

Reconsideration Request Form

Version of 11 April 2013

ICANN's Board Governance Committee is responsible for receiving requests for reconsideration from any person or entity that has been materially affected by any ICANN staff action or inaction if such affected person or entity believes the action contradicts established ICANN policies, or by actions or inactions of the Board that such affected person or entity believes has been taken without consideration of material information. Note: This is a brief summary of the relevant Bylaws provisions. For more information about ICANN's reconsideration process, please visit <http://www.icann.org/en/general/bylaws.htm#IV> and <http://www.icann.org/en/committees/board-governance/>.

This form is provided to assist a requester in submitting a Reconsideration Request, and identifies all required information needed for a complete Reconsideration Request. This template includes terms and conditions that shall be signed prior to submission of the Reconsideration Request.

Requesters may submit all facts necessary to demonstrate why the action/inaction should be reconsidered. However, argument shall be limited to 25 pages, double-spaced and in 12 point font.

For all fields in this template calling for a narrative discussion, the text field will wrap and will not be limited.

Please submit completed form to reconsideration@icann.org.

1. Requester Information

Name: Merck KGaA

Representative: Dr. Torsten Bettinger

Address: Contact Information Redacted

Email:

Phone Number (optional): Contact Information Redacted

2. Request for Reconsideration of (check one only):

Board action/inaction

Staff action/inaction

3. Description of specific action you are seeking to have reconsidered.

(Provide as much detail as available, such as date of Board meeting, reference to Board resolution, etc. You may provide documents. All documentation provided will be made part of the public record.)

Merck KGaA (hereinafter “Requester”) seeks reconsideration of ICANN’s acceptance of the Expert Determinations in the Legal Rights Objection Procedures against Merck Registry Holdings, Inc.’s applications for <.merck> and MSD Registry Holdings, Inc.’s application for <.merckmsd> in WIPO Cases Nos. LRO2013-0009, LRO2013-0010, and LRO2013-0011. The decisions concern the same parties, were decided by the same expert panel, and the substantive content of all three decisions is identical in all relevant points. The Expert Determinations dated September 6 and 9, 2013 are attached as **Annex 1**; the Requestors pleadings in these procedures are attached as **Annex 2**.

All three decisions fail to follow ICANN policies and processes for determining the legal rights objections standard resulting in the issuance of three incorrect decisions.

No advice on applicable remedies against the Expert's Determinations and its subsequent reconsiderations of these Determinations has been communicated to Requester by either ICANN or the WIPO Arbitration and Mediation Center.

To date ICANN has not issued any explicit decision stating that it has reviewed and endorsed the Expert Panel’s findings and its reconsideration of these decisions as published in an addendum to the decisions, nor has ICANN taken any further actions in the gTLD application process based on the Expert Panel’s decisions. As there is nothing in the Applicant Guidebook and the ICANN Bylaws to indicate that third-party “vendors,” such as the WIPO Arbitration and Mediation Center and the other ADR-providers, fall into the category of “staff” or “ICANN Board” or that a Request for Reconsideration process can also be invoked for challenges of decisions of an Expert Panel, it is still unclear whether

the Expert determinations have already been reviewed and endorsed by ICANN and whether the publication of the decisions on ICANN's website on February 27, 2014 constitute or can be appropriately considered ICANN's declaration to accept the expert determinations within the dispute resolution process and may therefore be considered as an "action" pursuant to Art. IV Section 2.2. of the ICANN Bylaws.

The Requester notes that an automatic acceptance of an Expert Panel decision without any quality assurance measures, even of an Expert Panel determination which violated ICANN's policies and processes in reaching its decision, would be a violation of the requirements of transparency and due process that ICANN has otherwise assumed in its Articles and Bylaws under California law.

That said, however, the Requester also takes note of the fact that in an e-mail correspondence between the Requester and ICANN staff, ICANN stated that "the date on which ICANN posts the Expert Determination at issue is the final date from which the time to submit a reconsideration request based on that Expert Determination or based on ICANN accepting that Expert Determination is calculated." The Requester therefore must conclude from the aforementioned e-mail correspondence and the fact that ICANN published the Expert Determination and the addendum thereof on February 27, 2014 that ICANN accepted and will rely on the advices of the Expert Determinations.

