20, 2011 and as updated on January 11, 2012. The specific grounds on which a Legal Rights Objection may be filed are outlined in Applicant Guidebook Module 3, art. 3.5.2.

Upon filing, a copy of this Objection must be provided to the Respondent and ICANN.

In accordance with the Applicant Guidebook and Procedure, the following information will be publicly posted on the WIPO Center's website:

- (i) the proposed string to which the Objection is directed;
- (ii) the names of the Objector and the Respondent;
- (iii) the grounds for the Objection; and
- (iv) the date of the WIPO Center's receipt of the Objection.

By submitting this Objection to the WIPO Center the Objector hereby agrees to abide and be bound by the provisions of the Procedure and the World Intellectual Property Organization Rules for New gTLD Dispute Resolution for Existing Legal Rights Objections ("WIPO Rules for New gTLD Dispute Resolution") in effect on the day when the relevant Application for a new gTLD was submitted, pursuant to Procedure, art. 1(d).

Pursuant to Procedure, art. 5 all submissions made in connection with this Procedure must be made in English; parties may submit supporting evidence in its original language, provided and subject to the authority of the Panel to determine otherwise, that such evidence is accompanied by a certified or otherwise official English translation of all relevant text.

In the event of any questions relating to the filing of a Legal Rights Objection under the Procedure, parties are invited to contact the WIPO Center by email at lro@wipo.int, or by telephone to +41 22 338 8247 or (toll free) 0800 888 549.

Before the:

**WORLD INTELLECTUAL PROPERTY ORGANIZATION
ARBITRATION AND MEDIATION CENTER**

Merck KGaA
Frankfurter Straße 250
64293 Darmstadt
Germany

(Objector)

-v-

Merck Registry Holdings, Inc.
One Merck Drive
Whitehouse Station, NJ 08889
United States of America

(Respondent)

**TLD string objected to: <.MERCK>
Application ID: 1-1702-73085**

LEGAL RIGHTS OBJECTION

(Applicant Guidebook, Module 3; Procedure, art. 6, 7, 8;
WIPO Rules for New gTLD Dispute Resolution, para. 4)

I. Introduction

1. This Legal Rights Objection is hereby submitted to the World Intellectual Property Organization Arbitration and Mediation Center ("WIPO Center") for determination in accordance with the New gTLD Dispute Resolution Procedure ("Procedure"), provided as an Attachment to Module 3 of the gTLD Applicant Guidebook ("Applicant Guidebook") approved by the Internet Corporation for Assigned Names and Numbers ("ICANN") on June 20, 2011 and as updated on January 11, 2012, and the World Intellectual Property Organization Rules for New gTLD Dispute Resolution for Existing Legal Rights Objections ("WIPO Rules for New gTLD Dispute Resolution") in effect on the day when the relevant Application for a new gTLD was submitted.

II. The Parties

A. The Objector
(Procedure, art. 8(a)(i))

2. The Objector in this proceeding is Merck KGaA, a partnership limited by shares incorporated under the laws of Germany, represented by its executive board,

consisting of Dr. Karl-Ludwig Kley (Chairman), Matthias Zachert, Dr. Kai Beckmann, Dr. Stefan Oschmann and Dr. Bernd Reckmann.

3. The Objector's contact details are:

Address: Contact Information Redacted

Phone:

E-mail:

Fax:

4. The Objector's authorized representative in this proceeding is:

Name: Dr. Torsten Bettinger
Address: Contact Information Redacted

Phone:

E-mail:

Fax:

5. The Objector's preferred contact details for purposes of this proceeding are:

For electronic-only material

Method: e-mail
Address: Contact Information Redacted
Contact: Dr. Torsten Bettinger

For any hardcopy material

Method: Fax
Address: n/a
Fax: Contact Information Redacted
Contact: Dr. Torsten Bettinger

B. The Respondent
(Procedure, art. 11(d)(1))

6. The Respondent in this proceeding is Merck Registry Holdings, Inc., a subsidiary of the Merck Sharp & Dohme Corp. Copies of the printout of the relevant ICANN posting, showing the Respondent's application for the TLD .merck, are provided as **Annex 1**.

7. All information known to the Objector regarding how to contact the Respondent is as follows

The Respondent's contact details are:

Address: Contact Information Redacted

Contact Information Redacted

Phone:
E-mail:
Fax:

The Respondent's authorized representative in this proceeding is:

Name: Mr. Joshua Bourne
Address: Contact Information Redacted

Phone:
E-mail:
Fax: (none provided in the Respondent's application)

III. TLD string objected to (applied-for TLD string):
(Procedure, art. 7, 8)

8. This Objection concerns the applied-for TLD string identified below:

<.MERCK>

9. The Objector is also filing LRO Complaints against two additional Applications filed by the Respondent, namely Application No. 1-1704-28482 and Application No. 1-1702-28003. All of these Complaints concern the Objector's trademark rights in the MERCK trademark and, accordingly, the Objector hereby requests that the three Complaints be consolidated for the purposes of the LRO proceeding.

IV. Jurisdictional Basis for the Objection
(Procedure, art. 1(d), 4(b)(ii))

10. By applying for a new gTLD, the Respondent has accepted the applicability of the Procedure and the WIPO Rules for New gTLD Dispute Resolution.


By filing the present Objection to a new gTLD, the Objector accepts the applicability of this Procedure and the WIPO Rules for New gTLD Dispute Resolution.

The parties cannot derogate from the Procedure without the express approval of ICANN and from the WIPO Rules for New gTLD Dispute Resolution without the express approval of the WIPO Center.

V. Factual and Legal Grounds
(Applicant Guidebook Module 3, art. 3.5.2; Procedure, art. 8)

11. Objector is the world's oldest pharmaceutical and chemicals company, and has been a leader in the industry since its founding as the Engel-Apotheke (Angel Pharmacy) in 1668. For more information about the Objector and its

longstanding business presence, please see **Annex 2** for a copy of its most recent Annual Report.

12. Today Objector operates its worldwide business in more than 180 countries through over 250 affiliated companies which use Merck as the sole element or as a component of their company name, and use the figurative trademark No. 30130670, , as their umbrella brand. A list of the Merck Companies is attached as **Annex 3**. In 2011, Objector had over 40,000 employees and realized total revenues of EUR 10.27 billion, € 6.41 billion within the pharmaceuticals business sector. (Annual Report, page 34, provided as **Annex 2**).

13. Pursuant to the Procedure, art. 8(a)(ii), the Objector's bases for standing are the Objector's rights in the MERCK trademark, which it has used in commerce for well over hundred years.

14. *Trademark Protection in Europe and Worldwide*

Objector has used the trademark MERCK in Germany since the 19th century, and registered its MERCK mark (no. DD45659) in September of 1900 for goods in classes 1-5. An extract of the official trademark database is provided as **Annex 4**.

15. Objector is also the owner of community trademark registration No. 283986 for MERCK. This registration bears an application date of April 1, 1996, and claimed priority via German trademark Nr. 45659 ("MERCK", applied for on January 11, 1900 and deleted upon request of the Objector on June 1, 2010). The Community trademark is registered in classes 3, 2, 16, 41 and 42. An extract of the official trademark database is provided as **Annex 5**.
16. Today, Merck KGaA holds rights in the name and the trademark "Merck" in more than 200 countries worldwide. A full list of the Objector's trademark registrations for the MERCK mark is attached as **Annex 6**. Additionally, the Objector is the owner of two registered trademarks for ".MERCK", which provide protection in 33 jurisdictions. Copies of these additional registrations are provided in **Annex 7**.

A Trademark History showing the development of the Trademark "Merck" over the last 340 years is provided as **Annex 8**.

17. *"Merck" is Entitled to Protection as a "Well-Known Mark"*

The company name and trademark "MERCK" were distinctive upon inception, as the name "Merck" is an unusual surname in Germany. This distinctiveness has been strengthened due to continuous and extensive use over a period dating back to the 19th century. Currently, in 2011, sales of EUR 10.27 billion were generated and the Objector's marketing budget exceeded EUR 2.39 billion. See the Merck Annual Report, page 126, provided as **Annex 2**.

18. The Company name and the trademark are therefore well-known in Europe and a multitude of countries outside North America, not only among doctors, pharmacists and other healthcare professionals but also among the general public.
19. The fact that the Objector's "Merck" trademark is "well-known" has been recognized by courts and trademark offices in numerous jurisdictions

worldwide, including, for example, in Bulgaria, the Czech Republic, Egypt, Germany, Japan, Mexico, and South Korea. Due to WIPO's file size limitations, only a sampling of these decisions are provided as **Annex 9**, but additional decisions will be provided on request.

20. *Domain Names*

The Objector and members of its Merck Community are also the registrants of a vast number of domain names, which contain or consist solely of the Merck mark, in both gTLD and ccTLD spaces, in almost all countries outside North America (where the Objector has the right to use the stand-alone trademark "Merck"). A full list of these Merck-formative domain names is provided as **Annex 10**.

21. *Historical Background and Agreements Between the Parties Concerning the Use of the Trademark and Company Name "Merck"*

The Respondent's parent company, Merck Sharp & Dohme, Corp. (formerly known as Merck & Co. Inc.)¹ was founded as a daughter company of the Objector, which the Objector held as a wholly-owned subsidiary until the end of the First World War and the imposition of the United States federal "Trading with the Enemy Act" of 1917. At that time, the Objector was forced to surrender its entire stake in the United States subsidiary. Since that time, the Respondent's parent Company has operated as a separate and independent American pharmaceuticals company.

22. In the 1930s, the two companies negotiated a solution for their coexistence. As at that time Objector had rights in the trademark and name "MERCK" worldwide (except within the US and Canada), and the Objector's former subsidiary, Merck & Co., Inc. (the Respondent's parent company) possessed domestic rights within North America, the companies agreed on a territorial differentiation of rights:

- a) The Respondent has the right to use the word "MERCK" as a brand and company name only within North America (U.S. and Canada). Outside North America, the Respondent and its subsidiaries use a different name and a different brand – generally utilizing the name Merck Sharp & Dohme and the brand "MSD." The German subsidiary of the Respondent operates under "MSD Sharp & Dohme Limited" and the acronym "MSD."
- b) With regard to the Objector and its subsidiaries, the situation is a mirror image. In North America (U.S. and Canada) the Objector and its international subsidiaries trade under the acronym "EMD." Throughout the rest of the world, the Objector has the exclusive right to use the MERCK mark as a brand and to use "Merck" in company names.

23. This solution for mutual coexistence was codified in a binding contractual agreement between the parties. The first agreement was signed in 1932, and was later updated in 1955. These initial documents were replaced

¹ The Applicant is a wholly-owned subsidiary of the Merck Sharp & Dohme, Corp. As the Applicant acts on behalf of its parent company, and (pursuant to its Application for the TLD space), intends to manage the TLD on behalf of its parent, all references to "the Respondent" in this Objection shall refer jointly to Merck Registry Holdings, Inc. and Merck Sharp & Dohme, Corp.

by a further agreement in January 1970, which is still valid and binding on both the Respondent and the Objector, who are the successors of the former contracting parties.

24. Objector has provided a copy of the currently-valid Agreement, signed in 1970 and a table illustrating the essential points of the agreement, as **Annex 11**. Within the context of this proceeding, no contractual claims are asserted, but the Objector believes this agreement may be of material assistance to the Panel in assessing the relevant legal positions of the parties.

25. *Recent Developments*

In recent years, the Respondent has taken numerous steps in an unauthorized attempt to dramatically expand its use of the term “Merck,” both as a stand-alone trademark on the Internet outside of North America, in direct violation of the Objector’s legal rights in the MERCK trademark and in a manner contrary to the provisions of the parties’ presently enforceable usage agreement.

26. The Respondent has registered and is using the domain name <merck.com> for a website which shows the company’s full range of products and services as well as the company’s other business activities. This website has prominently employed the trademark “Merck” and the figurative trademark



Be well. Printouts of the homepage and product-related websites are provided as **Annex 12**. The Respondent has also registered various additional domain names which utilize “merck” as the sole distinctive element, such as <merckengage.com>, <merckservices.com>, and <merckformothers.com>, and is actively using social media “handles” which identify the Respondent solely as “Merck,” including on such popular services as Facebook, Twitter, LinkedIn and YouTube. Printouts of the Respondent’s websites and online presences are provided as **Annex 13**. These websites and services are not limited to viewers in North America, and the Respondent has made no attempt to utilize geotargeting tools to prevent the damage caused by its actions. The only, grossly inadequate, measure the Respondent has taken in this regard is to provide some minimal fineprint disclaimer text on some of the home-pages for these services. For example, the Respondent uses a disclaimer in the Terms of Use on its product-related websites under “www.merck.com,” stating that “[t]he Product websites are intended for use in the United States, its territories and Puerto Rico ...” and on the Respondent’s Twitter Page, a small print statement reads “Intended for U.S. residents only.” No actual attempt to prevent visitors from outside of North America from viewing these pages, and thereby being misled as to the Respondent’s limited scope of rights in the Merck name, is made on any of the Respondent’s websites or social media homepages.

27. These websites and services are accessible to Internet users around the world, including in jurisdictions where the Respondent has no right to use the term “Merck” as a stand-alone mark. By the time an international visitor has navigated to the website, it has already suffered initial interest confusion, and indeed elected to visit the site solely on the misconception that the Respondent’s website or service, utilizing the stand-alone Merck mark, was instead provided by the Objector.
28. All these infringing activities are outside the boundaries of the parties’ mutual trademark use agreement and also amount to an infringement of the Objector’s rights in the MERCK mark and name on a global scale.

29. The Objector has regularly objected to the Respondent's above-mentioned infringing activities and proposed settlement agreements with regard to the use of the trademark Merck on the Internet. These settlement proposals and correspondence will be provided on request. As the parties could not find an amicable solution, on March 11, 2013 Objector took legal action against all of the Respondent's above-described infringing activities (amongst others) before the District Court of Hamburg (File Number 327 O 140/13) , requesting an injunction against the Respondent's parent company MSD Merck Sharp & Dohme (MSD), its U.S. parent Company Merck & Co. Inc. and its German subsidiary MSD Sharp & Dohme GmbH. A copy of the request for relief as well as an English translation thereof is provided as **Annex 14**. The Objector is preparing additional legal measures in other jurisdictions. These judicial proceedings are currently pending and are unlikely to be resolved before decisions are rendered on Legal Rights Objections within the current ICANN application round.
30. The possible use of the .MERCK TLD by the Respondent, however, would constitute a far greater harm than the above-mentioned concerns, due to the manner of use proposed within the Respondent's Application.
31. According to §18(a) of its Application, the Respondent intends to open the .MERCK TLD to a wide array of potential registrants, including:
- (a) qualified subsidiaries and affiliates;
 - (b) Merck foundations and related parties;²
 - (c) Approved licensees.
32. The Respondent has provided no geographically-based limitations on which "qualified subsidiaries," "affiliates," "licensees" or "related parties" may register domain names within the .MERCK TLD. The Respondent clearly intends to allow entities associated with its enterprise who are located outside of North America to register and use domain names within the .MERCK space. This is a gross violation of the parties' trademark use and name agreement, and a drastic infringement of the Objector's trademark rights. If the Respondent were permitted to identify its activities as those of "Merck" outside of North America, and to enable subsidiaries located potentially all around the world to self-brand under the .MERCK TLD, it would cause substantial damage to the Objector's brand and worldwide reputation.
33. Additionally, there is no provision in the Respondent's materials to indicate that it will limit access to the websites displayed under the .MERCK TLD to users in North America, using geo-targeting or otherwise, nor any restrictions requiring potential third-party users to employ similar measures. Accordingly, the Objector has also requested the Court of Hamburg to issue an injunction against the Respondent's use of the gTLD within Europe, should the Respondent's application be delegated by ICANN. See **Annex 14**.
34. It is important to note in this context that the Objector does, in fact, utilize geo-targeting tools to ensure that visitors from North America cannot access website content in which the Objector is identified as "Merck." Internet users in North America who enter "www.merck.de" into a browser will automatically be redirected to "www.emdgroup.com," where the Objector is identified as "Merck KGaA, Darmstadt – Germany." See **Annex 15** for screen shots of this redirection. Detailed information about the functionality and common uses of geotargeting are outlined in a Wikipedia article, provided as **Annex 16**.

² The Respondent is apparently referring to its own activities and related foundations under this heading.

Moreover, the Objector has expressly indicated that it will refrain from permitting members of its organization located within North America from registering and using domain names within its applied-for TLD, and that it will utilize geo-targeting tools to prevent access to such sites by visitors from North America. These commitments are the subject of a current change request, in the interest of making them clear and explicit, and will be included in the Objector's Public Interest Commitments covering Questions 18 and 20 of its application. The Objector has informed the Respondent of its intent not to use and register domain names within North America. See **Annexes 17 and 18**.

The LRO Elements (Guidebook, art. 3.5.2; Procedure, art. 8(a)(iii)(bb))

Elements (i) and (ii)

35. The wording of standards (i) and (ii) is derived in large part from traditional trademark law provisions for the protection of well-known marks, which aims to provide broader protection beyond the standard scope of likelihood of confusion (see for example Article 5(2) of the First Council Directive of 21 December 1988 to approximate the laws of the Member States relating to trade marks (89/104/EEC) and Art. 9 c Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark).
36. The Respondent's intended use of the TLD clearly fulfills these standards. As noted above, the Objector's MERCK mark has a strong reputation in the countries outside of North America, and enjoys the status of a well-known mark.
37. As also mentioned above, outside North America the company name and stand-alone trademark MERCK are uniquely associated with the Objector and its activities within the pharmaceutical industry.
38. It is obvious, in light of the fact that the parties are active in the same sector and the MERCK gTLD is identical with Objector's trademark, that the average reasonably observant and circumspect Internet user, particularly outside the United States and Canada, would immediately associate content displayed on websites active at second-level domains within the TLD space with the Objector and its business endeavors. This association in the minds of Internet users would result in the dilution of the Objector's mark, since it would no longer serve as a distinctive identifier of the Objector's goods within the world-wide marketplace. Noting that the Objector possesses the sole right to use the stand-alone MERCK mark in jurisdictions where 95% of the world's population is located, it is evident that the Respondent's ability to advertise its goods in those locales would result in confusion for potential customers seeking to identify the goods and services properly marketed under the MERCK trademark.
39. Therefore, the Respondent's proposed use of the space takes unfair advantage of the distinctive character and reputation of the Objector's mark, resulting in dilution of the mark's well-known character and blurring of its status as a source-identifier. If the Respondent were permitted to use the .MERCK TLD to promote its business in jurisdictions where it does not possess rights to use the Merck stand-alone mark, the mark would lose its ability to identify the goods or services of the Objector in the relevant international locations. Customers would find it difficult to differentiate the offerings of the Objector and Respondent, and the mark would cease to arouse an immediate association with the Objector's goods and services (for which it is registered on a global basis).

