

## DETERMINATION OF THE BOARD GOVERNANCE COMMITTEE (BGC)

### RECONSIDERATION REQUEST 14-9

29 APRIL 2014

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The Requester, Merck KGaA, seeks reconsideration of the Expert Determinations, and ICANN's acceptance of those Determinations, dismissing the Requester's legal rights objections to Merck Registry Holdings, Inc.'s application for .MERCK and MSD Registry Holdings, Inc.'s application for .MERCKMSD.

#### **I. Brief Summary.**

Merck Registry Holdings, Inc. applied for .MERCK and MSD Registry Holdings, Inc. applied for .MERCKMSD. The Requester, who also applied for .MERCK, objected to these applications and lost. The Requester claims that the Panel failed to comply with ICANN policies and processes in reaching its determinations. Specifically, the Requester contends that the Panel: (i) improperly interpreted the factors governing legal rights objections in light of "wholly inapplicable" Uniform Domain Name Dispute Resolution Policy ("UDRP") standards; and (ii) failed to "accurately assess critical facts concerning the Parties' pleadings, leading to mis-attribution of party intent [concerning geo-targeting commitments] and a material misrepresentation of the parties' respective positions." (Request, §§ 6, 8, Pgs. 6, 18.)

With respect to the claims submitted by the Requester, there is no evidence that the Panel either applied the improper standard or failed to properly evaluate the parties' evidence. First, the Panel correctly referenced and analyzed the eight factors set out in the Applicant Guidebook relevant to legal rights objections and considered the UDRP only as a means to further provide context to one of the eight factors. The Requester does not identify any policy or process that was violated in this regard. Second, after the Requester brought the Panel's mis-attribution of

geo-targeting commitments to the attention of WIPO, the Panel issued an Addendum to the Determinations, confirming that the misstatement was “inadvertent,” that the Panel “was in fact aware of the distinction,” and that the misstatement was not material to the Determinations in all events. Because the Requester has failed to demonstrate that the Panel acted in contravention of established policy or procedure, the BGC concludes that Request 14-9 be denied.

## **II. Facts.**

### **A. Background Facts.**

The Requester Merck KGaA (“Requester”) applied for .MERCK.

Merck Registry Holdings, Inc. (“MRH”) also applied for .MERCK. MSD Registry Holdings, Inc. (“MSDRH”) applied for MERCKMSD. Both MRH and MSDRH are owned by Merck Sharp & Dohme, Corp.<sup>1</sup> and shall be collectively referred to as “MSD”.<sup>2</sup>

On 12 March 2013, the Requester objected to MSD’s applications<sup>3</sup> asserting that “the string[s] comprising the potential new gTLD[s] infringe[] the existing legal rights of others that are recognized or enforceable under generally accepted and internationally recognized principles of law.” (Applicant Guidebook (“Guidebook”), § 3.2.1; New gTLD Dispute Resolution Procedure (“Procedure”), Art. 2(e)(ii).)

On 16 May 2013, MSD responded to the Objections.

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<sup>1</sup> See <https://gtldresult.icann.org/application-result/applicationstatus/applicationdetails:downloadapplication/463?t:ac=463> and <https://gtldresult.icann.org/application-result/applicationstatus/applicationdetails:downloadapplication/459?t:ac=459>.

<sup>2</sup> MSD was founded as a subsidiary of the Requester, but subsequently became an independent American company. The two companies currently exercise their rights in the “Merck” trademark under a reciprocal use agreement, which has been in force (through various versions and revisions) since the 1930s. MSD’s rights are territorially limited to certain countries within North America, whereas Requester retains those rights throughout the rest of the world.

<sup>3</sup> Case Nos. LRO2013-0009, LRO2013-0010, LRO2013-0011.

On 14 June 2013, the dispute resolution provider WIPO<sup>4</sup> appointed William J.H. Leppink as the expert (“Expert” or “Panel”) to consider the Objections.

On 21 June 2013, the Requester filed replies to MSD’s responses.

On 27 June 2013, MSD filed sur-replies.

On 6 September 2013, the Panel rendered Expert Determinations (“Determinations”) finding MSD the prevailing party and dismissing the Objections. Based on the submissions and evidence provided by the parties, the Panel determined that the Requester had failed to demonstrate that the potential new gTLDs would infringe on Requester’s existing legal rights. (LRO2013-0009 Determination, Pg. 6; LR02013-0010 Determination, Pg. 6; LR2013-0011 Determination, Pg. 6.)