The Requester therefore asks ICANN to reconsider its decision to accept the advice set forth in the Decisions, and instruct a different appointed panel to make an expert determination that applies the standards defined by ICANN.

4. Date of action/inaction:

(Note: If Board action, this is usually the first date that the Board posted its resolution and rationale for the resolution or for inaction, the date the Board considered an item at a meeting.)

The relevant Expert Determinations in the WIPO Cases LRO2013-0009, LRO2013-0010, and LRO2013-0011 were notified to the Requester on September 6, 2013. The Requester contacted WIPO shortly after the decisions were issued, in order to address its concerns about the Panelist's failure to utilize the ICANN-mandated LRO elements in reaching its decision, and its serious errors with regard to the underlying facts of the case (The Requestor's letter to the WIPO Arbitration and Mediation Center dated September 23, 2013 is attached as **Annex 3**). The WIPO Arbitration and Mediation Center communicated the Requester's message to the appointed expert.

The Panelist issued an addendum to its decisions on September 24, 2013 again refusing to apply the LRO standards. (the Expert Panel's addendum to the decisions are attached as **Annex4**).

On September 25, 2013 ICANN published the Expert's decisions of September 6, 2013 in the above LRO Proceedings, but not the Expert Panelist's addendum to these decisions which were requested by the Requester because the Panelist had conflated the arguments and factual constellations of the two parties and elected not to consider the three elements of the LRO policy but essentially decided the cases on the basis of UDRP jurisprudence.

As ICANN did not issue any explicit decision stating that it has reviewed and accepted the Expert Panel's findings and its reconsideration of these decisions as published in an addendum to the decisions, nor taken any further actions in the gTLD application process based on the Expert Panel's decisions, on December 6, 2013 the Requester sent an e-mail to ICANN (the e-mail from Jonas Kölle to Ms. Amy Stathos is attached as **Annex 5**) and asked for clarification whether the Expert Decision had already been endorsed by ICANN or whether the Panelist decisions can be considered as an ICANN action within the meaning of Art. IV Section 2.2 ICANN's Bylaws.

By e-mail dated December 18, 2013 ICANN stated that "the date on which ICANN posts the Expert Determination at issue would be the final date from

which the time to submit a Reconsideration request based on that Expert Determination or based on ICANN's acceptance of that Expert Determination is calculated." (see attached e-mail from Ms. Stathos to Jonas Kölle as **Annex 6**)

As ICANN had still not published the Expert's Panel's reviews of its decisions or issued any explicit decision stating that it has reviewed and accepted the Expert Panel's findings and its reconsideration thereof as published in the addendums to these decisions, nor took any further actions in the gTLD application process based on the Expert Panel's decisions, the Requester again submitted an e-mail to ICANN on February 6, 2014 asking, inter alia,

1. whether the Expert's review of its decision LRO2013-0009, LRO2013-0010 and LRO2013-0011 already been communicated to ICANN, and
2. if such review has been communicated to ICANN has ICANN itself already reviewed the Expert's reconsideration of its Decisions LRO2013-0009, LRO2013-0010 and LRO2013-0011 and
3. if so, when will ICANN publish these Expert Determinations in order to enable us to challenge the Expert's Determinations in a Request for Reconsideration proceeding.

The Requestor's e-mail, dated February 6, 2014 is attached as **Annex 7**.

By e-mail dated February 27, 2014 the ICANN informed the Requester that it has updated the Legal Rights Objection determinations for the objections filed by Merck KGaA against applications 1-1702-28003 (MERCK), 1-1702-73085 (MERCK), and 1-1704-28482 (MERCKMSD) and that the updated determinations now included the addendums dated 24 September 2014. This e-mail also provided links to the updated determinations. (see Communication by ICANN's New gTLD Customer Service **Annex 8**)

Accordingly, the relevant Expert Determinations and the addendums thereof

were published by ICANN on February 27, 2014 in complete form.

5. On what date did you became aware of the action or that action would not be taken?

(Provide the date you learned of the action/that action would not be taken. If more than fifteen days has passed from when the action was taken or not taken to when you learned of the action or inaction, please provide discussion of the gap of time.)