40. Additionally, as the Respondent intends to use the TLD space to brand itself as "Merck" and to allow affiliates and licensees to promote their goods on an international basis in jurisdictions where the Objector possesses sole rights to use the term, it is clear the Respondent intends to ride on the coat-tails of the stand-alone MERCK mark's reputation and to exploit the power of attraction, the reputation and the prestige of the mark which the Objector has built in its Merck trademark through over 340 years of business
41. Such use of the gTLD would be severely detrimental to the Objector and take unfair advantage of the distinctive character and reputation of the Objector's rights within the meaning of the LRO substantive criteria.
42. Although the Respondent does possess the right to use the Merck trademark within the territory of North America, this fact does not prevent a finding that the Respondent's proposed use of the TLD constitutes an unjustified impairment of the Objector's rights. The Respondent intends to utilize the space to exceed the scope of its protection and to trade on the reputation of the Objector, which is impermissible under the standards of the LRO Policy. This is because the Respondent has dramatically overstepped the bounds of its trademark protection, and is attempting to take unfair advantage of the distinctive character of the Objector's mark in international jurisdictions for the Respondent's own economic advantage. By contrast, in the Objector's own application for the TLD space, provisions are already in place to prevent harm to the Respondent's mark, and to avoid encroachment on the Respondent's rights within its limited territory of protection.
43. The three elements of the LRO proceeding, unlike a UDRP procedure, do not contain any provision requiring bad faith activity on the part of the Respondent. Therefore, it is not necessary for the Objector to prove that the Respondent selected the TLD string in bad faith as a precondition for a Panel decision ordering the abandonment of the Respondent's application. The LRO procedure, rather, is concerned with the infringement of an Objector's trademark rights, and the resulting impairment of the distinctive character and reputation of the Objector's mark which would naturally result should the Respondent's application be granted. The Respondent's limited right to use the stand-alone MERCK mark within North America does not provide it with a sufficient basis for its application, as the use of the TLD outlined in its Application would cause irreparable harm to the Objector and its exclusive rights in the mark in all jurisdictions save North America.
44. As noted above, the Respondent has previously utilized a minimal form of disclaimer text on its websites, ostensibly attempting to ameliorate the risk of Internet user confusion. Such text is incapable of preventing harm to the Objector, particularly where the Respondent allows international traffic to view websites on which it self-identifies as "Merck." In the context of the contested .MERCK TLD, the use of such disclaimers on websites displayed within the space would be woefully inadequate to prevent Internet user confusion or trademark infringement concerns. Even if the disclaimer were to be prominently displayed, Internet users familiar with the Objector's trademark and its internationally recognized activities would still elect to visit the MERCK TLD space on the erroneous assumption that the content thereon was provided by the Objector. This association will lead to a loss of trust in the Objector's business, erosion of its reputation, and the gain of unjust financial benefit for the Respondent.
45. Furthermore, it is clear from the concept of use described in the Application that the Respondent will not and, given the text of its Application (wherein no

provision is made to prevent entities located outside of North America from registering and using domains within the TLD), cannot use geo-targeting tools to prevent any Internet traffic originating from countries outside North America from accessing websites within the Respondent's proposed .MERCK space. By contrast, the Objector already utilizes geo-targeting technology to prevent Internet user confusion on its many international websites, and has committed to doing so in its own application for the TLD space.

46. Perhaps more distressing, it is clearly the Respondent's intention to allow the registration of domains by its corporate divisions, licensees and unspecified "affiliates" which are located and doing business in jurisdictions in which the Objector has the sole right to use the stand-alone Merck trademark. Had the Respondent provided for robust safeguard measures to avoid violating the scope of its rights, and to prevent any resulting harm to the Objector and confusion for Internet users (including, *inter alia*, binding provisions limiting registration of .MERCK domains to wholly-controlled entities operating only within North America and geo-targeting technologies to prevent access from Internet users outside that region), some of this harm might be mitigated. The Respondent has not done so, and indeed is affirmatively using its Application to unjustifiably trade on the reputation and goodwill of the Objector, and to improperly expand the geographically limited scope of its trademark rights.

Element (iii)

47. With regard to the third element above, the applied-for TLD and the Objector's trademark are identical, and will be used in connection with the promotion and sale of the same categories of goods and services. The likelihood of confusion by Internet users is therefore a certainty.
48. The Respondent's stated use of the TLD would take unfair advantage of the Objector's MERCK trademark in numerous jurisdictions worldwide. The Objector is the registered owner of the MERCK mark in over 200 countries, which are the domicile of 95% of the world's population. It is impossible to imagine that an average Internet user, upon seeing a domain name in the format "[text].MERCK", would immediately recognize that the content displayed at such a site was not connected with the Objector, which holds the rights to use the MERCK trademark in most of the world. This is particularly the case where, as here, the Objector and Respondent are engaged in the same industry (for a description of the Respondent's business activities, see §18 of its Application (**Annex 1**)). The use of any disclaimer text, even if substantially more effective than the statements occasionally used by the Respondent at present, would be grossly ineffective to mitigate the risk of confusion, as Internet users outside of North America will immediately associate the ".MERCK" extension with the Objector. By the time the visitor is directed to the website and views the content thereon, the Objector has already been harmed by the association of the Respondent's (or its various "licensees") activities with the Objector's mark.

The Eight Additional Factors

49. The Respondent's infringement of the above standards is further confirmed when the following non-exclusive eight factors are considered.

Factor 1:

50. The gTLD and the trademark are identical and are to be used in conjunction with the advertising and promotion of the same goods and services. Thus, the risk of confusion (and trademark infringement) is certain.

Factor 2:

51. As the Objector is the original owner of the MERCK mark, registered in 1900, the Objector's acquisition and use of its rights in the mark are clearly *bona fide*. The Objector has made continuous, uninterrupted use of the MERCK mark throughout its long company history (see **Annex 8**) and the Merck brand is synonymous with the strong reputation and goodwill which the Objector has built through generations of outstanding customer service and quality innovation.

Factor 3:

52. As noted above, the Objector's mark has been determined by numerous courts across the world to be well-known. Accordingly, a broad range of consumers, in countries comprising 95% of the world's population, immediately associates the MERCK mark and name with the Objector.

Factor 4:

53. Given the fact that the Respondent was once a wholly-owned subsidiary of the Objector, and that the parties have for decades operated their businesses in accordance with a carefully-drafted (and periodically updated) reciprocal agreement for the appropriate use of their relevant trademarks, it is impossible to conclude that the Respondent selected the .MERCK TLD for registration without knowledge of the Objector and the Objector's superior rights in the MERCK mark on a global basis. The Respondent was likewise aware that its use of the TLD outside of North America would constitute a breach of the parties' agreement and infringement of the Objector's rights, yet it elected not to include any provisions limiting the scope of use of the space nor any geo-targeting restrictions. Moreover, the Respondent's alternative application for .MSD (Application No. 1-1704-5879) indicates that the Respondent would be able to operate a top-level space without infringing the Objector's rights.

Factor 5:

54. Although the Respondent does retain limited geographic rights to use the stand-alone MERCK trademark within North America, the Respondent does not possess the right to use "Merck" as a trademark throughout the rest of the world. Thus, if the Respondent's application for the .MERCK TLD were to be granted, the vast majority of the Internet-using public would be misled as to the source of origin of the materials displayed on the TLD's webpages. Internet users worldwide would falsely associate the Respondent's advertising, marketing, and corporate information with the Objector, its direct competitor. This would result in tremendous detriment to the Objector's business and the destruction of its global trademark rights.
55. As noted above, the LRO procedure (unlike the UDRP) does not require a finding of "bad faith" on the part of a Respondent to warrant a finding in favor of an Objector. The mere fact that a Respondent possesses some limited rights in a trademark does not insulate that party from action under the LRO, where said Respondent is intending to utilize the applied-for TLD space to trade on the rights of another, to pass its goods and services off as those of another, and to unjustly expand the scope of its limited trademark rights in flagrant violation of an enforceable reciprocal trademark use agreement.

Factor 6:

56. As noted above, the Respondent does possess the right to use the stand-alone "Merck" mark on a limited basis, and the Respondent does maintain business activities on a global scale under other trademark and business designations. That said, however, any use of the TLD space by the Respondent outside of North America (either directly or via licensing to "affiliates" located or conducting business outside of North America), or to display content to Internet visitors located in other countries, is outside the scope of the Respondent's rights in the mark. Simply because the Respondent possesses some limited rights in the "Merck" name does not entitle it to use the TLD space to engage in trademark infringement on a global scale. The Respondent has placed no limitations on the geographic location of entities allowed to register domain names within the space, thus enabling its corporate partners and subsidiaries active in international jurisdictions to blatantly trade under the Objector's mark, and has not provided for the use of any geo-targeting tools to mitigate issues of trademark dilution and Internet user confusion.

Factor 7:

57. The Respondent's proposed use of the TLD space is not consistent with the scope of its rights in the MERCK mark. Although the Respondent does conduct *bona fide* business, both within North America and internationally, it does not possess the right to utilize the stand-alone MERCK name in connection with those activities on a global basis. The Objector and the Respondent are active in the same specialized scientific industry, and at one time enjoyed a parent-and-subsiary relationship. It is impossible to assume that Internet users outside of North America would associate the .MERCK TLD with the Respondent, particularly where the majority of the world has associated the MERCK name with the Objector for over 340 years. The Respondent's rights to use the MERCK mark do not extend beyond North America, and therefore its stated use of the TLD (to license domain names without regard for the licensees' geographic locations) is inconsistent with the limited scope of its rights.
58. As noted, the Objector possesses the sole right to use the stand-alone MERCK trademark in over 200 countries, comprising 95% of the world's population. Therefore, a far greater percentage of potential Internet users associate the name and trademark MERCK with the Objector than with the Respondent. There is thus no way in which the Respondent's intended use of the applied-for TLD would be consistent with the limited geographic nature of its rights.
59. The Respondent has made no provisions to limit the accessibility of any websites available under .MERCK to Internet users within North America. Moreover, it has placed no restrictions (geographic, commercial, or otherwise) on the "affiliated" or "licensee" entities which may register and use second-level .MERCK domain names. The Respondent has thus proposed to allow a potentially unlimited number of unknown companies, individuals and entities to trade on the international goodwill, reputation and fame of the Objector's trademark.

Factor 8:

60. The Objector and the Respondent are active in the same industry, both maintain global customer bases, and both use the MERCK trademark. There can be no question that the Respondent's use of the TLD, if it were to be granted, would create an impermissible likelihood of confusion with the Objector's mark as to the source, sponsorship, affiliation, or endorsement of the gTLD. There is no conceivable use, consistent with the Application, to which the Respondent could

put the .MERCK TLD that would not result in confusion with the Objector's prior (and wider-reaching) rights, as well as the blatant infringement of the Objector's trademark rights on a global scale.

VI. Panel (of Experts)

(Procedure, art. 13; WIPO Rules for New gTLD Dispute Resolution, para. 8)

61. The Objector respectfully requests the Respondent to consent to the use of a three-member panel in resolving this dispute. If the Respondent will not agree to a three-member panel, as required under paragraph 3.4.4. of the Guidebook, the Objector will in the alternative request that the dispute be decided by a single-member Panel.

VII. Other Legal Proceedings

62. The Objector commenced legal action in the District Court of Hamburg, Germany, on March 11, 2013 with regard to trademark infringement committed by the Respondent in the context of social media and domain name registration. The Objector's lawsuit also seeks an injunction against the Respondent's potential use of the .MERCK gTLD, on the basis of international trademark infringement.
63. Should the Respondent be interested in seeking mediation of this dispute, as provided for under Module 3, Article 16 of the Respondent Guidebook and paragraph 12 of the WIPO Rules for New gTLD Dispute Resolution for Existing Legal Rights Objections, the Objector would be willing to engage in such process in order to find an amicable solution.

VIII. Communications

(Procedure, art. 6(b), 7(b))

64. A copy of this Objection has been sent electronically to the Respondent on March 12, 2013 by email to Contact Information Redacted and to ICANN on March 12, 2013 by email to newgtld@icann.org.

IX. Payment

(Procedure, art. 8(c); WIPO Rules for New gTLD Dispute Resolution, para. 10; Annex D to WIPO Rules for New gTLD Dispute Resolution)

65. As required by the Procedure and WIPO Rules for New gTLD Dispute Resolution, payment in the amount of USD 10,000 shall be debited from the WIPO Account No. 11672 held by the objector (Merck KGaA).

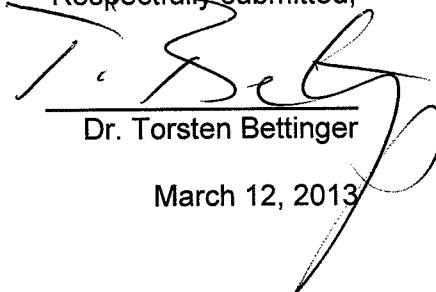
By submitting this Objection, the Objector acknowledges and agrees that further payments may be required, *e.g.*, in the event the parties elect Determination by a three-member Panel, or as may otherwise be provided in the Procedure and WIPO Rules for New gTLD Dispute Resolution.

X. Certification

(Procedure, art. 1(d) and 22;
WIPO Rules for New gTLD Dispute Resolution, para. 16)

66. The Objector understands and agrees that its claims and remedies concerning the application of the applied-for TLD, the instant Legal Rights Objection and the Determination thereof shall be solely against the Respondent, and neither the Expert(s)/Panel(ists), nor WIPO Center and its staff, nor ICANN and its Board members, employees and consultants shall be liable to any person for any act or omission in connection with any proceeding conducted under this Procedure.
67. By submitting this Objection to the WIPO Center the Objector hereby agrees to abide and be bound by the provisions of the applicable New gTLD Dispute Resolution Procedure and WIPO Rules for New gTLD Dispute Resolution.
68. The Objector certifies that the information contained in this Objection is to the best of the Objector's knowledge complete and accurate, that this Objection is not being presented for any improper purpose, such as to harass, and that the assertions in this Objection are warranted under the Procedure and under applicable law, as it now exists or as it may be extended by a good-faith and reasonable argument.

Respectfully submitted,



Dr. Torsten Bettinger

March 12, 2013

XI. Schedule of Annexes

- Annex 1:** Copy of the Respondent's Application No. 1-1702-73085
- Annex 2:** Copy of Merck's 2011 annual report
- Annex 3:** List of Merck Group companies
- Annex 4:** Copy of the Objector's German Trademark No. DD45659
- Annex 5:** Copy of the Objector's Community Trademark No. 283986
- Annex 6:** Full list of the Objector's "MERCK" trademarks
- Annex 7:** Copies of the Objector's ".MERCK" trademarks
- Annex 8:** History of the Trademark MERCK
- Annex 9:** Copies of Court and Trademark Office decisions finding the Objector's MERCK trademark to be well-known
- Annex 10:** Full list of the Objector's Merck-formative domain name registrations
- Annex 11:** Current TM Agreement between the parties and a table illustrating the Agreement's functionality
- Annex 12:** Printouts from the Respondent's <merck.com> homepage and product-related websites
- Annex 13:** Copies of Merck & Co.'s social media homepages where they self-identify as "Merck"
- Annex 14:** Copy of the Objector's application for relief in the German courts, regarding Merck & Co.'s infringing activities
- Annex 15:** Screen print of the Objector's homepage at <merck.de> showing the use of geo-targeting tools which prevent access from visitors located in North America
- Annex 16:** Information about the functionality of geo-targeting tools, as shown on Wikipedia
- Annex 17:** Copy of the Objector's Change Request form
- Annex 18:** Copy of the Objector's Public Interest Commitment statement

LEGAL RIGHTS OBJECTION

WIPO Model Form

(Annex A to WIPO Rules for New gTLD Dispute Resolution)

This Legal Rights Objection model form must be used by parties wishing to file a Legal Rights Objection with the World Intellectual Property Organization Arbitration and Mediation Center ("WIPO Center") pursuant to the New gTLD Dispute Resolution Procedure ("Procedure"), provided as an Attachment to Module 3 of the gTLD Applicant Guidebook ("Applicant Guidebook") (v. 2012-01-11) approved by the Internet Corporation for Assigned Names and Numbers ("ICANN") on June 20, 2011 and as updated on January 11, 2012. The specific grounds on which a Legal Rights Objection may be filed are outlined in Applicant Guidebook Module 3, art. 3.5.2.

Upon filing, a copy of this Objection must be provided to the Respondent and ICANN.

In accordance with the Applicant Guidebook and Procedure, the following information will be publicly posted on the WIPO Center's website:

- (i) the proposed string to which the Objection is directed;
- (ii) the names of the Objector and the Respondent;
- (iii) the grounds for the Objection; and
- (iv) the date of the WIPO Center's receipt of the Objection.

By submitting this Objection to the WIPO Center the Objector hereby agrees to abide and be bound by the provisions of the Procedure and the World Intellectual Property Organization Rules for New gTLD Dispute Resolution for Existing Legal Rights Objections ("WIPO Rules for New gTLD Dispute Resolution") in effect on the day when the relevant Application for a new gTLD was submitted, pursuant to Procedure, art. 1(d).

Pursuant to Procedure, art. 5 all submissions made in connection with this Procedure must be made in English; parties may submit supporting evidence in its original language, provided and subject to the authority of the Panel to determine otherwise, that such evidence is accompanied by a certified or otherwise official English translation of all relevant text.

In the event of any questions relating to the filing of a Legal Rights Objection under the Procedure, parties are invited to contact the WIPO Center by email at lro@wipo.int, or by telephone to +41 22 338 8247 or (toll free) 0800 888 549.

Before the:

**WORLD INTELLECTUAL PROPERTY ORGANIZATION
ARBITRATION AND MEDIATION CENTER**

Merck KGaA
Frankfurter Straße 250
64293 Darmstadt
Germany

(Objector)

-v-

Merck Registry Holdings, Inc.
One Merck Drive
Whitehouse Station, NJ 08889
United States of America

(Respondent)

**TLD string objected to: <.MERCK>
Application ID: 1-1702-28003**

LEGAL RIGHTS OBJECTION

(Applicant Guidebook, Module 3; Procedure, art. 6, 7, 8;
WIPO Rules for New gTLD Dispute Resolution, para. 4)

I. Introduction

1. This Legal Rights Objection is hereby submitted to the World Intellectual Property Organization Arbitration and Mediation Center ("WIPO Center") for determination in accordance with the New gTLD Dispute Resolution Procedure ("Procedure"), provided as an Attachment to Module 3 of the gTLD Applicant Guidebook ("Applicant Guidebook") approved by the Internet Corporation for Assigned Names and Numbers ("ICANN") on June 20, 2011 and as updated on January 11, 2012, and the World Intellectual Property Organization Rules for New gTLD Dispute Resolution for Existing Legal Rights Objections ("WIPO Rules for New gTLD Dispute Resolution") in effect on the day when the relevant Application for a new gTLD was submitted.

II. The Parties

A. The Objector

(Procedure, art. 8(a)(i))

2. The Objector in this proceeding is Merck KGaA, a partnership limited by shares incorporated under the laws of Germany, represented by its executive board,

consisting of Dr. Karl-Ludwig Kley (Chairman), Matthias Zachert, Dr. Kai Beckmann, Dr. Stefan Oschmann and Dr. Bernd Reckmann.

3. The Objector's contact details are:

Address: Contact Information Redacted

Phone:

E-mail:

Fax:

4. The Objector's authorized representative in this proceeding is:

Name: Dr. Torsten Bettinger
Address: Contact Information Redacted

Phone:

E-mail:

Fax:

5. The Objector's preferred contact details for purposes of this proceeding are:

For electronic-only material

Method: e-mail
Address: Contact Information Redacted
Contact: Dr. Torsten Bettinger

For any hardcopy material

Method: Fax
Address: n/a
Fax: Contact Information Redacted
Contact: Dr. Torsten Bettinger

B. The Respondent

(Procedure, art. 11(d)(1))

6. The Respondent in this proceeding is Merck Registry Holdings, Inc., a subsidiary of the Merck Sharp & Dohme Corp. Copies of the printout of the relevant ICANN posting, showing the Respondent's application for the TLD .merck, are provided as **Annex 1**.