On 23 September 2013, the Requester sent a letter to WIPO, objecting to the Determinations. Specifically, the Requester objected to the following Panelist’s statement:

*Applicant* has made it clear that it will take all necessary measures, including geo-targeting, to avoid that Internet users in the territories in which Objector has trademark rights[] will be able to visit websites that use the Disputed gTLD String.

(LRO2013-0009 Determination, Pg. 6 (emphasis added).)<sup>5</sup> The Requester’s letter noted that the Panel was confused because while the Requester’s “commitment to using geo-targeting was made clear from the exhibits in the case . . . . [a]t no time has [MSD] indicated that it would consider using geo-targeting, or taking any other affirmative measures to prevent infringement or confusion.” (Request, Annex 3 (9/23/13 Letter, Pg. 2).) The Requester claimed that this misstatement was material to the Panel’s denial of the Objections.

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<sup>4</sup> The World Intellectual Property Organization’s Arbitration and Mediation Centre.

<sup>5</sup> Geo-targeting is a method of determining the location of a website visitor and, based on that location, targeting unique content to that visitor.

On 24 September 2013, in response to the Requester's correspondence, the Panel issued an addendum to its Determinations ("Addendum"). (Request, Annex 4.) In the Addendum, the Panel clarified that the inclusion in the Determinations of the statement regarding MSD's commitment to geo-targeting was "inadvertent," but that the Panel "was in fact aware of the distinction in this regard, as is reflected in the pleadings as cited and summarized in the Expert Determinations."<sup>6</sup> (Request, Annex 4 (Addendum, Pg. 1).) The Addendum also stated that the misstatement was not material to the Determinations and explained the basis for the Determinations.

On 27 February 2014, ICANN published the Addendum on its New gTLD microsite.

On 13 March 2014, the Requester filed Request 14-9, requesting reconsideration of the Determinations.<sup>7</sup>

## **B. The Requester's Claims.**

The Requester contends that the Determinations resulted from two fundamental failures to comply with ICANN policies and processes. First, the Requester claims that the Panel improperly interpreted the factors set forth in the Guidebook governing legal rights objections in light of "wholly inapplicable" UDRP standards. (Request, § 8, Pg. 18.) Second, the Requester claims that the Panel failed to "accurately assess critical facts concerning the Parties' pleadings, leading to mis-attribution of party intent and a material misrepresentation of the parties'

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<sup>6</sup> In a section summarizing the Requester's arguments in support of its legal rights objection, the Determinations note that Requester argued that "[c]ontrary to [MSD], [the Requester] uses geo-targeting tools to ensure that visitors from North America cannot access website content in which [the Requester] is identified as 'Merck.' Internet users in North America that enter 'www.merck.de' into a browser will be redirected to 'www.emdgroup.com.'" (LRO2013-0009 Determination, Pg. 4.)

<sup>7</sup> Although WIPO did not consolidate Case Nos. LRO2013-0009, LRO2013-0010, and LRO2013-0011, the Requester filed a single Request for Reconsideration, requesting reconsideration of the Determinations in all three cases. (Request § 2, Pg. 2; LRO2013-2009 Determination, Pg. 1.) As the Requester noted, the Objections involved substantially identical underlying facts, and the Determinations issued by the Panel are substantially identical; all three are collectively referred to as the Determinations, and for ease of reference, all citations will be to the Determination in Case No. LRO2013-0009.

respective positions.” (Request, § 6, Pg. 6.) Specifically, the Requester claims that the Panel misattributed the Requester’s commitment to use geo-targeting to avoid Internet users in the territories in which Requestor does not have trademark rights to MSD. (Request, § 8, Pg. 11.)

The Requester contends that these improper applications of ICANN policies and procedures were material to the Panel’s Determinations and constitute proper grounds for reconsideration. (Request, § 3, Pg. 2; *see also* Request, § 10, Pg. 20.)

### **C. Relief Requested.**

The Requester asks that ICANN reject the Determinations, convene a new panel, and instruct that panel to reach new Expert Determinations “apply[ing] the standards defined by ICANN.” (Request, § 3, Pg. 3; *see also* Request, § 9, Pg. 18.)

### **III. Issues.**

In view of the claims set forth in Request 14-9, the issues are as follows:

Whether the Panel acted in contravention of established policy or process by:

1. Improperly applying UDRP standards in determining whether the applied-for gTLDs would be likely to infringe on the Requester’s trademark; and
2. Basing the Determinations on an incorrect finding of fact regarding MSD’s commitment to geo-targeting.