As noted above, ICANN informed the Requester that it had made public the complete decisions of the Expert Panel in WIPO Cases LRO2013-0009, LRO2013-0010, and LRO2013-0011 including the addendums to these decisions on February 27, 2014.

Accordingly, Requester became aware that ICANN has accepted and will rely on the Panel's decisions on February 27, 2014, the date ICANN posted the Panel's decision in complete form.

6. Describe how you believe you are materially affected by the action or inaction:

The Requester is materially affected by ICANN's adoption of the Expert Determinations, as ICANN will utilize the findings of the panel in making any assessment as to whether the parties should proceed to the auction process, or whether the Requester has sufficient pre-existing rights to warrant an alternative mechanism for awarding (or withholding) delegation of the contested .MERCK and .MERCKMSD spaces.

The decisions themselves contain two egregious errors, one of fact and one of law, which will be detailed in the sections below. The first issue concerns the panel's failure to accurately assess critical facts concerning the parties' pleadings, leading to the mis-attribution of party intent and a material misrepresentation of the parties' respective positions. The second issue concerns the panel's election to follow an inapplicable Policy (namely, the UDRP), rather than to utilize the tenants of the ICANN-mandated New gTLD

Dispute Resolution Policy in the context of resolving these disputes.

Together, these errors prevented the Requester from receiving a fair hearing of its case, and resulted in a serious breach of due process. The Requester attempted to redress the issue via the WIPO Center shortly after the issuance of the decisions, but as the panel failed to provide an adequate review of its error and to re-evaluate the dispute in light of the correct factual circumstances, the Requester was unable to receive a fair hearing. The panel had already reached a decision and, despite the clear indication in the published opinions that the “applicant’s” use of geotargeting was a material factor, the panel remained obdurately unwilling to correctly and properly discharge its duty as an LRO expert. A short addendum to the decision was added, which simply excused the panel’s factual error without addressing the portions of the decision which made clear that the mistake was material to the panel’s ultimate decision in these cases, and entirely ignored the Requester’s concerns about the utilization of an incorrect Policy model.

Accordingly, the Requester’s due process rights have been violated, as the expert appointed by the WIPO Center failed to follow mandated ICANN policies and processes in discharging its duties under the New gTLD Dispute Resolution Process.

7. Describe how others may be adversely affected by the action or inaction, if you believe that this is a concern.

Apart from the parties of the LRO procedures no other parties will be adversely affected by the action.

8. Detail of Board or Staff Action – Required Information

Staff Action: If your request is in regards to a staff action or inaction, please provide a detailed explanation of the facts as you understand they were provided to staff prior to the

action/inaction presented to the staff and the reasons why the staff's action or inaction was inconsistent with established ICANN policy(ies). Please identify the policy(ies) with which the action/inaction was inconsistent. The policies that are eligible to serve as the basis for a Request for Reconsideration are those that are approved by the ICANN Board (after input from the community) that impact the community in some way. When reviewing staff action, the outcomes of prior Requests for Reconsideration challenging the same or substantially similar action/inaction as inconsistent with established ICANN policy(ies) shall be of precedential value.

Board action: If your request is in regards to a Board action or inaction, please provide a detailed explanation of the material information not considered by the Board. If that information was not presented to the Board, provide the reasons why you did not submit the material information to the Board before it acted or failed to act. "Material information" means facts that are material to the decision.

If your request is in regards to a Board action or inaction that you believe is based upon inaccurate, false, or misleading materials presented to the Board and those materials formed the basis for the Board action or inaction being challenged, provide a detailed explanation as to whether an opportunity existed to correct the material considered by the Board. If there was an opportunity to do so, provide the reasons that you did not provide submit corrections to the Board before it acted or failed to act.

Reconsideration requests are not meant for those who believe that the Board made the wrong decision when considering the information available. There has to be identification of material information that was in existence of the time of the decision and that was not considered by the Board in order to state a reconsideration request. Similarly, new information – information that was not yet in existence at the time of the Board decision – is also not a proper ground for reconsideration. Please keep this guidance in mind when submitting requests.