7. All information known to the Objector regarding how to contact the Respondent is as follows

The Respondent's contact details are:

Address: Contact Information Redacted

Phone:

Contact Information Redacted

E-mail:
Fax:

The Respondent's authorized representative in this proceeding is:

Name: Mr. Joshua Bourne
Address: Contact Information Redacted

Phone:
E-mail:
Fax: (none provided in the Respondent's application)

III. TLD string objected to (applied-for TLD string):
(Procedure, art. 7, 8)

8. This Objection concerns the applied-for TLD string identified below:

<.MERCK>

9. The Objector is also filing LRO Complaints against two additional Applications filed by the Respondent, namely Application No. 1-1704-28482 and Application No. 1-1702-73085. All of these Complaints concern the Objector's trademark rights in the MERCK trademark and, accordingly, the Objector hereby requests that the three Complaints be consolidated for the purposes of the LRO proceeding.

IV. Jurisdictional Basis for the Objection
(Procedure, art. 1(d), 4(b)(ii))

10. By applying for a new gTLD, the Respondent has accepted the applicability of the Procedure and the WIPO Rules for New gTLD Dispute Resolution.


By filing the present Objection to a new gTLD, the Objector accepts the applicability of this Procedure and the WIPO Rules for New gTLD Dispute Resolution.

The parties cannot derogate from the Procedure without the express approval of ICANN and from the WIPO Rules for New gTLD Dispute Resolution without the express approval of the WIPO Center.

V. Factual and Legal Grounds
(Applicant Guidebook Module 3, art. 3.5.2; Procedure, art. 8)

11. Objector is the world's oldest pharmaceutical and chemicals company, and has been a leader in the industry since its founding as the Engel-Apotheke (Angel Pharmacy) in 1668. For more information about the Objector and its

longstanding business presence, please see **Annex 2** for a copy of its 2011 Annual Report.

12. Today Objector operates its worldwide business in more than 180 countries through over 250 affiliated companies which use Merck as the sole element or as a component of their company name, and use the figurative trademark No. 30130670, , as their umbrella brand. A list of the Merck Companies is attached as **Annex 3**. In 2011, Objector had over 40,000 employees and realized total revenues of EUR 10.27 billion, € 6.41 billion within the pharmaceuticals business sector. (Annual Report, page 34, provided as **Annex 2**).
13. Pursuant to the Procedure, art. 8(a)(ii), the Objector's bases for standing are the Objector's rights in the MERCK trademark, which it has used in commerce for well over hundred years.
14. *Trademark Protection in Europe and Worldwide*

Objector has used the trademark MERCK in Germany since the 19th century, and registered its MERCK mark (no. DD45659) in September of 1900 for goods in classes 1-5. An extract of the official trademark database is provided as **Annex 4**.
15. Objector is also the owner of community trademark registration No. 283986 for MERCK. This registration bears an application date of April 1, 1996, and claimed priority via German trademark Nr. 45659 ("MERCK", applied for on January 11, 1900 and deleted upon request of the Objector on June 1, 2010). The Community trademark is registered in classes 3, 2, 16, 41 and 42. An extract of the official trademark database is provided as **Annex 5**.
16. Today, Objector holds rights in the name and the trademark "Merck" in more than 200 countries worldwide. A list of the Objector's trademark registrations for the MERCK mark is attached as **Annex 6**. Additionally, the Objector is the owner of two registered trademarks for ".MERCK", which provide protection in 33 jurisdictions. Copies of these additional registrations are provided in **Annex 7**.

A Trademark History showing the development of the Trademark "Merck" over the last 340 years is provided as **Annex 8**.
17. *"Merck" is Entitled to Protection as a "Well-Known Mark"*

The company name and trademark "MERCK" were distinctive upon inception, as the name "Merck" is an unusual surname in Germany. This distinctiveness has been strengthened due to continuous and extensive use over a period dating back to the 19th century. Currently, in 2011, sales of EUR 10.27 billion were generated and the Objector's marketing budget exceeded EUR 2.39 billion. See Merck's Annual Report, page 126, provided as **Annex 2**.
18. The Company name and the trademark are therefore well-known in Europe and a multitude of countries outside North America, not only among doctors, pharmacists and other healthcare professionals but also among the general public.
19. The fact that the Objector's "Merck" trademark is "well-known" has been recognized by courts and trademark offices in numerous jurisdictions

worldwide, including, for example, in Bulgaria, the Czech Republic, Egypt, Germany, Japan, Mexico, and South Korea. Due to WIPO's file size limitations, only a sampling of these decisions are provided as **Annex 9**, but additional decisions will be provided on request.

20. *Domain Names*

The Objector and members of its Merck Community are also the registrants of a vast number of domain names, which contain or consist solely of the Merck mark, in both gTLD and ccTLD spaces, in almost all countries outside North America (where the Objector has the right to use the stand-alone trademark "Merck"). A full list of these Merck-formative domain names is provided as **Annex 10**.

21. *Historical Background and Agreements Between the Parties Concerning the Use of the Trademark and Company Name "Merck"*

The Respondent's parent company, Merck Sharp & Dohme, Corp. (formerly known as Merck & Co. Inc.)¹ was founded as a daughter company of the Objector, which the Objector held as a wholly-owned subsidiary until the end of the First World War and the imposition of the United States federal "Trading with the Enemy Act" of 1917. At that time, the Objector was forced to surrender its entire stake in the United States subsidiary. Since that time, the Respondent's parent Company has operated as a separate and independent American pharmaceuticals company.

22. In the 1930s, the two companies negotiated a solution for their coexistence. As at that time Objector had rights in the trademark and name "MERCK" worldwide (except within the US and Canada), and the Objector's former subsidiary, Merck & Co., Inc. (the Respondent's parent company) possessed domestic rights within North America, the companies agreed on a territorial differentiation of rights:

- a) The Respondent has the right to use the word "MERCK" as a brand and company name only within North America (U.S. and Canada). Outside North America, the Respondent and its subsidiaries use a different name and a different brand – generally utilizing the name Merck Sharp & Dohme and the brand "MSD." The German subsidiary of the Respondent operates under "MSD Sharp & Dohme Limited" and the acronym "MSD."
- b) With regard to the Objector and its subsidiaries, the situation is a mirror image. In North America (U.S. and Canada) the Objector and its international subsidiaries trade under the acronym "EMD." Throughout the rest of the world, the Objector has the exclusive right to use the MERCK mark as a brand and to use "Merck" in company names.

23. This solution for mutual coexistence was codified in a binding contractual agreement between the parties. The first agreement was signed in 1932, and was later updated in 1955. These initial documents were replaced

¹ As the Applicant acts on behalf of its parent company, and (pursuant to its Application for the TLD space), intends to manage the TLD on behalf of its parent, all references to "the Respondent" shall refer jointly to Merck Registry Holdings, Inc. and Merck Sharp & Dohme, Corp.

by a further agreement in January 1970, which is still valid and binding on both the Respondent and the Objector, who are the successors of the former contracting parties.

24. Objector has provided a copy of the currently-valid Agreement, signed in 1970 and a table illustrating the essential points of the agreement, as **Annex 11**. Within the context of this proceeding, no contractual claims are asserted, but the Objector believes this agreement may be of material assistance to the Panel in assessing the relevant legal positions of the parties.

25. *Recent Developments*

In recent years, the Respondent has taken numerous steps in an unauthorized attempt to dramatically expand its use of the term “Merck,” both as a stand-alone trademark on the Internet outside of North America, in direct violation of the Objector’s legal rights in the MERCK trademark and in a manner contrary to the provisions of the parties’ presently enforceable usage agreement.

26. The Respondent has registered and is using the domain name <merck.com> for a website which shows the company’s full range of products and services as well as the company’s other business activities. This website has prominently employed the trademark “Merck” and the figurative trademark



Be well. Printouts of the homepage and product-related websites are provided as **Annex 12**. The Respondent has also registered various additional domain names which utilize “merck” as the sole distinctive element, such as <merckengage.com>, <merckservices.com>, and <merckformothers.com>, and is actively using social media “handles” which identify the Respondent solely as “Merck,” including on such popular services as Facebook, Twitter, LinkedIn and YouTube. Printouts of the Respondent’s websites and online presences are provided as **Annex 13**. These websites and services are not limited to viewers in North America, and the Respondent has made no attempt to utilize geotargeting tools to prevent the damage caused by its actions. The only, grossly inadequate, measure the Respondent has taken in this regard is to provide some minimal fingerprint disclaimer text on some of the home-pages for these services. For example, the Respondent uses a disclaimer in the Terms of Use on its product-related websites under “www.merck.com,” stating that “[t]he Product websites are intended for use in the United States, its territories and Puerto Rico ...” and on the Respondent’s Twitter Page, a small print statement reads “Intended for U.S. residents only.” No actual attempt to prevent visitors from outside of North America from viewing these pages, and thereby being misled as to the Respondent’s limited scope of rights in the Merck name, is made on any of the Respondent’s websites or social media homepages.

27. These websites and services are accessible to Internet users around the world, including in jurisdictions where the Respondent has no right to use the term “Merck” as a stand-alone mark. By the time an international visitor has navigated to the website, it has already suffered initial interest confusion, and indeed elected to visit the site solely on the misconception that the Respondent’s website or service, utilizing the stand-alone Merck mark, was instead provided by the Objector.
28. All these infringing activities are outside the boundaries of the parties’ mutual trademark use agreement and also amount to an infringement of the Objector’s rights in the MERCK mark and name on a global scale.

29. The Objector has regularly objected to the Respondent's above-mentioned infringing activities and proposed settlement agreements with regard to the use of the trademark Merck on the Internet. These settlement proposals and correspondence will be provided on request. As the parties could not find an amicable solution, on March 11, 2013 Objector took legal action against all of the Respondent's above-described infringing activities (amongst others) before the District Court of Hamburg (File No. 327 O 140/13), requesting an injunction against the Merck Sharp & Dohme (MSD), its U.S. parent Company Merck & Co. Inc. and its German subsidiary MSD Sharp & Dohme GmbH. A copy of the request for relief as well as an English translation thereof is provided as **Annex 14**. The Objector is preparing additional legal measures in other jurisdictions. These judicial proceedings are currently pending and are unlikely to be resolved before decisions are rendered on Legal Rights Objections within the current ICANN application round.
30. The possible use of the .MERCK TLD by the Respondent, however, would constitute a far greater harm than the above-mentioned concerns, due to the manner of use proposed within the Respondent's Application.
31. According to §18(a) of its Application, the Respondent intends to open the .MERCK TLD for registration in 4 phases:
- (i) First, a testing phase, in which to gauge operational capacity.
 - (ii) Second, a broader registration period, opening the space to "more widespread internal corporate use." There is no provision limiting the registration of .MERCK domain names to corporate entities operational within North America, despite the fact that registration of such names by entities in international jurisdictions would constitute a violation of the Objector's trademark rights.
 - (iii) Third, the space would be further opened to include registrations by "MSD licensees or strategic parties." Here again, no consideration of the parties' geographic concerns is provided and, additionally, the Respondent has provided no mechanism to mitigate the foreseeable and obvious harm to the Objector should an international entity with no connection to the Objector be issued a .MERCK domain name.
 - (iv) Fourth, and perhaps most troubling, is the intention to "expand the gTLDs beyond corporate use." The Respondent intends to offer registrations to its "qualified subsidiaries, affiliates, licensees, and strategic parties," without any consideration of the geographic location of those entities, or the harm which would result to the Objector's should parties wholly unrelated to the Objector would be allowed to trade under the Merck name.
32. Thus, the Respondent has provided no geographically-based limitations on which corporate entities or "affiliates" may register domain names within the .MERCK TLD. The Respondent clearly intends to allow entities associated with its enterprise who are located outside of North America to register and use domain names within the .MERCK space. This is a gross violation of the parties' trademark use and name agreement, and a drastic infringement of the Objector's trademark rights. If the Respondent were permitted to identify its activities as those of "Merck" outside of North America, and to enable subsidiaries located potentially all around the world to self-brand under the

.MERCK TLD, it would cause substantial damage to the Objector's brand and worldwide reputation.

33. Additionally, there is no provision in the Respondent's materials to indicate that it will limit access to the websites displayed under the .MERCK TLD to users in North America, using geo-targeting or otherwise, nor any restrictions requiring potential third-party users to employ similar measures. Accordingly, the Objector has also requested the Court of Hamburg to issue an injunction against the Respondent's use of the gTLD within Europe, should the Respondent's application be delegated by ICANN. See **Annex 14**.
34. It is important to note in this context that the Objector does, in fact, utilize geo-targeting tools to ensure that visitors from North America cannot access website content in which the Objector is identified as "Merck." Internet users in North America who enter "www.merck.de" into a browser will automatically be redirected to "www.emdgroup.com," where the Objector is identified as "Merck KGaA, Darmstadt – Germany." See **Annex 15** for screen shots of this redirection. Detailed information about the functionality and common uses of geotargeting are outlined in a Wikipedia article, provided as **Annex 16**. Moreover, the Objector has expressly indicated that it will refrain from permitting members of its organization located within North America from registering and using domain names within its applied-for TLD, and that it will utilize geo-targeting tools to prevent access to such sites by visitors from North America. These commitments are the subject of a current change request, in the interest of making them clear and explicit, and will be included in the Objector's Public Interest Commitments covering Questions 18 and 20 of its application. The Objector has informed the Respondent of its intent not to use and register domain names within North America. See **Annexes 17 and 18**.

The LRO Elements (Guidebook, art. 3.5.2; Procedure, art. 8(a)(iii)(bb))

Elements (i) and (ii)

35. The wording of standards (i) and (ii) is derived in large part from traditional trademark law provisions for the protection of well-known marks, which aims to provide broader protection beyond the standard scope of likelihood of confusion (see for example Article 5(2) of the First Council Directive of 21 December 1988 to approximate the laws of the Member States relating to trade marks (89/104/EEC) and Art. 9 c Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark).
36. The Respondent's intended use of the TLD clearly fulfills these standards. As noted above, the Objector's MERCK mark has a strong reputation in the countries outside of North America, and enjoys the status of a well-known mark.
37. As also mentioned above, outside North America the company name and stand-alone trademark MERCK are uniquely associated with the Objector and its activities within the pharmaceutical industry.
38. It is obvious, in light of the fact that the parties are active in the same sector and the MERCK gTLD is identical with Objector's trademark, that the average reasonably observant and circumspect Internet user, particularly outside the United States and Canada, would immediately associate content displayed on websites active at second-level domains within the TLD space with the Objector and its business endeavors. This association in the minds of Internet users would result in the dilution of the Objector's mark, since it would no longer serve

as a distinctive identifier of the Objector's goods within the world-wide marketplace. Noting that the Objector possesses the sole right to use the stand-alone MERCK mark in jurisdictions where 95% of the world's population is located, it is evident that the Respondent's ability to advertise its goods in those locales would result in confusion for potential customers seeking to identify the goods and services properly marketed under the MERCK trademark.

39. Therefore, the Respondent's proposed use of the space takes unfair advantage of the distinctive character and reputation of the Objector's mark, resulting in dilution of the mark's well-known character and blurring of its status as a source-identifier. If the Respondent were permitted to use the .MERCK TLD to promote its business in jurisdictions where it does not possess rights to use the Merck stand-alone mark, the mark would lose its ability to identify the goods or services of the Objector in the relevant international locations. Customers would find it difficult to differentiate the offerings of the Objector and Respondent, and the mark would cease to arouse an immediate association with the Objector's goods and services (for which it is registered on a global basis).
40. Additionally, as the Respondent intends to use the TLD space to brand itself as "Merck" and to allow affiliates and licensees to promote their goods on an international basis in jurisdictions where the Objector possesses sole rights to use the term, it is clear the Respondent intends to ride on the coat-tails of the stand-alone MERCK mark's reputation and to exploit the power of attraction, the reputation and the prestige of the mark which the Objector has built in its Merck trademark through 340 years of business
41. Such use of the gTLD would be severely detrimental to the Objector and take unfair advantage of the distinctive character and reputation of the Objector's rights within the meaning of the LRO substantive criteria.
42. Although the Respondent does possess the right to use the Merck trademark within the territory of North America, this fact does not prevent a finding that the Respondent's proposed use of the TLD constitutes an unjustified impairment of the Objector's rights. The Respondent intends to utilize the space to exceed the scope of its protection and to trade on the reputation of the Objector, which is impermissible under the standards of the LRO Policy. This is because the Respondent has dramatically overstepped the bounds of its trademark protection, and is attempting to take unfair advantage of the distinctive character of the Objector's mark in international jurisdictions for the Respondent's own economic advantage. By contrast, in the Objector's own application for the TLD space, provisions are already in place to prevent harm to the Respondent's mark, and to avoid encroachment on the Respondent's rights within its limited territory of protection.
43. The three elements of the LRO proceeding, unlike a UDRP procedure, do not contain any provision requiring bad faith activity on the part of the Respondent. Therefore, it is not necessary for the Objector to prove that the Respondent selected the TLD string in bad faith as a precondition for a Panel decision ordering the abandonment of the Respondent's application. The LRO procedure, rather, is concerned with the infringement of an Objector's trademark rights, and the resulting impairment of the distinctive character and reputation of the Objector's mark which would naturally result should the Respondent's application be granted. The Respondent's limited right to use the stand-alone MERCK mark within North America does not provide it with a sufficient basis for its application, as the use of the TLD outlined in its Application would cause irreparable harm to the Objector and its exclusive rights in the mark in all jurisdictions save North America.

44. As noted above, the Respondent has previously utilized a minimal form of disclaimer text on its websites, ostensibly attempting to ameliorate the risk of Internet user confusion. Such text is incapable of preventing harm to the Objector, particularly where the Respondent allows international traffic to view websites on which it self-identifies as “Merck.” In the context of the contested .MERCK TLD, the use of such disclaimers on websites displayed within the space would be woefully inadequate to prevent Internet user confusion or trademark infringement concerns. Even if the disclaimer were to be prominently displayed, Internet users familiar with the Objector’s trademark and its internationally recognized activities would still elect to visit the .MERCK TLD space on the erroneous assumption that the content thereon was provided by the Objector. This association will lead to a loss of trust in the Objector’s business, erosion of its reputation, and the gain of unjust financial benefit for the Respondent.
45. Furthermore, it is clear from the concept of use described in the Application that the Respondent will not and, given the text of its Application (wherein no provision is made to prevent entities located outside of North America from registering and using domains within the TLD), cannot use geo-targeting tools to prevent any Internet traffic originating from countries outside North America from accessing websites within the Respondent’s proposed .MERCK space. By contrast, the Objector already utilizes geo-targeting technology to prevent Internet user confusion on its many international websites, and has committed to doing so in its own application for the TLD space.
46. Perhaps more distressing, it is clearly the Respondent’s intention to allow the registration of domains by its corporate divisions, licensees and unspecified “affiliates” which are located and doing business in jurisdictions in which the Objector has the sole right to use the stand-alone Merck trademark. Had the Respondent provided for robust safeguard measures to avoid violating the scope of its rights, and to prevent any resulting harm to the Objector and confusion for Internet users (including, *inter alia*, binding provisions limiting registration of .MERCK domains to wholly-controlled entities operating only within North America and geo-targeting technologies to prevent access from Internet users outside that region), some of this harm might be mitigated. The Respondent has not done so, and indeed is affirmatively using its Application to unjustifiably trade on the reputation and goodwill of the Objector, and to improperly expand the geographically limited scope of its trademark rights.

