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To the attention of:

ICANN Board Governance Committee
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Our ref 1354180

LETTER OF RESPONSE TO RECONSIDERATION REQUEST 14-9 FILED BY MERCK KGAA

Dear Members of the Board Governance Committee

On 14 March 2014, Merck KGaA (German Merck) submitted Reconsideration Request 14-9 in relation to the Determinations of the Expert appointed by the World Intellectual Property Organization (WIPO) for Legal Rights Objections LRO2013-0009 (.MERCK), LRO2013-0010 (.MERCK) and LRO2013-0011 (.MERCKMSD), (the "Determinations"). In all three proceedings, German Merck was the Objector and subsidiaries of Merck & Co., Inc. (US Merck) were the Applicants/Respondents.

1. TIMELINESS

Firstly, it is noted that the filing date of Reconsideration Request 14-9 raises important questions regarding the timeliness of this filing by German Merck. The Determinations were published by ICANN on 25 September 2013. For this Reconsideration Request to be considered as timely, it should have been filed within 15 days from the publication of the Determinations by ICANN. Thus it appears that this Reconsideration Request has been filed well outside of this time limit and therefore it is questionable if this Reconsideration Request should be considered by the Board Governance Committee.

However, it is noted that the publication of the WIPO Panel's Addendum to the Determinations on 27 February 2014 has been interpreted by German Merck as the correct publication date for the Determinations.

Be this as it may, the filing of Reconsideration Request 14-9 is having a detrimental effect on US Merck's application for the TLD .MERCKMSD (application number 1-1704-28482) as this application is now unable to proceed on the path to contracting and delegation due to the filing of Reconsideration Request 14-9.

2. WIPO EXPERT DETERMINATIONS AND ADDENDUM

Moreover, having carefully considered Reconsideration Request 14-9 US Merck strongly disagrees with the arguments put forward therein and it is respectfully submitted that this Reconsideration Request should be rejected in its entirety.

The substantive points raised by German Merck in its Reconsideration Request have already been fully addressed by the appointed WIPO Panel in the clearly worded addendum to the Determinations (please see Appendix 1). In this addendum the WIPO Panel issued both a clarification on the factual record of the Determinations and answered German Merck's misconstrued claim that the Legal Rights Objection Policy was not correctly applied.

German Merck claims in Reconsideration Request 14-9 that the addendum to the Determinations does not address the "*factual error*" and merely excuses it.

This is not true.

The WIPO Panel clearly states in the addendum addressing this point that the factual error "*is immaterial to the conclusion which the Panelist reached in rejecting the Objections.*"

The WIPO Panel then clearly explains the key rationale for the basis of the Determinations:

"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."

German Merck further claims that the Legal Rights Objection Policy was not correctly applied and that the WIPO Panel failed to consider the three LRO standards as set out at Section 3.5.2 of the New gTLD Applicant Guidebook whereby the 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"), and/or

(ii) unjustifiably impairs the distinctive character or the reputation of the Objector's mark, and/or

(iii) otherwise creates an impermissible likelihood of confusion between the Applicant's applied-for gTLD and the Objector's mark."

However, the Determinations explicitly state the following and this is re-iterated in the Addendum to the Determinations:

"If the applicant for a new gTLD is bona fide, it will not be likely that one of the three criteria will be met. It might be that advantage of the distinctive character or the reputation of the objector's registered trademark is taken, but it is then likely not unfair. It might be that the distinctive character or reputation of the objector's registered trademark is being impaired, but it is likely justified. It might be that a likelihood of confusion between the Disputed gTLD String and the objector's mark is created, but it is not necessarily impermissible."

Thus the WIPO Panel explicitly addresses the three LRO standards as set out at Section 3.5.2 of the New gTLD Applicant Guidebook.

US Merck regrettably notes that German Merck appears to be unsatisfied with this addendum to the Determinations, despite the fact that it concisely addresses the points German Merck had previously raised to WIPO, and has now raised in Reconsideration Request 14-9.