As noted above, by publishing the Panelist Decisions in WIPO Cases LRO2013-0009, LRO2013-0010, and LRO2013-0011 in complete form on February 27, 2014, ICANN indicated that it has "adopted" the decisions of the Panelist, thus rendering these decisions "ICANN actions". As established in prior decisions of the Board of Governance Reconsideration Requests, (although notably such information was not explicitly available prior to the outset of the dispute resolution process) it has been noted that ICANN may review its decision to accept the decision of an Expert Panel in an Objection Procedure in a Request for Reconsideration process where it may be shown that the Expert Panel failed to follow the established policies or processes in reaching the decision, or that ICANN staff failed to follow its policies or processes in accepting that decision.

In this case, the Expert Panel failed to take reasonable care in evaluating the

parties' respective evidence and to make a correct application of the LRO standard developed by ICANN in the Applicant Guidebook, resulting in a denial of due process to the Requester in the context of its three LRO disputes.

Background Information About the Parties

Before entering into a discussion of the Expert Panelist's decisions, it may be helpful for the Board of Governance Committee to be provided with a very brief summary of the history of the parties and the nature of their dispute.

The parties involved in the underlying dispute are Merck & Co. Inc., a US pharmaceuticals concern which was formerly a subsidiary of the Requester, and the Requester, the world's oldest pharmaceutical company and the former parent of Merck & Co. Inc. 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. Merck & Co.'s rights are territorially limited to certain countries within North America, whereas Requester retains those rights throughout the rest of the world. The Requester has also taken legal action against the infringing activities of Merck & Co Inc. before the District Court of Hamburg, Germany, and in the courts of the United Kingdom and France. The Requester is preparing additional legal measures in other jurisdictions.

Merck & Co. Inc. through its subsidiaries Merck Registry Holdings Inc. and MSD Registry Holdings Inc. has filed applications for <.merck>, <.merckmsd> and <.msd>, the Requester has filed applications for <.merck> and <.emerck>.

While the Requester explicitly stated in its applications for <.merck> and <.emerck> 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 applied-for gTLD Strings, Merck & Co. Inc. did not, at any time, in its applications for the gTLDs <.merck> and <.merckmsd> provide any concrete provision for the protection of the Requestor's rights. Indeed, Merck & Co. Inc. has shown a blatant and flagrant

disregard for the Objector's rights throughout the New gTLD application process as Merck & Co. has indicated in its applications 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.

Fundamental Failure to Correctly Review and Evaluate Fact Pattern

There are two critical issues with regard to the panelist's decisions in the three LRO cases. The first concerns the panel's failure to take reasonable care in evaluating the parties' respective evidence.

The Panel based its decisions in all three matters on the fact that Applicant 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. To quote from the decisions:

"It is possible that Applicant's use of the Disputed gTLD String could create a likelihood of confusion with Objector's mark as to the source, sponsorship, affiliation, or endorsement of the Disputed gTLD String. However, such possible confusion would not be greater than any that may already exist as a result of two similar companies using a similar trademark as the result of a common history. 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. Should Applicant use the Disputed gTLD String in a way that infringes the rights of Objector, Objector shall be free to take the appropriate legal measures."

[emphasis added]

All three of these decisions (Cases LRO2013-0009, LRO2013-0010 and LRO2011) include the same text, and are indeed little more than copy-and-paste duplicates of one another. Thus, the errors are identical in all three decisions, which raise serious questions as to whether the Panel spent adequate time reviewing the facts and preparing its reasoned decision in each case.

As mentioned before, it is the Requester (Objector), not Merck & Co. (Applicant) in these cases that has made geo-targeting provisions! Merck & Co. has clearly and unambiguously stated that it will not make any such allowances. The Requestor's commitment to using geo-targeting was made clear from the exhibits in the case, as it already employs similar technology on its current second-level domain spaces, and has affirmatively committed to using geo-targeting in its application for the .MERCK TLD space. At no time has Merck & Co. indicated that it would consider using geo-targeting, or taking any other affirmative measures to prevent infringement or confusion.