### **IV. The Relevant Standards for Evaluating Reconsideration Requests and Legal Rights Objections.**

ICANN’s Bylaws provide for reconsideration of a Board or staff action or inaction in accordance with specified criteria.<sup>8</sup> (Bylaws, Art. IV, § 2.) Dismissal of a request for

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<sup>8</sup> Article IV, § 2.2 of ICANN’s Bylaws states in relevant part that any entity may submit a request for reconsideration or review of an ICANN action or inaction to the extent that it has been adversely affected by:

- (a) one or more staff actions or inactions that contradict established ICANN policy(ies); or
- (b) one or more actions or inactions of the ICANN Board that have been taken or refused to be taken without consideration of material information, except where the party submitting the request could

reconsideration of staff action or inaction is appropriate if the BGC concludes, or if the Board or the NGPC<sup>9</sup> agrees to the extent that the BGC deems that further consideration is necessary, that the requesting party failed to satisfy the reconsideration criteria set forth in the Bylaws. ICANN has previously determined that the reconsideration process can properly be invoked for challenges to expert determinations rendered by panels formed by third party dispute resolution service providers, such as WIPO, where it can be stated that the Panel failed to follow the established policies or processes in reaching the expert determination, or that staff failed to follow its policies or processes in accepting that determination.<sup>10</sup>

In the context of the New gTLD Program, the reconsideration process does not call for the BGC to perform a substantive review of expert determinations. Accordingly, the BGC does not evaluate the Panel's substantive conclusion that the Requester failed to establish that MSD's applications for .MERCK and .MERCKMSD infringe on Requester's existing legal rights. Rather, the BGC's review is limited to whether the Panel violated any established policy or process, which the Requester suggests was accomplished when the Panel: (i) applied the incorrect standard for evaluating a legal rights objection; and (ii) based its Determinations on an incorrect finding of fact. (Request, § 8, Pg. 5.)

To prevail on a legal rights objection, an objector must establish that the potential use of the applied-for gTLD by the applicant would violate the objector's existing legal rights by:

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(continued...)

have submitted, but did not submit, the information for the Board's consideration at the time of action or refusal to act; or

(c) one or more actions or inactions of the ICANN Board that are taken as a result of the Board's reliance on false or inaccurate material information.

<sup>9</sup> New gTLD Program Committee.

<sup>10</sup> See <http://www.icann.org/en/groups/board/governance/reconsideration/recommendation-booking-01aug13-en.doc>, BGC Recommendation on Reconsideration Request 13-5.

[1.] tak[ing] unfair advantage of the distinctive character or the reputation of the objector's registered or unregistered trademark or serve mark ("mark") . . . , or [2.] unjustifiably impair[ing] the distinctive character or the reputation of the objector's mark . . . , or [3.] otherwise creat[ing] an impermissible likelihood of confusion between the applied-for gTLD and the objector's mark . . . .

(Guidebook, § 3.5.2.)

Where the objection is based on trademark rights, there are eight non-exclusive factors to be used by a panel in making this determination:

- Whether the applied-for gTLD is identical or similar, including in appearance, phonetic sound, or meaning, to the objector's existing mark;
- Whether the objector's acquisition and use of rights in the mark has been *bona fide*;
- Whether and to what extent there is recognition in the relevant sector of the public of the sign corresponding to the gTLD, as the mark of the objector, of the applicant or of a third party;
- Applicant's intent in applying the gTLD, including whether the applicant, at the time of application for the gTLD, had knowledge of the objector's mark, or could not have reasonably been unaware of that mark, and including whether the applicant had engaged in a pattern of conduct whereby it applied for or operates TLDs or registrations in TLDs which are identical or confusingly similar to the marks of others;
- Whether and to what extent the applicant has used, or has made demonstrable preparations to use, the sign corresponding to the gTLD in connection with a *bona fide* offering of goods and services or a *bona fide* provision of information in a way that does not interfere with the legitimate exercise by the objector of its mark rights;
- Whether the applicant has marks or other intellectual property rights in the sign corresponding to the gTLD, and, if so, whether any acquisition of such a right in the sign, and use of the sign, has been *bona fide*, and whether the purported or likely use of the gTLD by the applicant is consistent with such acquisition or use;
- Whether and to what extent the applicant has been commonly known the sign corresponding to the gTLD, and if so, whether any purported or likely use of the gTLD by the applicant is consistent therewith and *bona fide*; and

- Whether the applicant’s intended use of the gTLD would create a likelihood of confusion with the objector’s mark as to the source, sponsorship, affiliation, or endorsement of the gTLD.