Element (iii)

47. With regard to the third element above, the applied-for TLD and the Objector’s trademark are identical, and will be used in connection with the promotion and sale of the same categories of goods and services. The likelihood of confusion by Internet users is therefore a certainty.
48. The Respondent’s stated use of the TLD would take unfair advantage of the Objector’s MERCK trademark in numerous jurisdictions worldwide. The Objector is the registered owner of the MERCK mark in over 200 countries, which are the domicile of 95% of the world’s population. It is impossible to imagine that an average Internet user, upon seeing a domain name in the format “[text].MERCK”, would immediately recognize that the content displayed at such a site was not connected with the Objector, which holds the rights to use the MERCK trademark in most of the world. This is particularly the case where, as here, the Objector and Respondent are engaged in the same industry (for a description of the Respondent’s business activities, see §18 of its Application

(Annex 1)). The use of any disclaimer text, even if substantially more effective than the statements occasionally used by the Respondent at present, would be grossly ineffective to mitigate the risk of confusion, as Internet users outside of North America will immediately associate the “.MERCK” extension with the Objector. By the time the visitor is directed to the website and views the content thereon, the Objector has already been harmed by the association of the Respondent’s (or its various “licensees”) activities with the Objector’s mark.

The Eight Additional Factors

49. The Respondent’s infringement of the above standards is further confirmed when the following non-exclusive eight factors are considered.

Factor 1:

50. The gTLD and the trademark are identical and are to be used in conjunction with the advertising and promotion of the same goods and services. Thus, the risk of confusion (and trademark infringement) is certain.

Factor 2:

51. As the Objector is the original owner of the MERCK mark, registered in 1900, the Objector’s acquisition and use of its rights in the mark are clearly *bona fide*. The Objector has made continuous, uninterrupted use of the MERCK mark throughout its long company history (see **Annex 8**) and the Merck brand is synonymous with the strong reputation and goodwill which the Objector has built through generations of outstanding customer service and quality innovation.

Factor 3:

52. As noted above, the Objector’s mark has been determined by numerous courts across the world to be well-known. Accordingly, a broad range of consumers, in countries comprising 95% of the world’s population, immediately associates the MERCK mark and name with the Objector.

Factor 4:

53. Given the fact that the Respondent was once a wholly-owned subsidiary of the Objector, and that the parties have for decades operated their businesses in accordance with a carefully-drafted (and periodically updated) reciprocal agreement for the appropriate use of their relevant trademarks, it is impossible to conclude that the Respondent selected the .MERCK TLD for registration without knowledge of the Objector and the Objector’s superior rights in the MERCK mark on a global basis. The Respondent was likewise aware that its use of the TLD outside of North America would constitute a breach of the parties’ agreement and infringement of the Objector’s rights, yet it elected not to include any provisions limiting the scope of use of the space nor any geo-targeting restrictions. Moreover, the Respondent’s alternative application for .MSD (Application No. 1-1704-5879) indicates that the Respondent would be able to operate a top-level space without infringing the Objector’s rights.

Factor 5:

54. Although the Respondent does retain limited geographic rights to use the stand-alone MERCK trademark within North America, the Respondent does not possess the right to use “Merck” as a trademark throughout the rest of the world. Thus, if the Respondent’s application for the .MERCK TLD were to be

granted, the vast majority of the Internet-using public would be misled as to the source of origin of the materials displayed on the TLD's webpages. Internet users worldwide would falsely associate the Respondent's advertising, marketing, and corporate information with the Objector, its direct competitor. This would result in tremendous detriment to the Objector's business and the destruction of its global trademark rights.

55. As noted above, the LRO procedure (unlike the UDRP) does not require a finding of "bad faith" on the part of a Respondent to warrant a finding in favor of an Objector. The mere fact that a Respondent possesses some limited rights in a trademark does not insulate that party from action under the LRO, where said Respondent is intending to utilize the applied-for TLD space to trade on the rights of another, to pass its goods and services off as those of another, and to unjustly expand the scope of its limited trademark rights in flagrant violation of an enforceable reciprocal trademark use agreement.

Factor 6:

56. As noted above, the Respondent does possess the right to use the stand-alone "Merck" mark on a limited basis, and the Respondent does maintain business activities on a global scale under other trademark and business designations. That said, however, any use of the TLD space by the Respondent outside of North America (either directly or via licensing to "affiliates" located or conducting business outside of North America), or to display content to Internet visitors located in other countries, is outside the scope of the Respondent's rights in the mark. Simply because the Respondent possesses some limited rights in the "Merck" name does not entitle it to use the TLD space to engage in trademark infringement on a global scale. The Respondent has placed no limitations on the geographic location of entities allowed to register domain names within the space, thus enabling its corporate partners and subsidiaries active in international jurisdictions to blatantly trade under the Objector's mark, and has not provided for the use of any geo-targeting tools to mitigate issues of trademark dilution and Internet user confusion.

Factor 7:

57. The Respondent's proposed use of the TLD space is not consistent with the scope of its rights in the MERCK mark. Although the Respondent does conduct *bona fide* business, both within North America and internationally, it does not possess the right to utilize the stand-alone MERCK name in connection with those activities on a global basis. The Objector and the Respondent are active in the same specialized scientific industry, and at one time enjoyed a parent-and-subsiary relationship. It is impossible to assume that Internet users outside of North America would associate the .MERCK TLD with the Respondent, particularly where the majority of the world has associated the MERCK name with the Objector for over 340 years. The Respondent's rights to use the MERCK mark do not extend beyond North America, and therefore its stated use of the TLD (to license domain names without regard for the licensees' geographic locations) is inconsistent with the limited scope of its rights.
58. As noted, the Objector possesses the sole right to use the stand-alone MERCK trademark in over 200 countries, comprising 95% of the world's population. Therefore, a far greater percentage of potential Internet users associate the name and trademark MERCK with the Objector than with the Respondent. There is thus no way in which the Respondent's intended use of the applied-for TLD would be consistent with the limited geographic nature of its rights.

59. The Respondent has made no provisions to limit the accessibility of any websites available under .MERCCK to Internet users within North America. Moreover, it has placed no restrictions (geographic, commercial, or otherwise) on the “affiliated” or “licensee” entities which may register and use second-level .MERCCK domain names. The Respondent has thus proposed to allow a potentially unlimited number of unknown companies, individuals and entities to trade on the international goodwill, reputation and fame of the Objector’s trademark.

Factor 8:

60. The Objector and the Respondent are active in the same industry, both maintain global customer bases, and both use the MERCK trademark. There is no conceivable use, consistent with the Application, to which the Respondent could put the .MERCCK TLD that would not result in confusion with the Objector’s prior (and wider-reaching) rights, as well as the blatant infringement of the Objector’s trademark rights on a global scale.

VI. Panel (of Experts)

(Procedure, art. 13; WIPO Rules for New gTLD Dispute Resolution, para. 8)

61. The Objector respectfully requests the Respondent to consent to the use of a three-member panel in resolving this dispute. If the Respondent will not agree to a three-member panel, as required under paragraph 3.4.4. of the Guidebook, the Objector will in the alternative request that the dispute be decided by a single-member Panel.

VII. Other Legal Proceedings

62. The Objector commenced legal action in the District Court of Hamburg, Germany, on March 11, 2013 with regard to trademark infringement committed by the Respondent in the context of social media and domain name registration. The Objector’s lawsuit also seeks an injunction against the Respondent’s potential use of the .MERCCK gTLD, on the basis of international trademark infringement.
63. Should the Respondent be interested in seeking mediation of this dispute, as provided for under Module 3, Article 16 of the Respondent Guidebook and paragraph 12 of the WIPO Rules for New gTLD Dispute Resolution for Existing Legal Rights Objections, the Objector would be willing to engage in such process in order to find an amicable solution.

VIII. Communications

(Procedure, art. 6(b), 7(b))

64. A copy of this Objection has been sent electronically to the Respondent on March 12, 2013 to Contact Information Redacted and to ICANN on March 12, 2013 by email to newgtld@icann.org.

IX. Payment

(Procedure, art. 8(c); WIPO Rules for New gTLD Dispute Resolution, para. 10;
Annex D to WIPO Rules for New gTLD Dispute Resolution)

65. As required by the Procedure and WIPO Rules for New gTLD Dispute Resolution, payment in the amount of USD 10,000 shall be debited from the WIPO Account No. 11672 held by the objector (Merck KGaA).

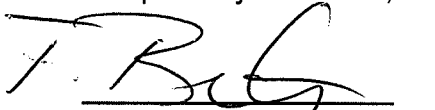
By submitting this Objection, the Objector acknowledges and agrees that further payments may be required, *e.g.*, in the event the parties elect Determination by a three-member Panel, or as may otherwise be provided in the Procedure and WIPO Rules for New gTLD Dispute Resolution.

X. Certification

(Procedure, art. 1(d) and 22;
WIPO Rules for New gTLD Dispute Resolution, para. 16)

66. The Objector understands and agrees that its claims and remedies concerning the application of the applied-for TLD, the instant Legal Rights Objection and the Determination thereof shall be solely against the Respondent, and neither the Expert(s)/Panel(ists), nor WIPO Center and its staff, nor ICANN and its Board members, employees and consultants shall be liable to any person for any act or omission in connection with any proceeding conducted under this Procedure.
67. By submitting this Objection to the WIPO Center the Objector hereby agrees to abide and be bound by the provisions of the applicable New gTLD Dispute Resolution Procedure and WIPO Rules for New gTLD Dispute Resolution.
68. The Objector certifies that the information contained in this Objection is to the best of the Objector's knowledge complete and accurate, that this Objection is not being presented for any improper purpose, such as to harass, and that the assertions in this Objection are warranted under the Procedure and under applicable law, as it now exists or as it may be extended by a good-faith and reasonable argument.

Respectfully submitted,



Dr. Torsten Bettinger

March 12, 2012

XI. Schedule of Annexes

- Annex 1:** Copy of the Respondent's Application No. 1-1702-28003
- Annex 2:** Copy of Merck's 2011 annual report
- Annex 3:** List of Merck Group companies
- Annex 4:** Copy of the Objector's German Trademark No. DD45659
- Annex 5:** Copy of the Objector's Community Trademark No. 283986
- Annex 6:** Full list of the Objector's "MERCK" trademarks
- Annex 7:** Copies of the Objector's ".MERCK" trademarks
- Annex 8:** History of the Trademark MERCK
- Annex 9:** Copies of Court and Trademark Office decisions finding the Objector's MERCK trademark to be well-known
- Annex 10:** Full list of the Objector's Merck-formative domain name registrations
- Annex 11:** Current TM Agreement between the parties and a table illustrating the Agreement's functionality
- Annex 12:** Printouts from the Respondent's <merck.com> homepage and product-related websites
- Annex 13:** Copies of Merck & Co.'s social media homepages where they self-identify as "Merck"
- Annex 14:** Copy of the Objector's application for relief in the German courts, regarding Merck & Co.'s infringing activities
- Annex 15:** Screen print of the Objector's homepage at <merck.de> showing the use of geo-targeting tools which prevent access from visitors located in North America
- Annex 16:** Information about the functionality of geo-targeting tools, as shown on Wikipedia
- Annex 17:** Copy of the Objector's Change Request form
- Annex 18:** Copy of the Objector's Public Interest Commitment statement

LEGAL RIGHTS OBJECTION

WIPO Model Form

(Annex A to WIPO Rules for New gTLD Dispute Resolution)

This Legal Rights Objection model form must be used by parties wishing to file a Legal Rights Objection with the World Intellectual Property Organization Arbitration and Mediation Center ("WIPO Center") pursuant to the New gTLD Dispute Resolution Procedure ("Procedure"), provided as an Attachment to Module 3 of the gTLD Applicant Guidebook ("Applicant Guidebook") (v. 2012-01-11) approved by the Internet Corporation for Assigned Names and Numbers ("ICANN") on June 20, 2011 and as updated on January 11, 2012. The specific grounds on which a Legal Rights Objection may be filed are outlined in Applicant Guidebook Module 3, art. 3.5.2.

Upon filing, a copy of this Objection must be provided to the Respondent and ICANN.

In accordance with the Applicant Guidebook and Procedure, the following information will be publicly posted on the WIPO Center's website:

- (i) the proposed string to which the Objection is directed;
- (ii) the names of the Objector and the Respondent;
- (iii) the grounds for the Objection; and
- (iv) the date of the WIPO Center's receipt of the Objection.

By submitting this Objection to the WIPO Center the Objector hereby agrees to abide and be bound by the provisions of the Procedure and the World Intellectual Property Organization Rules for New gTLD Dispute Resolution for Existing Legal Rights Objections ("WIPO Rules for New gTLD Dispute Resolution") in effect on the day when the relevant Application for a new gTLD was submitted, pursuant to Procedure, art. 1(d).

Pursuant to Procedure, art. 5 all submissions made in connection with this Procedure must be made in English; parties may submit supporting evidence in its original language, provided and subject to the authority of the Panel to determine otherwise, that such evidence is accompanied by a certified or otherwise official English translation of all relevant text.

In the event of any questions relating to the filing of a Legal Rights Objection under the Procedure, parties are invited to contact the WIPO Center by email at lro@wipo.int, or by telephone to +41 22 338 8247 or (toll free) 0800 888 549.

Before the:

**WORLD INTELLECTUAL PROPERTY ORGANIZATION
ARBITRATION AND MEDIATION CENTER**

Merck KGaA
Frankfurter Straße 250
64293 Darmstadt
Germany

(Objector)

-v-

MSD Registry Holdings, Inc.
One Merck Drive
Whitehouse Station, NJ 08889
United States of America

(Respondent)

**TLD string objected to: <.MERCKMSD>
Application ID: 1-1704-28482**

LEGAL RIGHTS OBJECTION

(Applicant Guidebook, Module 3; Procedure, art. 6, 7, 8;
WIPO Rules for New gTLD Dispute Resolution, para. 4)

I. Introduction

1. This Legal Rights Objection is hereby submitted to the World Intellectual Property Organization Arbitration and Mediation Center ("WIPO Center") for determination in accordance with the New gTLD Dispute Resolution Procedure ("Procedure"), provided as an Attachment to Module 3 of the gTLD Applicant Guidebook ("Applicant Guidebook") approved by the Internet Corporation for Assigned Names and Numbers ("ICANN") on June 20, 2011 and as updated on January 11, 2012, and the World Intellectual Property Organization Rules for New gTLD Dispute Resolution for Existing Legal Rights Objections ("WIPO Rules for New gTLD Dispute Resolution") in effect on the day when the relevant Application for a new gTLD was submitted.

II. The Parties

A. The Objector

(Procedure, art. 8(a)(i))

2. The Objector in this proceeding is Merck KGaA, a partnership limited by shares incorporated under the laws of Germany, represented by its executive board,

consisting of Dr. Karl-Ludwig Kley (Chairman), Matthias Zachert, Dr. Kai Beckmann, Dr. Stefan Oschmann and Dr. Bernd Reckmann.

3. The Objector's contact details are:

Address: Contact Information Redacted

Phone:

E-mail:

Fax:

4. The Objector's authorized representative in this proceeding is:

Name: Dr. Torsten Bettinger

Address: Contact Information Redacted

Phone:

E-mail:

Fax:

5. The Objector's preferred contact details for purposes of this proceeding are:

For electronic-only material

Method: e-mail

Address: Contact Information Redacted

Contact: Dr. Torsten Bettinger

For any hardcopy material

Method: Fax

Address: n/a

Fax: Contact Information Redacted

Contact: Dr. Torsten Bettinger

B. The Respondent

(Procedure, art. 11(d)(1))

6. The Respondent in this proceeding is MSD Registry Holdings, Inc., a subsidiary of the Merck Sharp & Dohme Corp. Copies of the printout of the relevant ICANN posting, showing the Respondent's application for the TLD .merck, are provided as **Annex 1**.

7. All information known to the Objector regarding how to contact the Respondent is as follows

The Respondent's contact details are:

Address: Contact Information Redacted

Phone:

E-mail:
Fax:

The Respondent's authorized representative in this proceeding is:

Name: Mr. Joshua Bourne
Address: Contact Information Redacted

Phone:
E-mail:
Fax:

III. TLD string objected to (applied-for TLD string):
(Procedure, art. 7, 8)

8. This Objection concerns the applied-for TLD string identified below:

<.MERCKMSD>

9. The Objector is also filing LRO Complaints against two additional Applications filed by the Respondent, namely Application No. 1-1702-28003 and Application No. 1-1702-73085. All of these Complaints concern the Objector's trademark rights in the MERCK trademark and, accordingly, the Objector hereby requests that the three Complaints be consolidated for the purposes of the LRO proceeding.

IV. Jurisdictional Basis for the Objection
(Procedure, art. 1(d), 4(b)(ii))

10. By applying for a new gTLD, the Respondent has accepted the applicability of the Procedure and the WIPO Rules for New gTLD Dispute Resolution.

By filing the present Objection to a new gTLD, the Objector accepts the applicability of this Procedure and the WIPO Rules for New gTLD Dispute Resolution.


The parties cannot derogate from the Procedure without the express approval of ICANN and from the WIPO Rules for New gTLD Dispute Resolution without the express approval of the WIPO Center.

V. Factual and Legal Grounds
(Applicant Guidebook Module 3, art. 3.5.2; Procedure, art. 8)

11. Objector is the world's oldest pharmaceutical and chemicals company, and has been a leader in the industry since its founding as the Engel-Apotheke (Angel

Pharmacy) in 1668. For more information about the Objector and its longstanding business presence, please see **Annex 2** for a copy of its most recent Annual Report.

12. Today Objector operates its worldwide business in more than 180 countries through over 250 affiliated companies which use Merck as the sole element or as a component of their company name, and use the figurative trademark No.

30130670, , as their umbrella brand. A list of the Merck Companies is attached as **Annex 3**. In 2011, Objector had over 40,000 employees and realized total revenues of EUR 10.27 billion, € 6,41 billion within the pharmaceuticals business sector. (Annual Report, page 34, provided as **Annex 2**).

13. Pursuant to the Procedure, art. 8(a)(ii), the Objector's bases for standing are the Objector's rights in the MERCK trademark, which it has used in commerce for well over hundred years.

14. *Trademark Protection in Europe and Worldwide*

Objector has used the trademark MERCK in Germany since the 19th century, and registered its MERCK mark (no. DD45659) in September of 1900 for goods in classes 1-5. An extract of the official trademark database is provided as **Annex 4**.

15. Objector is also the owner of community trademark registration No. 283986 for MERCK. This registration bears an application date of April 1, 1996, and claimed priority via German trademark Nr. 45659 ("MERCK", applied for on January 11, 1900 and deleted upon request of the Objector on June 1, 2010). The Community trademark is registered in classes 3, 2, 16, 41 and 42. An extract of the official trademark database is provided as **Annex 5**.

16. Today, Merck KGaA holds rights in the name and the trademark "Merck" in more than 200 countries worldwide. A full list of the Objector's trademark registrations for the MERCK mark is attached as **Annex 6**. Additionally, the Objector is the owner of two registered trademarks for ".MERCK", which provide protection in 33 jurisdictions. Copies of these additional registrations are provided in **Annex 7**.