Accordingly, the Panel mis-attributed the arguments of the Objector to the Respondent, and has issued its decision in the matter on that basis. The decisions, therefore, are not only inaccurate, but are contrary to the facts of the case. The confusion as to which entity had made the relevant arguments arose due to the fact that the same panel was charged with deciding a number of cases between the parties, three of which saw Requester as the Objector (cases LRO2013-0009 – LRO2013-00011), and two in which Requester was acting as a respondent.

In its decision, the panel also indicated that its incorrect view of the fact pattern (attributing the Requester's well-conceived commitment to utilize industry-specific technology to mitigate any potential risk of trademark infringement due to its future use of the .MERCK TLD space instead to the Requester's opponent) had a material bearing on its decisions in these cases. Specifically, the decisions state:

"Applicant has made it clear that it will take all necessary measures, including geo-targeting, to avoid that [sic.] Internet users in the territories in which Objector has trademark rights, will be able to visit websites that use the Disputed gTLD String. Should Applicant use the Disputed gTLD String in a way that infringes the rights of Objector, Objector shall be free to take the appropriate legal measures.

Against this background, the Panel on the record before it determines that the Objection fails."

As already said, this statement of the facts of the dispute, however, was entirely erroneous. The Requestor (the Objector in the LRO decisions) is the party who has made geotargeting provisions, not its opponent (the “Applicant” in the LRO action, one of two subsidiary companies under the control of Merck & Co., Inc.). Despite having been appointed as the expert panelist in three cases concerning the parties, this panelist did not take sufficient time to review the parties’ pleadings to determine the fundamental arguments made by each side. By miss-attributing one of the most key components of the parties’ dispute to the wrong entity, and clearly basing at least some portion of its decision on this erroneous assumption, the panel failed in its duty to ensure a fair and balanced proceeding, and to ensure that both parties’ pleadings are duly and fully considered.

Upon receiving these decisions, which were based (at least in part) on the panel’s erroneous interpretation of the essential facts of the case, the Requester contacted the Director of the WIPO Arbitration and Mediation Center by phone, requesting correction of the error. The Requester’s counsel queried what options for recourse might be available under the circumstances, and stressed the critical nature of the panel’s error. Moreover, the Requester noted that the panelist had failed to evaluate the case on the basis of the three required elements of the LRO procedure, and had instead elected to decide the case on the basis of UDRP precedent and the WIPO UDRP Overview.

The WIPO Center concurred that this was a serious issue, and contacted the appointed expert in order to correct the error. Rather than issue a decision on a correct interpretation of the merits of the case, however, and despite the panel’s clear statement (to the effect that its erroneous interpretation of the fact pattern regarding geo-targeting was a critical component of its analysis) in the decisions themselves, the panel simply stated that, upon reflection, he did not feel its error was material. The panel, in issuing its addendum, simply quoted from other text in its decisions, and chose to blatantly ignore its statements concerning the impact of its serious oversight and error. 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.

Instead, rather than properly re-evaluating the decisions on the basis of the true and correct facts and circumstances (and using the correct Policy), the panel merely elected to state it was immaterial to the conclusion which it reached in rejecting the Objections and to dismiss these due process concerns.

Therefore, as the panel and the WIPO Center were unwilling to redress this severe issue, the Requester respectfully asks the ICANN Board of Governance to determine whether the panel's conduct is, or is not, in line with the obligations imposed by the Guidebook, and the DSRP's duty to ensure that each party is treated with fairness and equality.

Use of Incorrect Standard

The second due process issue concerns the standards utilized by the panel in reaching its decisions in these three LRO matters. As noted in the Guidebook, the Policy to be used in assessing New gTLD disputes is the New gTLD Dispute Resolution Procedure, outlined in the Attachment to Module 3.

In each Legal Rights Objection proceeding, an independent expert panel (comprised of one or three experts) was tasked with determining whether the gTLD applicant's potential use of the applied-for gTLD would be likely to infringe the objector's existing trademark. Pursuant to Section 3.5.2 of the Applicant Guidebook, the expert panel would consider whether such *potential use of the applied-for gTLD*:

- (i) takes unfair advantage of the distinctive character or the reputation of the objector's registered or unregistered trademark or service mark ("mark"); or
- (ii) unjustifiably impairs the distinctive character or the reputation of the objector's mark; or
- (iii) otherwise creates an impermissible likelihood of confusion between the

applied-for gTLD and the objector's mark.