(Guidebook, § 3.5.2.)

## V. Analysis and Rationale.

### 1. The Panel Did Not Improperly Apply UDRP Standards in Determining Whether the Applied-for gTLDs Would be Likely to Infringe on the Requester’s Trademark.

The Requester failed to demonstrate that the Panel violated any established policy or process in rendering the Determinations. The Determinations show that the Panel correctly referenced and considered the eight non-exhaustive factors listed in the Guidebook and explained how those factors supported the Panel’s Determinations. (LRO2013-0009 Determination, Pg. 5 (referencing the Guidebook and noting that “[t]he Panel will deal with each of these factors further below”).) The Requester acknowledges that the Panel “does discuss the ‘eight factors,’” but contends that the Panel “improperly interpret[ed] them in light of (wholly inapplicable) URDP standards.” (Request, § 8, Pg. 18.) The Requester’s claims are unsupported.

The Panel referenced the UDRP on only two occasions. On the first, the Panel noted that “there should not be a significant difference between the criteria for the legal rights objection as included in the Guidebook on the one hand and the provisions included in the [UDRP].” (LRO 2013-2009 Determination, Pg. 6.) The Panel did not, however, proceed to apply the UDRP standard. Rather, it analyzed the criteria listed in the Guidebook. (*Id.*)

On the second occasion, the Panel discussed the UDRP standard in the context of analyzing one of the eight Guidebook factors—“whether the applied-for gTLD is identical or similar, including in appearance, phonetic sound, or meaning, to Objector’s existing mark.” (Guidebook § 3.5.2 ) The Panel accurately noted that the Guidebook “does not provide [] any

details” to guide the application of that factor and, as such, it looked to the “detailed test” in the UDRP for guidance. (LRO 2013-2009 Determination, Pgs. 6-7.)

As an initial matter, the Requester was not prejudiced by the Panel’s reference to the UDRP because the Panel found that this factor weighed in the Requester’s favor. (LRO2013-2009 Determination, Pg. 7 (determining that the disputed gTLD string and the Requester’s trademark were identical).) Furthermore, the Determinations reveal that the Panel considered the UDRP as a means to further provide context to one of the eight factors set out in the Guidebook. The Requester does not identify any policy or process that was violated in this regard. The New gTLD Dispute Resolution Procedure makes clear that, in addition to applying the standards that have been identified by ICANN, the Panel “may refer to and base its findings upon statements and documents submitted and any rules or principles that it determines to be applicable.” (Procedure, Art. 20(b).)

**2. The Panel did not Improperly Base its Determinations on an Incorrect Finding of Fact.**

The Requester claims that the Panel’s “incorrect view of the fact pattern” supports reconsideration. (Request, § 8, Pg. 11.) Specifically, the Requester challenges the Panel’s statement in the Determinations that:

*Applicant* has made it clear that it will take all necessary measures, including geo-targeting, to avoid that Internet users in the territories in which Objector has trademark rights[] will be able to visit websites that use the Disputed gTLD String.

(LRO2013-0009 Determination, Pg. 6 (emphasis added).) The Requester claims that the Panel’s statement was factually incorrect because “it is the Requester (Objector), not Merck & Co. (Applicant) in these cases that has made geo-targeting provisions!” (Request, § 8, Pg. 11.)

The Requester brought this issue to WIPO’s attention in its letter of 23 September 2013, noting that while the Requester’s “commitment to using geo-targeting was made clear from the exhibits in the case . . . . [a]t no time has [MSD] indicated that it would consider using geo-targeting, or taking any other affirmative measures to prevent infringement or confusion.” (Request, Annex 3 (9/23/13 Letter, Pg. 2).) The Requester suggested, “it is clear that the Panel’s incorrect belief that [MSD] has committed to using geo-targeting tools is the basis for the denial of these Objections.” (*Id.* at Pg. 3.)