A Trademark History showing the development of the Trademark "Merck" over the last 340 years is provided as **Annex 8**.

17. *"Merck" is Entitled to Protection as a "Well-Known Mark"*

The company name and trademark "MERCK" were distinctive upon inception, as the name "Merck" is an unusual surname in Germany. This distinctiveness has been strengthened due to continuous and extensive use over a period dating back to the 19th century. Currently, in 2011, sales of EUR 10.27 billion were generated and the Objector's marketing budget exceeded EUR 2.39 billion. See the Merck Annual Report, page 126, provided as **Annex 2**.

18. The Company name and the trademark are therefore well-known in Europe and a multitude of countries outside North America, not only among doctors, pharmacists and other healthcare professionals but also among the general public.

19. The fact that the Objector's "Merck" trademark is "well-known" has been recognized by courts and trademark offices in numerous jurisdictions worldwide, including, for example, in Bulgaria, the Czech Republic, Egypt, Germany, Japan, Mexico, and South Korea. Due to WIPO's file size limitations, only a sampling of these decisions are provided as **Annex 9**, but additional decisions will be provided on request.

20. *Domain Names*

The Objector and members of its Merck Community are also the registrants of a vast number of domain names, which contain or consist solely of the Merck mark in both gTLD and ccTLD spaces, in almost all countries outside North America (where the Objector has the right to use the stand-alone trademark "Merck"). A full list of these Merck-formative domain names is provided as **Annex 10**.

21. *Historical Background and Agreements Between the Parties Concerning the Use of the Trademark and Company Name "Merck"*

The Respondent's parent company, Merck Sharp & Dohme, Corp. (formerly known as Merck & Co. Inc.)¹ was founded as a daughter company of the Objector, which the Objector held as a wholly-owned subsidiary until the end of the First World War and the imposition of the United States federal "Trading with the Enemy Act" of 1917. At that time, the Objector was forced to surrender its entire stake in the United States subsidiary. Since that time, the Respondent's parent Company has operated as a separate and independent American pharmaceuticals company.

22. In the 1930s, the two companies negotiated a solution for their coexistence. As at that time Objector had rights in the trademark and name "MERCK" worldwide (except within the US and Canada), and the Objector's former subsidiary, Merck & Co., Inc. (the Respondent's parent company) possessed domestic rights within North America, the companies agreed on a territorial differentiation of rights:

- a) The Respondent has the right to use the word "MERCK" as a brand and company name only within North America (U.S. and Canada). Outside North America, the Respondent and its subsidiaries use a different name and a different brand – generally utilizing the name Merck Sharp & Dohme and the brand "MSD." The German subsidiary of the Respondent operates under "MSD Sharp & Dohme Limited" and the acronym "MSD." The Respondent does not, however, have the right to use any trademark comprised of "Merck MSD" outside of North America.
- b) With regard to the Objector and its subsidiaries, the situation is a mirror image. In North America (U.S. and Canada) the Objector and its international subsidiaries trade under the acronym "EMD." Throughout the rest of the world, the Objector has the exclusive right to use the MERCK mark as a brand and to use "Merck" in company names.

¹ As the Applicant acts on behalf of its parent company, and (pursuant to its Application for the TLD space), intends to manage the TLD on behalf of its parent, all references to "the Respondent" shall refer jointly to Merck Registry Holdings, Inc. and Merck Sharp & Dohme, Corp.

23. This solution for mutual coexistence was codified in a binding contractual agreement between the parties. The first agreement was signed in 1932, and was later updated in 1955. These initial documents were replaced by a further agreement in January 1970, which is still valid and binding on both the Respondent and the Objector, who are the successors of the former contracting parties.
24. Objector has provided a copy of the currently-valid Agreement, signed in 1970 and a table illustrating the essential points of the agreement, as **Annex 11**. Within the context of this proceeding, no contractual claims are asserted, but the Objector believes this agreement may be of material assistance to the Panel in assessing the relevant legal positions of the parties.

25. *Recent Developments*

In recent years, the Respondent has taken numerous steps in an unauthorized attempt to dramatically expand its use of the term “Merck,” both as a stand-alone trademark on the Internet outside of North America, in direct violation of the Objector’s legal rights in the MERCK trademark and in a manner contrary to the provisions of the parties’ presently enforceable usage agreement.

26. The Respondent has registered and is using the domain name <merck.com> for a website which shows the company’s full range of products and services as well as the company’s other business activities. This website has prominently employed the trademark “Merck” and the figurative trademark



Be well. Printouts of the homepage and product-related websites are provided as **Annex 12**. The Respondent has also registered various additional domain names which utilize “merck” as the sole distinctive element, such as <merckengage.com>, <merckservices.com>, and <merckformothers.com>, and is actively using social media “handles” which identify the Respondent solely as “Merck,” including on such popular services as Facebook, Twitter, LinkedIn and YouTube. Printouts of the Respondent’s websites and online presences are provided as **Annex 13**. These websites and services are not limited to viewers in North America, and the Respondent has made no attempt to utilize geotargeting tools to prevent the damage caused by its actions. The only, grossly inadequate, measure the Respondent has taken in this regard is to provide some minimal fineprint disclaimer text on some of the home-pages for these services. For example, the Respondent uses a disclaimer in the Terms of Use on its product-related websites under “www.merck.com,” stating that “[t]he Product websites are intended for use in the United States, its territories and Puerto Rico ...” and on the Respondent’s Twitter Page, a small print statement reads “Intended for U.S. residents only.” No actual attempt to prevent visitors from outside of North America from viewing these pages, and thereby being misled as to the Respondent’s limited scope of rights in the Merck name, is made on any of the Respondent’s websites or social media homepages.

27. These websites and services are accessible to Internet users around the world, including in jurisdictions where the Respondent has no right to use the term “Merck” as a stand-alone mark. By the time an international visitor has navigated to the website, it has already suffered initial interest confusion, and indeed elected to visit the site solely on the misconception that the Respondent’s website or service, utilizing the stand-alone Merck mark, was instead provided by the Objector.

28. All these infringing activities are outside the boundaries of the parties' mutual trademark use agreement and also amount to an infringement of the Objector's rights in the MERCK mark and name on a global scale.
29. The Objector has objected regularly to the Respondent's above-mentioned infringing activities and proposed settlement agreements with regard to the use of the trademark Merck on the Internet. These settlement proposals and correspondence will be provided on request. As the parties could not find an amicable solution, on March 11, 2013 Objector took legal action against all of the Respondent's above-described infringing activities (amongst others) before the District Court of Hamburg (File No. 327 O 140/13), requesting an injunction against the Respondent's parent company MSD Merck Sharp & Dohme (MSD), its U.S. parent Company Merck & Co. Inc. and its German subsidiary MSD Sharp & Dohme GmbH. A copy of the request for relief as well as an English translation thereof is provided as **Annex 14**. The Objector is preparing additional legal measures in other jurisdictions. These judicial proceedings are unlikely to be resolved before decisions are rendered on Legal Rights Objections within the current ICANN application round.
30. The possible use of the .MERCKMSD TLD by the Respondent, however, would constitute a far greater harm than the above-mentioned concerns, due to the manner of use proposed within the Respondent's Application.
31. According to §18(a) of its Application, the Respondent intends to open the .MERCKMSD TLD for registration in 4 phases:
 - (i) First, a testing phase, in which to gauge operational capacity.
 - (ii) Second, an opening of the space to "more widespread internal corporate use." There is no provision limiting the registration of .MERCKMSD domain names to corporate entities operational within North America, despite the fact that registration of such names by entities in international jurisdictions would constitute a violation of the Objector's trademark rights.
 - (iii) Third, the space would be further opened to include registrations by "MSD licensees or strategic parties." Here again, no consideration of the parties' geographic concerns is provided and, additionally, the Respondent has provided no mechanism to mitigate the foreseeable and obvious harm to the Objector should an international entity with no connection to the Objector be issued a .MERCKMSD domain name.
 - (iv) Fourth, and perhaps most troubling, is the intention to "expand the gTLDs beyond corporate use." The Respondent intends to offer registrations to its "qualified subsidiaries, affiliates, licensees, and strategic parties," without any consideration of the geographic location of those entities, or the harm which would result to the Objector's should parties wholly unrelated to the Objector would be allowed to trade under the Merck name.
32. Thus, the Respondent has provided no geographically-based limitations on which corporate entities or "affiliates" may register domain names within the .MERCKMSD TLD. The Respondent intends to allow entities located outside of North America to register and use domain names within the .MERCKMSD space. This is a violation of the parties' trademark use and name agreement, and a drastic infringement of the Objector's trademark rights. If the Respondent

were permitted to identify its activities as those of “Merck” outside of North America, and to enable subsidiaries located potentially all around the world to self-brand under the .MERCKMSD TLD, it would cause substantial damage to the Objector’s worldwide reputation.

33. Additionally, there is no provision in the Respondent’s materials to indicate that it will limit access to the websites displayed under the .MERCKMSD TLD to users in North America, using geo-targeting or otherwise, nor any restrictions requiring potential third-party users to employ similar measures. Accordingly, the Objector has also requested the Court of Hamburg to issue an injunction against the Respondent’s use of the g TLD within Europe, should the Respondent’s application be delegated by ICANN. See **Annex 14**.
34. It is important to note in this context that the Objector does, in fact, utilize geo-targeting tools to ensure that visitors from North America cannot access website content in which the Objector is identified as “Merck.” (an Internet user in North America who enters “www.merck.de” into a browser will automatically be redirected to “www.emdgroup.com,” where the Objector is identified as “Merck KGaA, Darmstadt – Germany.” See **Annex 15** for screen shots of this redirection. Detailed information about the functionality and common uses of geotargeting are outlined in a Wikipedia article, provided as **Annex 16**. Moreover, the Objector has expressly indicated that it will refrain from permitting members of its organization located within North America from registering and using domain names within its applied-for TLD, and that it will utilize geo-targeting tools to prevent access to such sites by visitors from North America. These commitments are the subject of a current change request, in the interest of making them clear and explicit, and will be included in the Objector’s Public Interest Commitments covering Questions 18 and 20 of its application. The Objector has informed the Respondent of its intent not to use and register domains within North America. See **Annexes 17 and 18**.

The LRO Elements (Guidebook, art. 3.5.2; Procedure, art. 8(a)(iii)(bb))

Elements (i) and (ii)

35. Standards (i) and (ii) are derived in large part from traditional trademark law provisions for the protection of well-known marks, which aim to provide broader protection beyond the standard scope of likelihood of confusion (e.g. - Article 5(2) of the First Council Directive of 21 December 1988 to approximate the laws of the Member States relating to trade marks (89/104/EEC) and Art. 9 c Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark).
36. The Respondent’s intended use of the TLD clearly fulfills these standards. As noted above, the Objector’s MERCK mark has a strong reputation in the countries outside of North America, and enjoys the status of a well-known mark.
37. As also mentioned above, outside North America the company name and stand-alone trademark MERCK are uniquely associated with the Objector and its activities within the pharmaceutical industry.
38. The Respondent does not possess the right to use the Objector’s MERCK trademark, with or without the additional term “MSD” on an international scale. The .MERCKMSD string contains the Objector’s MERCK mark as the primary, and therefore dominant, element and thus the MERCK mark is made immediately apparent to any potential Internet user. The MSD component of

the string is both visually and phonetically separated from the MERCK mark, particularly as the abbreviation is difficult to pronounce. Together, the string would read: "Merck emm-es-de." The identifiable word in the string is clearly "Merck," the internationally well-known trademark that has been utilized by the Objector for over 340 years.

39. It is obvious, in light of the fact that the parties are active in the same sector and the .MERCKMSD gTLD contains the entirety of the Objector's trademark, that the average reasonably observant and circumspect Internet user, particularly outside the United States and Canada, would immediately associate content displayed on websites active at second-level domains within the TLD space with the Objector and its business endeavors. This association in the minds of Internet users would result in the dilution of the Objector's mark, since it would no longer serve as a distinctive identifier of the Objector's goods within the world-wide marketplace.
40. Therefore, the Respondent's proposed use of the space takes unfair advantage of the distinctive character and reputation of the Objector's mark, resulting in dilution of the mark's well-known character and blurring of its status as a source-identifier. If the Respondent were permitted to use the .MERCKMSD TLD to promote its business in jurisdictions where it does not possess rights to use the Merck stand-alone mark, nor the combination of MERCK with "MSD," the mark would lose its ability to identify the goods or services of the Objector in the relevant international locations. Customers would find it difficult to differentiate the offerings of the Objector and Respondent, and the mark would cease to arouse an immediate association with the Objector's goods and services (for which it is registered on a global basis).
41. Such use of the gTLD would be severely detrimental to the Objector and take unfair advantage of the distinctive character and reputation of the Objector's rights within the meaning of the LRO substantive criteria.
42. Although the Respondent does possess the right to use the Merck trademark within North America, this fact does not prevent a finding that the Respondent's proposed use of the TLD constitutes an unjustified impairment of the Objector's rights. The Respondent intends to utilize the space to vastly exceed the scope of its protection and to trade on the reputation of the Objector, which is impermissible under the standards of the LRO Policy. This is because the Respondent has overstepped the bounds of its trademark protection, and is attempting to take unfair advantage of the distinctive character of the Objector's mark in international jurisdictions for the Respondent's own economic advantage. By contrast, in the Objector's application for the TLD space, provisions are already in place to prevent harm to the Respondent's mark, and to avoid encroachment on the Respondent's rights within its limited territory of protection.
43. The three elements of the LRO proceeding, unlike a UDRP procedure, do not contain any provision requiring bad faith activity on the part of the Respondent. Therefore, it is not necessary for the Objector to prove the Respondent selected the TLD string in bad faith as a precondition for a Panel decision ordering the abandonment of the Respondent's application. The LRO procedure is concerned with the infringement of an Objector's trademark rights, and the resulting impairment of the distinctive character and reputation of the Objector's mark which would naturally result should the Respondent's application be granted. The Respondent's limited right to use the stand-alone MERCK mark within North America does not provide it with a sufficient basis for its application, as the use of the TLD outlined in its Application would cause irreparable harm to

the Objector and its exclusive rights in the mark in all jurisdictions save North America.

44. As noted above, the Respondent has previously utilized a minimal form of disclaimer text on its websites, ostensibly attempting to ameliorate the risk of Internet user confusion. Such text is incapable of preventing harm to the Objector, particularly where the Respondent allows international traffic to view websites on which it self-identifies as "Merck." In the context of the contested .MERCCKMSD TLD, the use of such disclaimers would be woefully inadequate to prevent Internet user confusion or trademark infringement concerns. Even if the disclaimer were to be prominently displayed, Internet users familiar with the Objector's trademark and its internationally recognized activities would still elect to visit the .MERCCKMSD TLD space on the erroneous assumption that the content thereon was provided by the Objector. This association will lead to a loss of trust in the Objector's business, erosion of its reputation, and the gain of unjust financial benefit for the Respondent.
45. Furthermore, it is clear from the concept of use described in the Application that the Respondent will not and, given the text of its Application (wherein no provision is made to prevent entities located outside of North America from registering and using domains within the TLD), cannot use geo-targeting tools to prevent any Internet traffic originating from countries outside North America from accessing websites within the Respondent's proposed .MERCCKMSD space. By contrast, the Objector already utilizes geo-targeting technology to prevent Internet user confusion on its many international websites, and has committed to doing so in its own application for the TLD space.
46. Perhaps more distressing, it is clearly the Respondent's intention to allow the registration of domains by its corporate divisions, licensees and unspecified "affiliates" which are located and doing business in jurisdictions in which the Objector has the sole right to use the stand-alone Merck trademark. Had the Respondent provided for robust safeguard measures to avoid violating the scope of its rights, and to prevent harm to the Objector and Internet user confusion (including, *inter alia*, binding provisions limiting registration of .MERCCKMSD domains to wholly-controlled entities operating only within North America and geo-targeting technologies to prevent access from international users), some of this harm might be mitigated. The Respondent has not done so, and is affirmatively using its Application to unjustifiably trade on the reputation and goodwill of the Objector, and to improperly expand the geographically limited scope of its trademark rights.

Element (iii)

47. With regard to the third element above, the applied-for TLD contains the entirety of the Objector's trademark in the primary, dominant position within the string, and will be used in connection with the promotion and sale of the same categories of goods and services. The likelihood of confusion by Internet users is therefore a certainty.
48. The Respondent's stated use of the TLD would take unfair advantage of the Objector's MERCK trademark in numerous jurisdictions worldwide. The Objector is the registered owner of the MERCK mark in over 200 countries, which are the domicile of 95% of the world's population. It is impossible to imagine that an average Internet user, upon seeing a domain name in the format "[text].MERCCKMSD", would immediately recognize that the content displayed at such a site was not connected with the Objector, which holds the rights to use the MERCK trademark in most of the world. This is particularly the case where,

as here, the Objector and Respondent are engaged in the same industry (see §18 of Respondent's Application (**Annex 1**)). The use of any disclaimer text, even if substantially more effective than the statements occasionally used by the Respondent at present, would be grossly ineffective to mitigate the risk of confusion, as Internet users outside of North America will immediately associate the ".MERCKMSD" extension with the Objector. By the time the visitor is directed to the website and views the content thereon, the Objector has already been harmed by the association of the Respondent's (or its various "licensees") activities with the Objector's mark.

The Eight Additional Factors

49. The Respondent's infringement of the above standards is further confirmed when the following non-exclusive eight factors are considered.

Factor 1:

50. The gTLD contains the entirety of the trademark in the dominant and primary position, and is to be used in conjunction with the advertising and promotion of the same goods and services. Thus, the risk of confusion (and trademark infringement) is certain.

Factor 2:

51. As the Objector is the original owner of the MERCK mark, registered in 1900, the Objector's acquisition and use of its rights in the mark are clearly *bona fide*. The Objector has made continuous, uninterrupted use of the MERCK mark throughout its long company history (see **Annex 8**) and the Merck brand is synonymous with the strong reputation and goodwill which the Objector has built through generations of outstanding customer service and quality innovation.

Factor 3:

52. As noted above, the Objector's mark has been determined by numerous courts across the world to be well-known. Accordingly, a broad range of consumers, in countries comprising 95% of the world's population, immediately associates the MERCK mark and name with the Objector.

Factor 4:

53. Given the fact that the Respondent was once a subsidiary of the Objector, and that the parties have for decades operated their businesses in accordance with a carefully-drafted (and periodically updated) reciprocal agreement for the appropriate use of their relevant trademarks, it is impossible to conclude that the Respondent selected the .MERCKMSD TLD for registration without knowledge of the Objector and the Objector's superior rights in the MERCK mark on a global basis. The Respondent was likewise aware that its use of the TLD outside of North America would constitute a breach of the parties' agreement and infringement of the Objector's rights, yet it elected not to include any provisions limiting the scope of use of the space nor any geo-targeting restrictions. Moreover, the Respondent's alternative application for .MSD (Application No. 1-1704-5879) indicates that the Respondent would be able to operate a top-level space without infringing the Objector's rights.