The wording of standards (i) and (ii) is derived in large part from trademark law provisions of the Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks, adopted by the Assembly of the Paris Union for the Protection of Industrial Property and the General Assembly of the World Intellectual Property Organization (WIPO) at the Thirty-Fourth Series of Meetings of the Assemblies of the Member States of WIPO on September 20 to 29, 1999 which aims to provide broader protection beyond the standard scope of likelihood of confusion

The panel, however, did not take these three elements into consideration when making its assessment in these cases, and instead relies on the wholly inapplicable reasoning of UDRP case precedent and the WIPO Overview of WIPO Panel Views on Selected UDRP Questions. In each of the decisions, the panel stated that “[i]n essence 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 Uniform Domain Name Dispute Resolution Policy ('UDRP').”

The panel does not, however, cite any authority for this statement, which is not based on any plausible interpretation of the LRO Policy, the Guidebook, or any public recommendations from ICANN. Had ICANN intended to use the UDRP as the standard for the LRO mechanism, it would have been extremely easy to simply indicate this requirement in the Guidebook, instead of developing an entirely novel procedure based heavily on the tenets and wording of traditional trademark law standard as set out in the Joint Recommendation on the Protection of well-known trademarks.

Indeed, there is very little similarity between the UDRP and the LRO procedure. Perhaps most critically, there is no “bad faith” requirement under the LRO procedure, and the elements of the dispute process are based on trademark law (rather than on the UDRP model, which is designed only to deal with cases of

second-level abusive cybersquatting). The LRO procedure was conceived by ICANN to resolve issues of trademark infringement, not mere abusive domain registration, and as such contains wording directly parallel to traditional trademark law.

The standard as set out in Section 3.5.2 of the Applicant Guidebook is not whether the application for the gTLD was submitted in bad faith or whether the applicant's potential use of the applied-for gTLD is in bad faith but rather whether the *potential use of the applied-for gTLD* amounts to an infringement of the Objector's trademark, namely whether

- (i) takes unfair advantage of the distinctive character or the reputation of the objector's registered or unregistered trademark or service mark ("mark"); or
- (ii) unjustifiably impairs the distinctive character or the reputation of the objector's mark; or
- (iii) otherwise creates an impermissible likelihood of confusion between the applied-for gTLD and the objector's mark.

The Panel's reasoning that "*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 not for that reason be prevented from obtaining a gTLD*" and that "*if the applicant for a new gTLD is bona fide, it will not be likely that one of the three criteria will be met because advantage of the distinctive character or the reputation of the objector's registered trademark taken by the use of the gTLD would likely not be unfair, the impairment of the distinctive character or reputation of the Requestor's registered trademark would likely be justified and that the likelihood of confusion which is created between the Disputed gTLD String and the objector's mark would not be impermissible*" disregards the standard as provided for in 3.5.2 of the Applicant Guidebook and instead imputes a bad faith element which is not contained in the LRO standard.

The Applicant did not, at any time, in its applications for the gTLDs <.merck> and <.merckmsd> provide any concrete provision for the protection of the

Requestor's rights. Indeed, the Respondent has shown a blatant and flagrant 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 has provided any indication of such a commitment.

Thus, it is the panel's duty to review key trademark issues, such as the scope of the parties' rights, the existence of trademark use agreements, and the potential harm caused by the use of the TLD by the relevant applicant.

The panel suggests that if the Requester is dissatisfied with its failure to discharge the case correctly, then the Requester may seek redress through the numerous and varied national courts all around the globe. This is not a satisfactory answer, and indicates the panel's willful disregard for the Policy and for its duty as an agent of ICANN (once the decision has been adopted by the Board, it becomes an ICANN action for all intents and purposes). The LRO Policy was designed specifically to prevent parties from facing the arduous task of conducting litigation in each and every country worldwide following the launch of ICANN's New gTLD Program. This is, in fact, the entire purpose of the pre-delegation Rights Protection Mechanisms. If panelists fail in their duty to properly utilize the ICANN-mandated procedures, and to instead "fall back" on the simplistic, "known" tenants of the UDRP, the LRO procedure becomes impotent and ineffectual. Without a robust LRO mechanism, the ICANN program is rendered dysfunctional, and fails in its duty to protect a critical Internet constituency.