In response, the Panel issued an Addendum to the Determinations, clarifying that the inclusion of the statement regarding MSD’s commitment to geo-targeting was “inadvertent”, and that the Panel “was in fact aware of the distinction in this regard, as is reflected in the pleadings as cited and summarized in the Expert Determinations.”<sup>11</sup> (Request, Annex 4 (Addendum, Pg. 1).) The Panel then stated that “[i]n any event, the Panelist considers it important to confirm that the above-mentioned sentence as such is *immaterial* to the conclusion which the Panelist reached in rejecting the Objections.” (*Id.* (emphasis added).) The Panel then reiterated the basis for its conclusion that the Requester’s Objections be rejected:

The question is whether a bona fide trademark owner that owns trademark rights in certain countries but does not have rights to a certain trademark in all countries of the world, should for that reason be prevented from obtaining a gTLD. In the view of the Panel, such a proposition does not make sense. If the opposite view would be accepted, it would be expected from any trademark owner interested in a gTLD to have trademark registrations in all countries of the world as otherwise another party could register one trademark in an ‘uncovered’ country and thus prevent the first trademark owner from applying for and using its own gTLD.

(*Id.* (quoting LRO2013-0009 Determination, Pg. 6).) In articulating the basis for its Determinations, the Panel confirmed that “[i]t is clear” that these considerations “are not

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<sup>11</sup> See also footnote 6.

conditioned on the presence or absence of geo-targeting or similar measures on the part of the Applicant.” (Addendum, Pg. 2.) The Requester may disagree with that finding, but that disagreement is not a proper basis for reconsideration.

Nevertheless, the Requester objects to the Panel “merely elect[ing] to state that [the inadvertent geo-targeting comment] was immaterial to the conclusion which it reached in rejecting the Objections.” (Request, § 8, Pg. 13.) The Requester claims that “[a] reconsideration of the cases on the basis of the correct, complete and accurate state of the facts would have required a thorough application of the standard set forth in Section 3.5.2 of the Guidebook taking into account the full range of the eight non-exclusive factors.” (*Id.* at Pgs. 12-13.)

There is no evidence that the Panel violated any established process or policy by issuing an addendum to its Determinations in response to the Requester’s claims. Nor does the Requester cite any provision in the Guidebook or otherwise that would require the Panel to redo its analysis of all eight factors set forth in Section 3.5.2 of the Guidebook, particularly in light of the fact that the Panel confirmed that the inadvertent statement was immaterial to its determinations in all events. (Request, Annex 4 (Addendum, Pg. 1).)

Furthermore, the Determinations discussed geo-tracking in the context of only one factor, that which considers whether “Applicant’s intended use of the gTLD would create a likelihood of confusion with Objector’s mark as to the source, sponsorship, affiliation, or endorsement of the gTLD.” (LRO 2013-0009 Determination, Pg. 8.) Nowhere in the Determinations did the Panel imply that geo-tracking was relevant to its consideration of any of the remaining seven factors. And as confirmed by the Panel in its Addendum, the Panel’s inadvertent reference to the Applicant’s geo-tracking commitments was not material to its consideration of this factor. Once

again, while the Requester may disagree with the Panel's finding, that disagreement is not a proper basis for reconsideration.

## **VI. Decision**

Based on the foregoing, the BGC concludes that the Requester has not stated proper grounds for reconsideration, and therefore denies Reconsideration Request 14-9. Given that there is no indication that the Panel violated any policy or process in reaching, or staff in accepting the Determinations, this Request should not proceed. If the Requester believes that it has somehow been treated unfairly in the process, the Requester is free to ask the Ombudsman to review this matter.

In accordance with Article IV, § 2.15 of the Bylaws, the BGC's determination on Request 14-9 shall be final and does not require Board consideration. The Bylaws provide that the BGC is authorized to make a final determination for all Reconsideration Requests brought regarding staff action or inaction and that the BGC's determination on such matters is final. (Bylaws, Art. IV, § 2.15.) As discussed above, Request 14-9 seeks reconsideration of a staff action or inaction. After consideration of this Request, the BGC concludes that this determination is final and that no further consideration by the Board (or the New gTLD Program Committee) is warranted.

In terms of timing of the BGC's Determination, we note that Section 2.16 of Article IV of the Bylaws provides that the BGC shall make a final determination or recommendation with respect to a Reconsideration Request within thirty days following receipt of the request, unless impractical. (*See* Article IV, Section 2.16 of the Bylaws.) To satisfy the thirty-day deadline, the BGC would have to have acted on Request 14-9 by 13 April 2014. Due to the number of Reconsideration Requests received in recent weeks and scheduling conflicts as a result of travel schedules from the ICANN public meeting in Singapore, additional time was needed to evaluate

Request 14-9. As such, the first practical opportunity for the BGC to take action on this Request was on 29 April 2014; it was impractical for the BGC to consider the Request sooner. Upon setting the date for consideration of Request 14-9, staff notified the Requester of the BGC's anticipated timing for review, and no objections were raised.