Factor 5:

54. Although the Respondent does retain limited geographic rights to use the stand-alone MERCK trademark within North America, the Respondent does not possess the right to use “Merck” or “Merck MSD” as a trademark throughout the rest of the world. Thus, if the Respondent’s application for the .MERCKMSD TLD were to be granted, the vast majority of the Internet-using public would be misled as to the source of origin of the materials displayed on the TLD’s webpages. Internet users worldwide would falsely associate the Respondent’s advertising, marketing, and corporate information with the Objector, its direct competitor. This would result in tremendous detriment to the Objector’s business and the destruction of its global trademark rights.
55. As noted above, the LRO procedure (unlike the UDRP) does not require a finding of “bad faith” on the part of a Respondent to warrant a finding in favor of an Objector. The mere fact that a Respondent possesses some limited rights in a trademark does not insulate that party from action under the LRO, where said Respondent is intending to utilize the applied-for TLD space to trade on the rights of another, to pass its goods and services off as those of another, and to unjustly expand the scope of its limited trademark rights in flagrant violation of an enforceable reciprocal trademark use agreement.

Factor 6:

56. As noted above, the Respondent does possess the right to use the stand-alone “Merck” mark on a limited basis, and the Respondent does maintain business activities on a global scale under other trademark and business designations. That said, however, any use of the TLD space by the Respondent outside of North America (either directly or via licensing to “affiliates” located or conducting business outside of North America), or to display content to Internet visitors located in other countries, is outside the scope of the Respondent’s rights. Simply because the Respondent possesses some limited rights in the “Merck” name does not entitle it to use the TLD space to engage in trademark infringement on a global scale. The Respondent has placed no limitations on the geographic location of entities allowed to register domains within the space, thus enabling its corporate partners and subsidiaries active in international jurisdictions to blatantly trade under the Objector’s mark, and has not provided for the use of any geo-targeting tools to mitigate issues of trademark dilution and Internet user confusion.

Factor 7:

57. The Respondent’s proposed use of the TLD space is not consistent with the scope of its rights in the MERCK mark. Although the Respondent does conduct *bona fide* business, both within North America and internationally, it does not possess the right to utilize the stand-alone MERCK name in connection with those activities on a global basis. The Objector and the Respondent are active in the same specialized scientific industry, and at one time enjoyed a parent-and-subsiary relationship. It is impossible to assume that Internet users outside of North America would associate the .MERCKMSD TLD with the Respondent, particularly where the majority of the world has associated the MERCK name with the Objector for over 340 years. The Respondent’s rights to use the MERCK mark do not extend beyond North America, and therefore its stated use of the TLD (to license domains without regard for the licensees’ geographic locations) is inconsistent with the limited scope of its rights.
58. As noted, the Objector possesses the sole right to use the stand-alone MERCK trademark in over 200 countries, comprising 95% of the world’s population. Therefore, a far greater percentage of potential Internet users associate the

name and trademark MERCK with the Objector than with the Respondent. There is thus no way in which the Respondent's intended use of the applied-for TLD would be consistent with its limited geographic rights.

59. The Respondent has made no provisions to limit the accessibility of any websites available under .MERCKMSD to Internet users within North America. Moreover, it has placed no restrictions (geographic, commercial, or otherwise) on the "affiliated" or "licensee" entities which may register and use second-level .MERCKMSD domain names. The Respondent has thus proposed to allow a potentially unlimited number of unknown companies, individuals and entities to trade on the international goodwill, reputation and fame of the Objector's trademark.

Factor 8:

60. The Objector and the Respondent are active in the same industry, both maintain global customer bases, and both use the MERCK trademark. There can be no question that the Respondent's use of the TLD, if it were to be granted, would create an impermissible likelihood of confusion with the Objector's mark as to the source, sponsorship, or endorsement of the gTLD. There is no conceivable use, consistent with the Application, to which the Respondent could put the .MERCKMSD TLD that would not result in confusion with the Objector's prior (and wider-reaching) rights, as well as the blatant infringement of the Objector's trademark rights on a global scale.

VI. Panel (of Experts)

(Procedure, art. 13; WIPO Rules for New gTLD Dispute Resolution, para. 8)

61. The Objector respectfully requests the Respondent to consent to the use of a three-member panel in resolving this dispute. If the Respondent will not agree to a three-member panel, as required under paragraph 3.4.4. of the Guidebook, the Objector will in the alternative request that the dispute be decided by a single-member Panel.

VII. Other Legal Proceedings

62. The Objector has commenced legal action in the District Court of Hamburg, Germany, on March 11, 2013 with regard to trademark infringement committed by the Respondent in the context of social media and domain name registration. The Objector's lawsuit also seeks an injunction against the Respondent's potential use of the .MERCKMSD gTLD, on the basis of international trademark infringement.
63. Should the Respondent be interested in seeking mediation of this dispute, as provided for under Module 3, Article 16 of the Respondent Guidebook and paragraph 12 of the WIPO Rules for New gTLD Dispute Resolution for Existing Legal Rights Objections, the Objector would be willing to engage in such process in order to find an amicable solution.

VIII. Communications
(Procedure, art. 6(b), 7(b))

64. A copy of this Objection has been sent electronically to the Respondent on March 12, 2013 by email to Contact Information Redacted and to ICANN on March 12, 2013 by email to newgtld@icann.org.

IX. Payment
(Procedure, art. 8(c); WIPO Rules for New gTLD Dispute Resolution, para. 10;
Annex D to WIPO Rules for New gTLD Dispute Resolution)

65. As required by the Procedure and WIPO Rules for New gTLD Dispute Resolution, payment in the amount of USD 10,000 shall be debited from the WIPO Account No. 11672 held by the objector (Merck KGaA).

By submitting this Objection, the Objector acknowledges and agrees that further payments may be required, *e.g.*, in the event the parties elect Determination by a three-member Panel, or as may otherwise be provided in the Procedure and WIPO Rules for New gTLD Dispute Resolution.

X. Certification
(Procedure, art. 1(d) and 22;
WIPO Rules for New gTLD Dispute Resolution, para. 16)

66. The Objector understands and agrees that its claims and remedies concerning the application of the applied-for TLD, the instant Legal Rights Objection and the Determination thereof shall be solely against the Respondent, and neither the Expert(s)/Panel(ists), nor WIPO Center and its staff, nor ICANN and its Board members, employees and consultants shall be liable to any person for any act or omission in connection with any proceeding conducted under this Procedure.
67. By submitting this Objection to the WIPO Center the Objector hereby agrees to abide and be bound by the provisions of the applicable New gTLD Dispute Resolution Procedure and WIPO Rules for New gTLD Dispute Resolution.
68. The Objector certifies that the information contained in this Objection is to the best of the Objector's knowledge complete and accurate, that this Objection is not being presented for any improper purpose, such as to harass, and that the assertions in this Objection are warranted under the Procedure and under applicable law, as it now exists or as it may be extended by a good-faith and reasonable argument.

Respectfully submitted,


Dr. Torsten Bettinger

March 12, 2013

XI. Schedule of Annexes

- Annex 1:** Copy of the Respondent's Application No. 1-1704-28482
- Annex 2:** Copy of Merck's 2011 annual report
- Annex 3:** List of Merck Group companies
- Annex 4:** Copy of the Objector's German Trademark No. DD45659
- Annex 5:** Copy of the Objector's Community Trademark No. 283986
- Annex 6:** Full list of the Objector's "MERCK" trademarks
- Annex 7:** Copies of the Objector's ".MERCK" trademarks
- Annex 8:** History of the Trademark MERCK
- Annex 9:** Copies of Court and Trademark Office decisions finding the Objector's MERCK trademark to be well-known
- Annex 10:** Full list of the Objector's Merck-formative domain name registrations
- Annex 11:** Current TM Agreement between the parties and a table illustrating the Agreement's functionality
- Annex 12:** Printouts from the Respondent's <merck.com> homepage and product-related websites
- Annex 13:** Copies of Merck & Co.'s social media homepages where they self-identify as "Merck"
- Annex 14:** Copy of the Objector's application for relief in the German courts, regarding Merck & Co.'s infringing activities
- Annex 15:** Screen print of the Objector's homepage at <merck.de> showing the use of geo-targeting tools which prevent access from visitors located in North America
- Annex 16:** Information about the functionality of geo-targeting tools, as shown on Wikipedia
- Annex 17:** Copy of the Objector's Change Request form
- Annex 18:** Copy of the Objector's Public Interest Commitment statement

OBJECTOR's SUR-REPLY

Respondent's Request for Termination

The Respondent opens its arguments and allegations with a long discourse in which it claims that "it is not possible" to address the majority of the critical and decisive issues which form the basis of this Legal Rights Objection. The Respondent claims, unconvincingly, that it cannot provide a full and substantiated reply in these proceedings, since to do so would "influence" the ongoing court actions between the parties.

There is no basis whatsoever for these claims. The Respondent is simply attempting to use the ongoing litigation between the parties as a mechanism for denying the Objector an opportunity to assert its rights in the context of the New gTLD application cycle. The claims asserted by the Objector, in both the ongoing litigation cases before the German and UK courts, address (*inter alia*) issues of name and trademark infringement in social media contexts and the Respondent's use of the <merck.com> domain name. There is nothing which prevents the Respondent from filing a full and complete response in this manner, and indeed its failure to do so suggests that it has no compelling arguments to support its application for the TLD space.

The Respondent then claims that the parties' ongoing litigation should prevent the Panel from entering a finding in this matter, and that the case should be terminated. There is no basis for this request. As the Panel may see for himself, the Objector has provided copies of the court-based litigation, and the claims therein do not concern the delegation of the TLD space. Only one of the twenty asserted claims in the German court action concerns the potential use of the .MERCK gTLD space, and that claim is aimed at preventing the Respondent from using the TLD within Europe via an injunction order. These issues concern potential post-delegation harms, and seek to address future behavior. The courts of neither Germany nor the UK have the authority to either grant or prevent delegation of a TLD space by ICANN. Thus, there is no reason to assume that the court actions would result in the resolution of the present conflict in this LRO proceeding. Moreover, there is no risk of conflicting decisions between the order of this Panel and the eventual outcome of the national court litigation actions. The Objector's legal proceedings in the UK and Germany against the Respondent further only concern the territory of the European Union, whereas Respondent's gTLD application infringes Objector's rights in over 200 countries.

Indeed, the LRO mechanism is the only ICANN DSRP for the resolution of pre-delegation trademark-based disputes in the context of the New gTLDs. This is the correct and sole forum wherein trademark holders and current applicants may assert competing claims. By requesting the Panel in this instance to dismiss the action, the Respondent is attempting to deny the Objector its opportunity to protect its trademark rights in the context of the New gTLD application cycle. The ongoing litigation does not, and cannot, assess the question of pre-delegation legal rights, and this Panel is the sole body qualified to make such a finding. The Respondent's only goal in this regard is to cut off a legal remedy which is open to the Objector, in order to prevent it from asserting its claims concerning the .MERCK TLD.

Respondent's Claim for a "Family of Marks"

Further under section 8 of its Response, the Respondent states that "[d]uring this time, Respondent has established a family of MERCK and MERCK-composite trademarks registered in various countries throughout the world." This statement, however, is extremely misleading. Within North America, the Respondent has registered a number of various "Merck"-formative marks, which it is permitted to use under the parties' reciprocal agreement. Outside of North America, however, the Respondent's only trademark registrations are for "MSD," "Merck Sharp & Dohme" or one of these terms in conjunction with additional text. These marks do not constitute an internationally-registered "family of MERCK marks". Nor do these registrations give rise to any right to use the term MERCK as a stand-alone identifier, or formative mark component, anywhere outside of North America...

Moreover, by the time Respondent was granted status as an independent corporate entity in 1917, the Objector had already secured registration of its MERCK trademark on an international basis, and had been using the term in commerce for a substantial period of time (see the Annexes to the Objection). The Objector's MERCK marks claim priority via an early German trademark dating from

1900, well before the Respondent's company became an independent entity. Accordingly, all of the Respondent's trademarks (including their alleged North American "family" of marks, as well as their "Merck Sharp & Dohme mark) were registered long after the Objector's MERCK trademark. The Objector's MERCK mark thus enjoys both priority of registration and a substantially broader geographic scope of exclusive use.

Respondent's Claim that Prior UDRP Decisions Show Exclusive Right to "Merck"

It is well-known that UDRP decisions have never been held to constitute an absolute disposition of trademark rights as against any other, non-involved third party user of a given mark. Several panelists have included express notes to this effect in their decisions, where evidence of a third-party user was of concern in the given case. A sampling of these decisions would include *NVT Birmingham, LLC d/b/a CBS 42 WIAT-TV v. ZJ*, WIPO Case No. D2007-1079; *Société Air France v. Domain Park Limited*, WIPO Case No. D2007-0818; and *Parrot S.A. v. Whois Service, Belize Domain WHOIS Service*, WIPO Case No. D2007-0779.

The UDRP elements evaluate only a complainant's claim versus that of the relevant domain name holder, and do not assess the weight of every potential rights-holder worldwide, who may have either registered or unregistered rights in an identical or confusingly similar mark. Additionally, it has long been held under the UDRP that the jurisdiction of the complainant's trademark rights is irrelevant for the purposes of assessing the parties' rights under the Policy. In UDRP actions, it is not necessary to demonstrate global rights in a given mark, and indeed rights in a single jurisdiction are generally sufficient to ground a request for transfer. Therefore, the Respondent's limited rights within North America would naturally provide it with a claim for remedy vis-à-vis a domain name holder with no connection to the Merck name. The fact that some domain names have been ordered transferred to them has absolutely no bearing on the strength of its mark vis-à-vis the Objector, as the Objector was not a party to those actions.

Similarly, the Objector has successfully requested the transfer of numerous domain names containing its MERCK mark via the UDRP procedure. Some of these cases include: *Merck KGaA v. Douglas Draper*, WIPO Case No. D2003-0203, (<merck.net> and <merck.org>); *Merck KGaA v. Blue Sea Co. Inc.*, WIPO Case No. D2003-0394 (<merckonline.com>); *Merck KGaA v. Sunmeet Jolly*, WIPO Case No. D2004-0195 (<merckindia.com>); *Merck KGaA v. Taha Chhipa*, WIPO Case No. D2004-0905 (<merck-euro.info>); *Merck KGaA v. Private Registration Service, NETNIC Private Registration Service*, WIPO Case No. D2006-1433 (<merck-serono.info> and <merckserono.info>); *Merck KGaA v. JSJ Incheon*, WIPO Case No. D2006-1541 (<merckserono.com>); *Merck KGaA v. JSJ Incheon*, WIPO Case No. D2006-1596 (<merck-serono.com>); *Merck KGaA v. Mauritania Investments Ltd.*, WIPO Case No. DBZ2005-0001 (<merck.bz>); *Merck KGaA v. David Sun, China DNS, Inc.*, WIPO Case No. D2010-1971 (<merck-chemicals.net>); *Merck KGaA v. Registrant [3644982]: Chen Yan Hua*, WIPO Case No. D2011-1010 (<merck-de.com>); *Merck KGaA v. Pearline Henry*, WIPO Case No. D2011-1013 (<mercklifesciences.com>); *Merck KGaA v. c/o whoisproxy.com Ltd / Galib Gahramanov, G Domains*, WIPO Case No. D2011-1271 (<merckde.com>); and *Merck KGaA v. yan xiansheng*, WIPO Case No. D2011-2161 (<mercktrading.com>).

Respondent's Claim to a "Famous Mark"

Respondent then claims that "[t]hrough Respondent's longstanding use of its family of MERCK and MERCK-composite trademarks internationally, they have become famous for their association with Respondent..." This statement is both misleading and unsubstantiated. The Respondent has provided no evidence whatsoever to indicate that its mark has been deemed famous by any court of law in any jurisdiction worldwide. Moreover, the Respondent's claim to have used "MERCK and MERCK-composite trademarks internationally" is extremely misleading. The Respondent cannot use the stand-alone "Merck" trademark outside of the US, Canada and their territories. Therefore, it cannot claim to have become known by the "Merck" name internationally, since it does not use it on a global basis. Moreover, it has no right to register "Merck" with additional terms (other than as part of the "Merck Sharp & Dohme" mark) outside of North America. In all locations outside of North America, the Respondent trades as MSD.

Based on its exclusive right to use the MERCK mark in over 200 jurisdictions, the Objector has installed global watching tools to obtain early knowledge of any infringing registration and/or use of

any signs which may be identical or similar to its name and brand MERCK. Any attempt to use confusingly similar signs by any third party - including the Respondent - has continuously been observed and prosecuted by the Objector since the establishment of its MERCK rights in each jurisdiction worldwide. Upon request of the Panel, the Objector will be ready to provide further details of these proceedings.

Similarly, the Respondent's only "MERCK-composite" marks which are registered for use outside of North America comprise the full text of "Merck Sharp & Dohme" without or without device or additional textual components. There is no international "family" of Merck marks owned by the Respondent, and its attempt to lead the Panel to infer that such rights do, in fact, exist is disingenuous, particularly where the Panel can easily review the Respondent's annexes to fact-check.

Unlike under the UDRP, where the mere existence of a single trademark registration in one jurisdiction is sufficient to justify the transfer of a disputed domain name from a registrant without trademark rights, the LRO procedure is designed to weigh the respective rights of two qualified mark owners. The mere fact that the Respondent is a junior user of the Objector's longstanding mark, and the fact that it uses its MERCK marks within North America, does not give it the right to trade on the global fame, notoriety and goodwill which the Objector has built in the Merck name throughout its 340-year history. Having rights in one or two jurisdictions does not grant the Respondent the right to commit unfettered trademark infringement throughout the entirety of the rest of the world.

As noted in the Objector's own applications for the .MERCK space, the Objector has taken carefully-calculated steps to prevent any infringement of the Respondent's trademarks, and to ensure that the Objector will not be identified as "Merck" to consumers within the US and Canada. The Respondent, however, has clearly indicated in both its application and Response that has no interest in respecting the rights of the Objector, of acting within the boundaries and scope of its limited rights, and thereby has shown its intent to trade on the goodwill and international fame of the Objector's mark for its own commercial gain.

The Objector also notes that within this section of text the Respondent has made several claims regarding its medical manual publications. While the Objector notes that the Respondent does issue such publications, it expressly denies that the Respondent has the right to register "Merck Manual" as a trademark outside of the US and Canada. The Respondent has, in fact, agreed not to use "Merck Manual" as a trademark, and has cancelled trademark registrations for "Merck Manual" in the past, as such registrations infringe the Objector's rights and the parties' agreement. This issue has been the subject of correspondence about the interpretation of the agreement between the parties, and should the Panel require additional information, further documentation will be provided on request.

Respondent's Claim that the Objector was Founded in 1995

Under paragraph 9 of the Response, the Respondent makes an odd comment in which it indicates that it "does not dispute that Objector was established as a company in 1995." This section of the Response allegedly replied to paragraphs 11-13 of the Objection, in which the Objector correctly indicated that it was originally founded in 1668. Thus, the Respondent's statement here is both misplaced and unclear.

The Objector notes that during a routine corporate restructuring (which a 300+ year old company naturally will do from time to time), the current name of the Objector was shifted to reflect the modern naming convention. There is no question, however, that the company has remained the same throughout its longstanding history, as each corporate form has been the predecessor-in-interest of the previous. This is, of course, the natural progression of business entities, and there is nothing to suggest that the Objector underwent any fundamental change in ownership or interest at that time. The Objector's company remains the oldest pharmaceutical company in the world, and has traded in the industry for over 340 years.

Respondent's Claim to Global Recognition

Further in paragraph 9, the Respondent claims that worldwide public recognition of the MERCK name is due to its efforts, rather than those of the Objector, and cites as its only support a single

philanthropic endeavor. The Respondent offers no substantiating evidence on this point whatsoever. It offers no court findings, no evidence of its use of the MERCK name outside of North America (which indeed, it cannot), and no publications to support this bald claim.