Nothing in the LRO Policy or the Guidebook indicates that the LRO procedure should be handled in the same fashion as the UDRP, or that the complex

trademark analysis required by the LRO Policy may be simply ignored by panelists who are more comfortable with the cut-and-dried UDRP approach. The LRO Policy concerns the protection of trademark rights and, as there is no bad faith requirement, the simple fact that a respondent may have limited geographic rights in a mark does not in any way entitle it to use the new gTLD process for illegal means (including wide-scale trademark infringement), or in a manner which is impermissible in light of contractual obligations (illustrated in the *Delmonte* case, LRO2013-0001).

The WIPO Overview of WIPO Panel Views on Selected UDRP Questions itself highlights the distinction between a LRO and UDRP proceeding and illustrates why a UDRP standard is inapplicable in these circumstances. Paragraph 2.7 of the WIPO Overview indicates that when a respondent holds trademark rights, UDRP panelists must look to the overall circumstances of a case to establish whether this provides a right or legitimate interest, including whether the trademark was obtained primarily to circumvent the application of the UDRP, which is an indication of bad faith. In contrast to a UDRP proceeding, the LRO Standards espoused at Section 3.5.2 of the Applicant Guidebook do not necessarily require that an applicant lack rights or legitimate interests (as is the present case, for a geographically-limited area) or act in bad faith. It does, however, require the expert panel to consider whether the potential use of the applied-for gTLD by the applicant takes unfair advantage or unjustifiably impairs the distinctive character or the reputation of the objector's mark, or otherwise creates an impermissible likelihood of confusion between the applied-for gTLD and the objector's mark.

Thus, instead of looking solely for the existence of rights on the part of an applicant and to the intention of the applicant in applying for a mark as per the UDRP elements, the LRO Standards require the expert panel to consider the impact of the use of a gTLD on the rights of others. It is extremely unclear, therefore, why the panel in these cases has elected to disregard the LRO procedure and to decide the cases solely on the inappropriate basis of the UDRP

standards, and in the absence of any explanation from the Applicant, fail to find its gTLD application violates the LRO Standard given that the operation of the gTLD by the Applicant in accordance with its stated intention will inevitably violate the rights of the Objector.

In the decisions, the panel does discuss the “eight factors” of the Policy, but improperly interprets them in light of (wholly inapplicable) UDRP standards. As noted, there is very little similarity between the UDRP and the LRO elements, as the LRO more closely follows the tenants of trademark law, and contains no specific requirement of respondent bad faith. Perhaps far more troubling, the panel did not address the three actual, mandatory elements of the LRO Policy in any significant manner, and simply analyses the cases on the basis of reasoning taken directly (and quoted!) from the WIPO Overview of UDRP panel views.

Thus, instead of deciding these cases on the basis of the LRO Policy (which is, in itself, far more akin to a traditional trademark procedure than the UDRP), the panel has elected to “make up” its own principles of interpretation, and has failed to take an accurate assessment of the crucial and relevant facts.

9. What are you asking ICANN to do now?

(Describe the specific steps you are asking ICANN to take. For example, should the action be reversed, cancelled or modified? If modified, how should it be modified?)

As ICANN has now adopted the panel decisions as ICANN staff/Board actions, these procedural and judgment errors have become those of ICANN, and accordingly the Requester has been harmed by ICANN actions which contradict published ICANN policies (namely, the New gTLD Dispute Resolution Policy and procedure).

The Requester asks ICANN to reject the advice set forth in the Decisions, and instruct a panel to make an expert determination that applies the standards defined by ICANN.

10. Please state specifically the grounds under which you have the

standing and the right to assert this Request for Reconsideration, and the grounds or justifications that support your request.