The Objector does not dispute that the Respondent conducts substantial business within the US and Canada under its MERCK mark, nor that it enjoys a global presence as international pharmaceutical company using its MSD and Merck Sharp & Dohme marks. The Respondent cannot, however, make any claim to be “well known” let alone “famous” under the MERCK name on an international scale. The Respondent has no right to use the MERCK name outside of North America, and indeed does not do so. It is impossible for the Respondent to claim that it is known by “Merck” internationally as it does not trade as “Merck” throughout the majority of the world.

Respondent's Allegations Regarding Geo-Targeting

The Respondent goes on to claim that the Objector's provision for geo-targeting made in its application for the .MERCK TLD space, while clearly protecting the parties' respective rights and preserving the *status quo* of their trademark use agreement, is inappropriate because it could result in the “Balkanization” of the Internet. This argument is unconvincing, particularly in light of the fact that, regardless of ICANN's ultimate decision regarding delegation, the .MERCK space will operate as a closed TLD. The Respondent's comments about open Internet access might have some bearing on a generic TLD, but under both the Objector's and the Respondent's proposals for the space, registration will be tightly controlled. The geotargeting technology presently employed by the Objector has become an accepted, industry-standard mechanism for addressing copyright and related territorial concerns, and will enable the Objector to utilize the TLD in a manner consistent with the parties' respective rights.

The Respondent then claims that the examples of geo-targeting technology shown by the Objector cannot be used to block access, but merely to selectively display content, and that accordingly the Objector's model for the .MERCK space is somehow flawed. This argument is incorrect for two reasons. First, the Objector has never indicated that it will simply provide a blank page (or something similar) to visitors from North America who wish to access the site. Similarly to the mechanism currently employed by the Objector, North American visitors will simply be routed to an appropriate webpage, where the Objector is identified in a manner consistent with the parties' trademark use agreement. Secondly, geo-targeting is currently used to block access to restricted content on a geographic basis, as numerous companies (including YouTube, Google, The Guardian news agency, etc) utilize the geographic location of users' IP addresses to provide access only to appropriate, geographically-relevant materials. YouTube, for example, will not allow streaming of certain copyright-protected videos in countries outside of the United States.

In this same line, the Respondent later states (in its final paragraph before turning to a review of the eight factors, that “[a]s set out in its application for .MERCK, Respondent will take appropriate steps to ensure that it will not be perceived as being associated in any way whatsoever with Objector.” The Respondent did not, at any time, in its application provide any concrete provision for the protection of the Objector's rights (See the Objector's Annex 1 for a copy of the Respondent's application). Indeed, the Respondent has shown a blatant disregard for the Objector's rights throughout the New gTLD application process. The Respondent has indicated not only that it intends to use the .MERCK space internationally (where it has no rights in the MERCK trademark whatsoever), but also that it intends to sell and license domain names to unspecified “affiliates” located anywhere throughout the world. This is in no way consistent with its obligations under the parties' trademark agreement, and certainly offers no protection of the Objector's rights. The Respondent has made no attempt to respect or protect the Objector's rights, and nothing in its pleadings before this Panel have provided any indication of such a commitment.

Respondent's Claims with Regard to Factor 3

The Respondent has elected to misquote the Objector and the Objection under this section, in order to avoid addressing a key substantive point in this proceeding. The Respondent appears to allege that the Objector has claimed to have received court rulings (holding the Objector's MERCK mark to be famous) in 95% of the world's countries. This is a clear mischaracterization of the Objection. Nowhere in the text does the Objector claim to have received rulings in 95% of the world's countries.

The Objector factually indicates that it has received such rulings in numerous courts, and further that it is the rights-holder of the MERCK mark throughout the majority of the world's countries (where 95% of the global population resides). The Objector further notes that its MERCK mark is inherently associated with its activities on a worldwide scale. This is due to the fact that its mark has been held to be famous internationally, and, it is the only rights-holder authorized to self-identify, conduct business, or advertise as "Merck" throughout the world outside of the US, Canada and their territories.

While the Objector recognizes that the Respondent does conduct business within North America using the Merck brand, and as MSD internationally, there is no evidence at all on the present record to suggest that the Respondent is known as "Merck" outside of this region. The Respondent's decision in 2009 to substitute Merck Sharp & Dohme with MSD outside of US and CA further indicates that the Respondent is not even known under the combination Merck Sharp & Dohme, but only as MSD. The Respondent thus cannot make such a showing, since this is clearly outside the scope of its limited rights in the trademark, and since it does not self-identify under any Merck-formative name due to its election to utilize "MSD" instead of its Merck Sharp & Dohme mark.

The Respondent then claims that the provided Japanese court decision stands for the proposition that consumers in Japan are more likely to associate "Merck" with the Respondent. This is not the case. The court, although noting that both parties conducted business within Japan and that the Respondent had the right to use "Merck" within the US and Canada, held that the Respondent (via its Japanese subsidiary) was not only acting in breach of the valid and existing trademark use agreement but committing a flagrant act of infringement of the Objector's rights. The court confirmed that the Respondent had no right to trade as "Merck" in Japan. Thus, it is clear the Respondent has no right to trade as "Merck" in Japan, and indeed no right to do so in any country outside of the US and Canada (and their associated territories).

Summary

The above comments have been provided, for the Panel's consideration, in order to refute blatant falsehoods and/or misleading statements made by the Respondent. Since there is no express provision for the submission of additional materials by either party, the Objector has striven to keep these comments narrowly focused and brief. To reply adequately to all points raised in the Response would require a lengthy amount of both time and evidence, and therefore, only the most egregious issues have been herein raised. The Objector in no way concedes any points made by the Respondent, and reiterates all of the arguments and evidence presented in its original Objection.

Munich, the June 21, 2013

Respectfully submitted,


Dr. Torsten Beltinger

OBJECTOR's SUR-REPLY

Respondent's Request for Termination

The Respondent opens its arguments and allegations with a long discourse in which it claims that "it is not possible" to address the majority of the critical and decisive issues which form the basis of this Legal Rights Objection. The Respondent claims, unconvincingly, that it cannot provide a full and substantiated reply in these proceedings, since to do so would "influence" the ongoing court actions between the parties.

There is no basis whatsoever for these claims. The Respondent is simply attempting to use the ongoing litigation between the parties as a mechanism for denying the Objector an opportunity to assert its rights in the context of the New gTLD application cycle. The claims asserted by the Objector, in both the ongoing litigation cases before the German and UK courts, address (*inter alia*) issues of name and trademark infringement in social media contexts and the Respondent's use of the <merck.com> domain name. There is nothing which prevents the Respondent from filing a full and complete response in this manner, and indeed its failure to do so suggests that it has no compelling arguments to support its application for the TLD space.

The Respondent then claims that the parties' ongoing litigation should prevent the Panel from entering a finding in this matter, and that the case should be terminated. There is no basis for this request. As the Panel may see for himself, the Objector has provided copies of the court-based litigation, and the claims therein do not concern the delegation of the TLD space. Only one of the twenty asserted claims in the German court action concerns the potential use of the .MERCK gTLD space, and that claim is aimed at preventing the Respondent from using the TLD within Europe via an injunction order. These issues concern potential post-delegation harms, and seek to address future behavior. The courts of neither Germany nor the UK have the authority to either grant or prevent delegation of a TLD space by ICANN. Thus, there is no reason to assume that the court actions would result in the resolution of the present conflict in this LRO proceeding. Moreover, there is no risk of conflicting decisions between the order of this Panel and the eventual outcome of the national court litigation actions. The Objector's legal proceedings in the UK and Germany against the Respondent further only concern the territory of the European Union, whereas Respondent's gTLD application infringes Objector's rights in over 200 countries.

Indeed, the LRO mechanism is the only ICANN DSRP for the resolution of pre-delegation trademark-based disputes in the context of the New gTLDs. This is the correct and sole forum wherein trademark holders and current applicants may assert competing claims. By requesting the Panel in this instance to dismiss the action, the Respondent is attempting to deny the Objector its opportunity to protect its trademark rights in the context of the New gTLD application cycle. The ongoing litigation does not, and cannot, assess the question of pre-delegation legal rights, and this Panel is the sole body qualified to make such a finding. The Respondent's only goal in this regard is to cut off a legal remedy which is open to the Objector, in order to prevent it from asserting its claims concerning the .MERCK TLD.

Respondent's Claim for a "Family of Marks"

Further under section 8 of its Response, the Respondent states that "[d]uring this time, Respondent has established a family of MERCK and MERCK-composite trademarks registered in various countries throughout the world." This statement, however, is extremely misleading. Within North America, the Respondent has registered a number of various "Merck"-formative marks, which it is permitted to use under the parties' reciprocal agreement. Outside of North America, however, the Respondent's only trademark registrations are for "MSD," "Merck Sharp & Dohme" or one of these terms in conjunction with additional text. These marks do not constitute an internationally-registered "family of MERCK marks". Nor do these registrations give rise to any right to use the term MERCK as a stand-alone identifier, or formative mark component, anywhere outside of North America...

Moreover, by the time Respondent was granted status as an independent corporate entity in 1917, the Objector had already secured registration of its MERCK trademark on an international basis, and had been using the term in commerce for a substantial period of time (see the Annexes to the Objection). The Objector's MERCK marks claim priority via an early German trademark dating from

1900, well before the Respondent's company became an independent entity. Accordingly, all of the Respondent's trademarks (including their alleged North American "family" of marks, as well as their "Merck Sharp & Dohme mark) were registered long after the Objector's MERCK trademark. The Objector's MERCK mark thus enjoys both priority of registration and a substantially broader geographic scope of exclusive use.

Respondent's Claim that Prior UDRP Decisions Show Exclusive Right to "Merck"

It is well-known that UDRP decisions have never been held to constitute an absolute disposition of trademark rights as against any other, non-involved third party user of a given mark. Several panelists have included express notes to this effect in their decisions, where evidence of a third-party user was of concern in the given case. A sampling of these decisions would include *NVT Birmingham, LLC d/b/a CBS 42 WIAT-TV v. ZJ*, WIPO Case No. D2007-1079; *Société Air France v. Domain Park Limited*, WIPO Case No. D2007-0818; and *Parrot S.A. v. Whois Service, Belize Domain WHOIS Service*, WIPO Case No. D2007-0779.

The UDRP elements evaluate only a complainant's claim versus that of the relevant domain name holder, and do not assess the weight of every potential rights-holder worldwide, who may have either registered or unregistered rights in an identical or confusingly similar mark. Additionally, it has long been held under the UDRP that the jurisdiction of the complainant's trademark rights is irrelevant for the purposes of assessing the parties' rights under the Policy. In UDRP actions, it is not necessary to demonstrate global rights in a given mark, and indeed rights in a single jurisdiction are generally sufficient to ground a request for transfer. Therefore, the Respondent's limited rights within North America would naturally provide it with a claim for remedy vis-à-vis a domain name holder with no connection to the Merck name. The fact that some domain names have been ordered transferred to them has absolutely no bearing on the strength of its mark vis-à-vis the Objector, as the Objector was not a party to those actions.

Similarly, the Objector has successfully requested the transfer of numerous domain names containing its MERCK mark via the UDRP procedure. Some of these cases include: *Merck KGaA v. Douglas Draper*, WIPO Case No. D2003-0203, (<merck.net> and <merck.org>); *Merck KGaA v. Blue Sea Co. Inc.*, WIPO Case No. D2003-0394 (<merckonline.com>); *Merck KGaA v. Sunmeet Jolly*, WIPO Case No. D2004-0195 (<merckindia.com>); *Merck KGaA v. Taha Chhipa*, WIPO Case No. D2004-0905 (<merck-euro.info>); *Merck KGaA v. Private Registration Service, NETNIC Private Registration Service*, WIPO Case No. D2006-1433 (<merck-serono.info> and <merckserono.info>); *Merck KGaA v. JSJ Incheon*, WIPO Case No. D2006-1541 (<merckserono.com>); *Merck KGaA v. JSJ Incheon*, WIPO Case No. D2006-1596 (<merck-serono.com>); *Merck KGaA v. Mauritania Investments Ltd.*, WIPO Case No. DBZ2005-0001 (<merck.bz>); *Merck KGaA v. David Sun, China DNS, Inc.*, WIPO Case No. D2010-1971 (<merck-chemicals.net>); *Merck KGaA v. Registrant [3644982]: Chen Yan Hua*, WIPO Case No. D2011-1010 (<merck-de.com>); *Merck KGaA v. Pearlina Henry*, WIPO Case No. D2011-1013 (<mercklifesciences.com>); *Merck KGaA v. c/o whoisproxy.com Ltd / Galib Gahramanov, G Domains*, WIPO Case No. D2011-1271 (<merckde.com>); and *Merck KGaA v. yan xiansheng*, WIPO Case No. D2011-2161 (<mercktrading.com>).

Respondent's Claim to a "Famous Mark"

Respondent then claims that "[t]hrough Respondent's longstanding use of its family of MERCK and MERCK-composite trademarks internationally, they have become famous for their association with Respondent..." This statement is both misleading and unsubstantiated. The Respondent has provided no evidence whatsoever to indicate that its mark has been deemed famous by any court of law in any jurisdiction worldwide. Moreover, the Respondent's claim to have used "MERCK and MERCK-composite trademarks internationally" is extremely misleading. The Respondent cannot use the stand-alone "Merck" trademark outside of the US, Canada and their territories. Therefore, it cannot claim to have become known by the "Merck" name internationally, since it does not use it on a global basis. Moreover, it has no right to register "Merck" with additional terms (other than as part of the "Merck Sharp & Dohme" mark) outside of North America. In all locations outside of North America, the Respondent trades as MSD.

Based on its exclusive right to use the MERCK mark in over 200 jurisdictions, the Objector has installed global watching tools to obtain early knowledge of any infringing registration and/or use of

any signs which may be identical or similar to its name and brand MERCK. Any attempt to use confusingly similar signs by any third party - including the Respondent - has continuously been observed and prosecuted by the Objector since the establishment of its MERCK rights in each jurisdiction worldwide. Upon request of the Panel, the Objector will be ready to provide further details of these proceedings.

Similarly, the Respondent's only "MERCK-composite" marks which are registered for use outside of North America comprise the full text of "Merck Sharp & Dohme" without or without device or additional textual components. There is no international "family" of Merck marks owned by the Respondent, and its attempt to lead the Panel to infer that such rights do, in fact, exist is disingenuous, particularly where the Panel can easily review the Respondent's annexes to fact-check.

Unlike under the UDRP, where the mere existence of a single trademark registration in one jurisdiction is sufficient to justify the transfer of a disputed domain name from a registrant without trademark rights, the LRO procedure is designed to weigh the respective rights of two qualified mark owners. The mere fact that the Respondent is a junior user of the Objector's longstanding mark, and the fact that it uses its MERCK marks within North America, does not give it the right to trade on the global fame, notoriety and goodwill which the Objector has built in the Merck name throughout its 340-year history. Having rights in one or two jurisdictions does not grant the Respondent the right to commit unfettered trademark infringement throughout the entirety of the rest of the world.

As noted in the Objector's own applications for the .MERCK space, the Objector has taken carefully-calculated steps to prevent any infringement of the Respondent's trademarks, and to ensure that the Objector will not be identified as "Merck" to consumers within the US and Canada. The Respondent, however, has clearly indicated in both its application and Response that it has no interest in respecting the rights of the Objector, of acting within the boundaries and scope of its limited rights, and thereby has shown its intent to trade on the goodwill and international fame of the Objector's mark for its own commercial gain.

The Objector also notes that within this section of text the Respondent has made several claims regarding its medical manual publications. While the Objector notes that the Respondent does issue such publications, it expressly denies that the Respondent has the right to register "Merck Manual" as a trademark outside of the US and Canada. The Respondent has, in fact, agreed not to use "Merck Manual" as a trademark, and has cancelled trademark registrations for "Merck Manual" in the past, as such registrations infringe the Objector's rights and the parties' agreement. This issue has been the subject of correspondence about the interpretation of the agreement between the parties, and should the Panel require additional information, further documentation will be provided on request.

Respondent's Claim that the Objector was Founded in 1995

Under paragraph 9 of the Response, the Respondent makes an odd comment in which it indicates that it "does not dispute that Objector was established as a company in 1995." This section of the Response allegedly replied to paragraphs 11-13 of the Objection, in which the Objector correctly indicated that it was originally founded in 1668. Thus, the Respondent's statement here is both misplaced and unclear.

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The Respondent then claims that the examples of geo-targeting technology shown by the Objector cannot be used to block access, but merely to selectively display content, and that accordingly the Objector's model for the .MERCK space is somehow flawed. This argument is incorrect for two reasons. First, the Objector has never indicated that it will simply provide a blank page (or something similar) to visitors from North America who wish to access the site. Similarly to the mechanism currently employed by the Objector, North American visitors will simply be routed to an appropriate webpage, where the Objector is identified in a manner consistent with the parties' trademark use agreement. Secondly, geo-targeting is currently used to block access to restricted content on a geographic basis, as numerous companies (including YouTube, Google, The Guardian news agency, etc) utilize the geographic location of users' IP addresses to provide access only to appropriate, geographically-relevant materials. YouTube, for example, will not allow streaming of certain copyright-protected videos in countries outside of the United States.

In this same line, the Respondent later states (in its final paragraph before turning to a review of the eight factors, that "[a]s set out in its application for .MERCK, Respondent will take appropriate steps to ensure that it will not be perceived as being associated in any way whatsoever with Objector." The Respondent did not, at any time, in its application provide any concrete provision for the protection of the Objector's rights (See the Objector's Annex 1 for a copy of the Respondent's application). Indeed, the Respondent has shown a blatant disregard for the Objector's rights throughout the New gTLD application process. The Respondent has indicated not only that it intends to use the .MERCK space internationally (where it has no rights in the MERCK trademark whatsoever), but also that it intends to sell and license domain names to unspecified "affiliates" located anywhere throughout the world. This is in no way consistent with its obligations under the parties' trademark agreement, and certainly offers no protection of the Objector's rights. The Respondent has made no attempt to respect or protect the Objector's rights, and nothing in its pleadings before this Panel have provided any indication of such a commitment.

Respondent's Claims with Regard to Factor 3

The Respondent has elected to misquote the Objector and the Objection under this section, in order to avoid addressing a key substantive point in this proceeding. The Respondent appears to allege that the Objector has claimed to have received court rulings (holding the Objector's MERCK mark to be famous) in 95% of the world's countries. This is a clear mischaracterization of the Objection. Nowhere in the text does the Objector claim to have received rulings in 95% of the world's countries.

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While the Objector recognizes that the Respondent does conduct business within North America using the Merck brand, and as MSD internationally, there is no evidence at all on the present record to suggest that the Respondent is known as "Merck" outside of this region. The Respondent's decision in 2009 to substitute Merck Sharp & Dohme with MSD outside of US and CA further indicates that the Respondent is not even known under the combination Merck Sharp & Dohme, but only as MSD. The Respondent thus cannot make such a showing, since this is clearly outside the scope of its limited rights in the trademark, and since it does not self-identify under any Merck-formative name due to its election to utilize "MSD" instead of its Merck Sharp & Dohme mark.

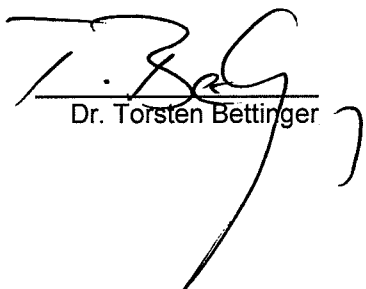
The Respondent then claims that the provided Japanese court decision stands for the proposition that consumers in Japan are more likely to associate "Merck" with the Respondent. This is not the case. The court, although noting that both parties conducted business within Japan and that the Respondent had the right to use "Merck" within the US and Canada, held that the Respondent (via its Japanese subsidiary) was not only acting in breach of the valid and existing trademark use agreement but committing a flagrant act of infringement of the Objector's rights. The court confirmed that the Respondent had no right to trade as "Merck" in Japan. Thus, it is clear the Respondent has no right to trade as "Merck" in Japan, and indeed no right to do so in any country outside of the US and Canada (and their associated territories).

Summary

The above comments have been provided, for the Panel's consideration, in order to refute blatant falsehoods and/or misleading statements made by the Respondent. Since there is no express provision for the submission of additional materials by either party, the Objector has striven to keep these comments narrowly focused and brief. To reply adequately to all points raised in the Response would require a lengthy amount of both time and evidence, and therefore, only the most egregious issues have been herein raised. The Objector in no way concedes any points made by the Respondent, and reiterates all of the arguments and evidence presented in its original Objection.

Munich, June 21, 2013

Respectfully submitted,


Dr. Torsten Bettinger

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Respondent's Request for Termination

Respondent opens its arguments and allegations with a long discourse in which it claims that "it is not possible" to address the majority of the critical and decisive issues which form the basis of this Legal Rights Objection. Respondent claims, unconvincingly, that it cannot provide a full and substantiated reply in these proceedings, since to do so would "influence" the ongoing court actions between the parties.

There is no basis whatsoever for these claims. Respondent is simply attempting to use the ongoing litigation between the parties as a mechanism for denying the Objector an opportunity to assert its rights in the context of the New gTLD application cycle. The claims asserted by Objector, in both the ongoing litigation cases before the German and UK courts, address (*inter alia*) issues of name and trademark infringement in social media contexts and Respondent's use of the <merck.com> domain name. There is nothing which prevents Respondent from filing a full and complete response in this manner, and indeed its failure to do so suggests that it has no compelling arguments to support its application for the TLD space.

Respondent then claims that the parties' ongoing litigation should prevent the Panel from entering a finding in this matter, and that the case should be terminated. There is no basis for this request. As the Panel may see for himself, Objector has provided copies of the court-based litigation, and the claims therein do not concern the delegation of the TLD space. Only one of the twenty asserted claims in the German court action concerns the potential use of the .MERCK gTLD space, and that claim is aimed at preventing Respondent from using the TLD within Europe via an injunction order. These issues concern potential post-delegation harms, and seek to address future behavior. The courts of neither Germany nor the UK have the authority to either grant or prevent delegation of a TLD space by ICANN. Thus, there is no reason to assume that the court actions would result in the resolution of the present conflict in this LRO proceeding. Moreover, there is no risk of conflicting decisions between the order of this Panel and the eventual outcome of the national court litigation actions. The Objector's legal proceedings in the UK and Germany against the Respondent further only concern the territory of the European Union, whereas Respondent's gTLD application infringes Objector's rights in over 200 countries.

Indeed, the LRO mechanism is the only ICANN DSRP for the resolution of pre-delegation trademark-based disputes in the context of the New gTLDs. This is the correct and sole forum wherein trademark holders and current applicants may assert competing claims. By requesting the Panel in this instance to dismiss the action, Respondent is attempting to deny Objector its opportunity to protect its trademark rights in the context of the New gTLD application cycle. The ongoing litigation does not, and cannot, assess the question of pre-delegation legal rights, and this Panel is the sole body qualified to make such a finding. The Respondent's only goal in this regard is to cut off a legal remedy which is open to Objector, in order to prevent it from challenging Respondent's application for the .MERCKMSD TLD.

Respondent's Claim for a "Family of Marks"

Further under section 8 of its Response, the Respondent states that "[d]uring this time, Respondent has established a family of MERCK and MERCK-composite trademarks registered in various countries throughout the world." This statement, however, is extremely misleading. Within North America, the Respondent has registered a number of various "Merck"-formative marks, which it is permitted to use under the parties' reciprocal agreement. Outside of North America, however, the Respondent's only trademark registrations are for "MSD," "Merck Sharp & Dohme" or one of these terms in conjunction with additional text. These marks do not constitute an internationally-registered "family of MERCK marks". Nor do these registrations give rise to any right to use the term MERCK as a stand-alone identifier, or formative mark component, anywhere outside of North America, including as "MERCKMSD." The Respondent has no right to register any "MERCKMSD" trademarks outside of the US and Canada, nor to use such designation outside this limited geographic region.

Moreover, by the time Respondent was granted status as an independent corporate entity in 1917, the Objector had already¹ secured registration of its MERCK trademark on an international basis, and had been using the term in commerce for a substantial period of time (see the Annexes to the Objection). The Objector's MERCK marks claim priority via an early German trademark dating from 1900, well before the Respondent's company became an independent entity. Accordingly, all of the Respondent's trademarks (including their alleged North American "family" of marks, as well as their "Merck Sharp & Dohme mark) were registered long after the Objector's MERCK trademark. The Objector's MERCK mark thus enjoys both priority of registration and a substantially broader geographic scope of exclusive use.

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It is well-known that UDRP decisions have never been held to constitute an absolute disposition of trademark rights as against any other, non-involved third party user of a given mark. Several panelists have included express notes to this effect in their decisions, where evidence of a third-party user was of concern in the given case. A sampling of these decisions would include *NVT Birmingham, LLC d/b/a CBS 42 WIAT-TV v. ZJ*, WIPO Case No. D2007-1079; *Société Air France v. Domain Park Limited*, WIPO Case No. D2007-0818; and *Parrot S.A. v. Whois Service, Belize Domain WHOIS Service*, WIPO Case No. D2007-0779.

The UDRP elements evaluate only a complainant's claim versus that of the relevant domain name holder, and do not assess the weight of every potential rights-holder worldwide, who may have either registered or unregistered rights in an identical or confusingly similar mark. Additionally, it has long been held under the UDRP that the jurisdiction of the complainant's trademark rights is irrelevant for the purposes of assessing the parties' rights under the Policy. In UDRP actions, it is not necessary to demonstrate global rights in a given mark, and indeed rights in a single jurisdiction are generally sufficient to ground a request for transfer. Therefore, the Respondent's limited rights within North America would naturally provide it with a claim for remedy vis-à-vis a domain name holder with no connection to the Merck name. The fact that some domain names have been ordered transferred to them has absolutely no bearing on the strength of its mark vis-à-vis the Objector, as the Objector was not a party to those actions.

Similarly, the Objector has successfully requested the transfer of numerous domain names containing its MERCK mark via the UDRP procedure. Some of these cases include: *Merck KGaA v. Douglas Draper*, WIPO Case No. D2003-0203, (<merck.net> and <merck.org>); *Merck KGaA v. Blue Sea Co. Inc.*, WIPO Case No. D2003-0394 (<merckonline.com>); *Merck KGaA v. Sunmeet Jolly*, WIPO Case No. D2004-0195 (<merckindia.com>); *Merck KGaA v. Taha Chhipa*, WIPO Case No. D2004-0905 (<merck-euro.info>); *Merck KGaA v. Private Registration Service, NETNIC Private Registration Service*, WIPO Case No. D2006-1433 (<merck-serono.info> and <merckserono.info>); *Merck KGaA v. JSJ Incheon*, WIPO Case No. D2006-1541 (<merckserono.com>); *Merck KGaA v. JSJ Incheon*, WIPO Case No. D2006-1596 (<merck-serono.com>); *Merck KGaA v. Mauritania Investments Ltd.*, WIPO Case No. DBZ2005-0001 (<merck.bz>); *Merck KGaA v. David Sun, China DNS, Inc.*, WIPO Case No. D2010-1971 (<merck-chemicals.net>); *Merck KGaA v. Registrant [3644982]: Chen Yan Hua*, WIPO Case No. D2011-1010 (<merck-de.com>); *Merck KGaA v. Pearline Henry*, WIPO Case No. D2011-1013 (<mercklifesciences.com>); *Merck KGaA v. c/o whoisproxy.com Ltd / Galib Gahramanov, G Domains*, WIPO Case No. D2011-1271 (<merckde.com>); and *Merck KGaA v. yan xiansheng*, WIPO Case No. D2011-2161 (<mercktrading.com>).

Respondent's Claim to a "Famous Mark"

Respondent then claims that "[t]hrough Respondent's longstanding use of its family of MERCK and MERCK-composite trademarks internationally, they have become famous for their association with Respondent..." This statement is both misleading and unsubstantiated. The Respondent has provided no evidence whatsoever to indicate that its mark has been deemed famous by any court of law in any jurisdiction worldwide. Moreover, the Respondent's claim to have used "MERCK and MERCK-composite trademarks internationally" is extremely misleading. The Respondent cannot use the stand-alone "Merck" trademark outside of the US, Canada and their territories. Therefore, it cannot claim to have become known by the "Merck" name internationally, since it does not use it on a

global basis. Moreover, it has no right to register “Merck” with additional terms (other than as part of the “Merck Sharp & Dohme” mark) outside of North America. In all locations outside of North America, the Respondent trades as MSD.

Based on its exclusive right to use the MERCK mark in over 200 jurisdictions, the Objector has installed global watching tools to obtain early knowledge of any infringing registration and/or use of any signs which may be identical or similar to its name and brand MERCK. Any attempt to use confusingly similar signs by any third party - including the Respondent - has continuously been observed and prosecuted by the Objector since the establishment of its MERCK rights in each jurisdiction worldwide. Upon request of the Panel, the Objector will be ready to provide further details of these proceedings.

Similarly, the Respondent’s only “MERCK-composite” marks which are registered for use outside of North America comprise the full text of “Merck Sharp & Dohme” without or without device or additional textual components. There is no international “family” of Merck marks owned by the Respondent, and its attempt to lead the Panel to infer that such rights do, in fact, exist is disingenuous, particularly where the Panel can easily review the Respondent’s annexes to fact-check. It is important to note in this regard that the Respondent self-identifies as “MSD”, not as “MERCK MSD.” It would be impossible for the Respondent to use “MERCK MSD” on an international basis, as this is expressly forbidden by the parties’ mutual use agreement.

Unlike under the UDRP, where the mere existence of a single trademark registration in one jurisdiction is sufficient to justify the transfer of a disputed domain name from a registrant without trademark rights, the LRO procedure is designed to weigh the respective rights of two qualified mark owners. The mere fact that the Respondent is a junior user of the Objector’s longstanding mark, and the fact that it uses its MERCK marks within North America, does not give it the right to trade on the global fame, notoriety and goodwill which the Objector has built in the Merck name throughout its 340-year history. Having rights in one or two jurisdictions does not grant the Respondent the right to commit unfettered trademark infringement throughout the entirety of the rest of the world.

As noted in the Objector’s own applications for the .MERCK space, the Objector has taken carefully-calculated steps to prevent any infringement of the Respondent’s trademarks, and to ensure that the Objector will not be identified as “Merck” to consumers within the US and Canada. The Respondent, however, has clearly indicated in each of its applications, for both the .MERCK and .MERCKMSD spaces, that has no interest in respecting the rights of the Objector, of acting within the boundaries and scope of its limited rights, and thereby has shown its intent to trade on the goodwill and international fame of the Objector’s mark for its own commercial gain.

The Objector also notes that within this section of text the Respondent has made several claims regarding its medical manual publications. While the Objector notes that the Respondent does issue such publications, it expressly denies that the Respondent has the right to register “Merck Manual” as a trademark outside of the US and Canada. The Respondent has, in fact, agreed not to use “Merck Manual” as a trademark, and has cancelled trademark registrations for “Merck Manual” in the past, as such registrations infringe the Objector’s rights and the parties’ agreement. This issue has been the subject of correspondence about the interpretation of the agreement between the parties, and should the Panel require additional information, further documentation will be provided on request.

Respondent’s Claim that the Objector was Founded in 1995

Under paragraph 9 of the Response, the Respondent makes an odd comment in which it indicates that it “does not dispute that Objector was established as a company in 1995.” This section of the Response allegedly replied to paragraphs 11-13 of the Objection, in which the Objector correctly indicated that it was originally founded in 1668. Thus, the Respondent’s statement here is both misplaced and unclear.

The Objector notes that during a routine corporate restructuring (which a 300+ year old company naturally will do from time to time), the current name of the Objector was shifted to reflect the modern naming convention. There is no question, however, that the company has remained the same throughout its longstanding history, as each corporate form has been the predecessor-in-interest of the previous. This is, of course, the natural progression of business entities, and there is nothing to

suggest that the Objector underwent any fundamental change in ownership or interest at that time. The Objector's company remains the oldest pharmaceutical company in the world, and has traded in the industry for over 340 years.

Respondent's Claim to Global Recognition

Further in paragraph 9, the Respondent claims that worldwide public recognition of the MERCK name is due to its efforts, rather than those of the Objector, and cites as its only support a single philanthropic endeavor. The Respondent offers no substantiating evidence on this point whatsoever. It offers no court findings, no evidence of its use of the MERCK name outside of North America (which indeed, it cannot), and no publications to support this bald claim.

The Objector does not dispute that the Respondent conducts substantial business within the US and Canada under its MERCK mark, nor that it enjoys a global presence as international pharmaceutical company using its MSD and Merck Sharp & Dohme marks. The Objector notes, however, that the Respondent is not known as "MERCK MSD" on an international basis, that it has no right to use the mark or name "MERCK MSD" outside of the US and Canada, and furthermore that the Respondent has provided absolutely no proof (not even a single example) to show that it actively trades or advertises under any alleged "MERCK MSD" trademark even within North America.

Respondent's Allegations Regarding Geo-Targeting

The Respondent goes on to claim that the Objector's provision for geo-targeting made in its application for the .MERCK TLD space, while clearly protecting the parties' respective rights and preserving the *status quo* of their trademark use agreement, is inappropriate because it could result in the "Balkanization" of the Internet. This argument is unconvincing, particularly in light of the fact that, regardless of ICANN's ultimate decision regarding delegation, the .MERCK space (as well as the .MERCKMSD space) will operate as a closed TLD. The Respondent's comments about open Internet access might have some bearing on a generic TLD, but under both the Objector's and the Respondent's proposals for the space, registration will be tightly controlled. The geotargeting technology presently employed by the Objector has become an accepted, industry-standard mechanism for addressing copyright and related territorial concerns, and will enable the Objector to utilize the TLD in a manner consistent with the parties' respective rights.

The Respondent then claims that the examples of geo-targeting technology shown by the Objector cannot be used to block access, but merely to selectively display content, and that accordingly geo-targeting would be an inappropriate mechanism for resolving the present conflict between the parties. This argument is incorrect for two reasons. First, the Objector has never indicated that it will simply provide a blank page (or something similar) to visitors from North America who wish to access the site. Similarly to the mechanism currently employed by the Objector, North American visitors will simply be routed to an appropriate webpage, where the Objector is identified in a manner consistent with the parties' trademark use agreement. Secondly, geo-targeting is currently used to block access to restricted content on a geographic basis as numerous companies (including YouTube, Google, The Guardian news agency, etc) utilize the geographic location of users' IP addresses to provide access only to appropriate, geographically-relevant materials. YouTube, for example, will not allow streaming of certain copyright-protected videos in countries outside of the United States.

In this same line, the Respondent later states (in its final paragraph before turning to a review of the eight factors, that "[a]s set out in its application for .MERCKMSD, Respondent will take appropriate steps to ensure that it will not be perceived as being associated in any way whatsoever with Objector." The Respondent did not, at any time, in its application provide any concrete provision for the protection of the Objector's rights (See the Objector's Annex 1 for a copy of the Respondent's application). Indeed, the Respondent has shown a blatant disregard for the Objector's rights throughout the New gTLD application process. The Respondent has indicated not only that it intends to use the .MERCKMSD space internationally (where it has no rights in the MERCK trademark whatsoever, and no right to register or use any potential "MERCK MSD" mark), but also that it intends to sell and license domain names to unspecified "affiliates" located anywhere throughout the world. This is in no way consistent with its obligations under the parties' trademark agreement, and certainly offers no protection of the Objector's rights. The Respondent has made no attempt to

respect or protect the Objector's rights, and nothing in its pleadings before this Panel have provided any indication of such a commitment.

Respondent's Claims with Regard to Factor 3

The Respondent has elected to misquote the Objector and the Objection under this section, in order to avoid addressing a key substantive point in this proceeding. The Respondent appears to allege that the Objector has claimed to have received court rulings (holding the Objector's MERCK mark to be famous) in 95% of the world's countries. This is a clear mischaracterization of the Objection. Nowhere in the text does the Objector claim to have received rulings in 95% of the world's countries. The Objector factually indicates that it has received such rulings in numerous courts, and further that it is the rights-holder of the MERCK mark throughout the majority of the world's countries (where 95% of the global population resides). The Objector further notes that its MERCK mark is inherently associated with its activities on a worldwide scale. This is due to the fact that its mark has been held to be famous internationally, and, it is the only rights-holder authorized to self-identify, conduct business, or advertise as "Merck" throughout the world outside of the US, Canada and their territories.

While the Objector recognizes that the Respondent does conduct business within North America using the Merck brand, and as MSD internationally, there is no evidence at all on the present record to suggest that the Respondent is known as "Merck" outside of this region. The Respondent's decision in 2009 to substitute Merck Sharp & Dohme with MSD outside of US and CA further indicates that Respondent is not even known under the combination Merck Sharp & Dohme, but only as MSD. Respondent thus cannot make such a showing, since this is clearly outside the scope of its limited rights in the trademark, and since it does not self-identify under any Merck-formative name due to its election to utilize "MSD" instead of its Merck Sharp & Dohme mark.

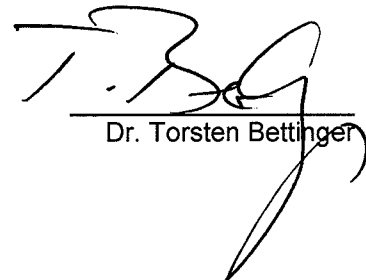
The Respondent then claims that the provided Japanese court decision stands for the proposition that consumers in Japan are more likely to associate "Merck" with the Respondent. This is not the case. The court, although noting that both parties conducted business within Japan and that the Respondent had the right to use "Merck" within the US and Canada, held that the Respondent (via its Japanese subsidiary) was not only acting in breach of the valid and existing trademark use agreement but committing a flagrant act of infringement of the Objector's rights. The court confirmed that the Respondent had no right to trade as "Merck" in Japan. Thus, it is clear the Respondent has no right to trade as "Merck" in Japan, and indeed no right to do so in any country outside of the US and Canada (and their associated territories).

Summary

The above comments have been provided, for the Panel's consideration, in order to refute blatant falsehoods and/or misleading statements made by the Respondent. Since there is no express provision for the submission of additional materials by either party, the Objector has striven to keep these comments narrowly focused and brief. To reply adequately to all points raised in the Response would require a lengthy amount of both time and evidence, and therefore, only the most egregious issues have been herein raised. The Objector in no way concedes any points made by the Respondent, and reiterates all of the arguments and evidence presented in its original Objection.

Munich, June 21, 1013

Respectfully submitted



Dr. Torsten Bettinger