(Include in this discussion how the action or inaction complained of has resulted in material harm and adverse impact. To demonstrate material harm and adverse impact, the requester must be able to demonstrate well-known requirements: there must be a loss or injury suffered (financial or non-financial) that is directly and causally connected to the Board or staff action or inaction that is the basis of the Request for Reconsideration. The requestor must be able to set out the loss or injury and the direct nature of that harm in specific and particular details. The relief requested from the BGC must be capable of reversing the harm alleged by the requester. Injury or harm caused by third parties as a result of acting in line with the Board's decision is not a sufficient ground for reconsideration. Similarly, injury or harm that is only of a sufficient magnitude because it was exacerbated by the actions of a third party is also not a sufficient ground for reconsideration.)

Under the language of the ICANN Bylaws, a Requester may bring a case if it has been affected by:

- one or more staff actions or inactions that contradict established ICANN policy(ies); or
- 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 have submitted, but did not submit, the information for the Board's consideration at the time of action or refusal to act; or
- 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.

These provisions are further modified by the Board of Governance's ruling in its Recommendation on Reconsideration Request No. 13-6, which states that:

"[...] ICANN has determined that the Reconsideration process can properly be invoked for challenges of the third-party DRSP's decisions where it can be stated that either the DRSP failed to follow the established policies or processes in reaching the decision, or that ICANN staff failed to follow its policies or processes in accepting that decision."

Thus, in this case, the Requester submits that it has been harmed by the failure of the DSRP (WIPO) and its appointed panelist, to follow the mandated ICANN procedure for the resolution of Legal Rights Objections in the context of the New gTLD Dispute Resolution Procedure, as required by Article 20(a) of the Procedure itself. The panelist failed to decide the case on the basis of the correct and applicable LRO Standard, and moreover has failed to decide the case on the basis of the true and accurate factual record which was presented to him in the course of the dispute (see Requestor's statements under Section 8. Detail of Board or Staff Action). Accordingly, the Requester has been denied fundamental due process, as its pleadings were not meaningfully taken into account in the course of the panel's deliberations, and the panel elected to decide the case on inapplicable grounds.

11. Are you bringing this Reconsideration Request on behalf of multiple persons or entities? (Check one)

No

11a. If yes, Is the causal connection between the circumstances of the Reconsideration Request and the harm the same for all of the complaining parties? Explain.

Do you have any documents you want to provide to ICANN?

If you do, please attach those documents to the email forwarding this request. Note that all documents provided, including this Request, will be publicly posted at <http://www.icann.org/en/committees/board-governance/requests-for-reconsideration-en.htm>.

1. Expert Determinations in the matters before the WIPO Arbitration and Mediation Center with case numbers Nos. LRO2013-0009, LRO2013-0010, and LRO2013-0011, dated September 6 and 9, 2013.
2. Objections, as filed by the Requestor on March 12, 2013; Sur-Replies, as filed by the Requestor on June 21, 2013 in WIPO Cases Nos. LRO2013-0009, LRO2013-0010, and LRO2013-0011

3. Communications by the Requestor to the WIPO Arbitration and Mediation Center, dated September 23, 2013 in WIPO Cases Nos. LRO2013-0009, LRO2013-0010, and LRO2013-0011
4. Addendums to the Experts Determinations, dated September 24, 2013 in WIPO Cases Nos. LRO2013-0009, LRO2013-0010, and LRO2013-0011
5. Communication by Jonas Kölle of December 6, 2013
6. Communication by Amy Stathos of December 18, 2013
7. Communication by Jonas Kölle of February 6, 2014
8. Communication by ICANN New gTLD Customer Service of February 27, 2014

Terms and Conditions for Submission of Reconsideration Requests

The Board Governance Committee has the ability to consolidate the consideration of Reconsideration Requests if the issues stated within are sufficiently similar.

The Board Governance Committee may dismiss Reconsideration Requests that are querulous or vexatious.

Hearings are not required in the Reconsideration Process, however Requestors may request a hearing. The BGC retains the absolute discretion to determine whether a hearing is appropriate, and to call people before it for a hearing.

The BGC may take a decision on reconsideration of requests relating to staff action/inaction without reference to the full ICANN Board. Whether recommendations will issue to the ICANN Board is within the discretion of the BGC.

The ICANN Board of Director's decision on the BGC's reconsideration recommendation is final and not subject to a reconsideration request.



March 13, 2014

Dr. Torsten Bettinger

Date

On behalf of Merck KGaA