3. FACTUAL BACKGROUND

US Merck would also like to take this opportunity to correct some of German Merck's more egregious statements in this Reconsideration Request.

3.1 Claim relating to illegal use of gTLD process

On page 17 of Reconsideration Request 14-9, German Merck insinuates that US Merck intends to use the new gTLD process for "*illegal means*". This statement has no basis in fact and is simply untrue. Indeed, US Merck is the owner of the domain name <merck.com> which it registered in 1992 and has used for more than 20 years.

3.2 Claim relating to LRO2013-0001

Furthermore, in relation to this point it is also noted that German Merck is attempting to (yet again) conflate the fact pattern in the Determinations with another Legal Rights Objection, namely LRO2013-0001 which concerns the TLD .DELMONTE. As German Merck is well aware, LRO2013-0001 concerns a dispute between a trade mark holder (who filed the LRO) and its trade mark licensee (who filed the application for the TLD .DELMONTE).

Clearly this fact pattern and this decision is in no way applicable to the Determinations and it is misleading to try and present LRO2013-0001 as relevant to this discussion.

Indeed, for nearly a century, US Merck has operated under the MERCK name and trademark continuously in the United States and Canada, and under a family of MERCK-composite trademarks internationally. During this time, US Merck has established a family of MERCK and MERCK-composite trademarks registered in various countries throughout the world.

Thus any comparison to a Legal Rights Objection filed by a trade mark holder against its licensee is meaningless.

4. LRO CASES LRO2013-0068 (.EMERCK) AND LRO2013-0069 (.MERCK)

US Merck would also like to bring to the Board Governance Committee's attention the issue of LRO cases LRO2013-0068 (.EMERCK) and LRO2013-0069 (.MERCK). These two LRO cases concerned US Merck's objections to German Merck's gTLD applications and were heard by the same WIPO Panel who dealt with the Determinations.

Cases LRO2013-0068 (.EMERCK) and LRO2013-0069 (.MERCK) were also rejected by the WIPO Panel following the **exact same reasoning and application of the Legal Rights Objection Policy as in the Determinations**. It is notable that German Merck has not questioned the application of the Legal Rights Objection Policy in these decisions that went in its favour, even though the reasoning is identical in all five WIPO decisions.

Therefore on the basis that there are very high levels of similarity and overlap between Cases LRO2013-0068 (.EMERCK) and LRO2013-0069 (.MERCK) and the Determinations, US Merck respectfully suggests that these two cases logically need to be considered in the Board Governance Committee's deliberations for Reconsideration Request 14-9.

In any event, US Merck reserves the right to bring a Reconsideration Request in the future concerning these decisions dependent upon the Board Governance Committee's decision regarding Reconsideration Request 14-9.

Respectfully submitted



David Taylor

APPENDIX 1

I refer to a communication by the Objector in WIPO cases LRO2013-0009, LRO2013-0010, LRO2013-0011, forwarded by the WIPO Arbitration and Mediation Center on September 23, 2013 under the following cover e-mail message:

“Please find attached a document which the WIPO Arbitration and Mediation Center has received today from the Objector in WIPO Cases LRO2013-0009/10/11. With this document, the Objector seeks revision of the Expert Determinations in these cases on the basis of an apparent error of fact forming part of the record underlying the Expert Determinations, coupled with an asserted mistaken reliance on UDRP principles.

While an LRO party may avail itself of other options that may exist, the WIPO Center stresses that the applicable Procedure does not foresee the possibility of an appeal within the LRO system, and that the role of a Panel concludes with the issuance of the Expert Determination. While fully respecting these conditions, the WIPO Center finds it appropriate to inform you about the aforementioned document.

(At this stage the WIPO Center has not received a reaction from the Applicant, whom the Objector has copied. Only for the event you would wish to let the WIPO Center have a material reaction on your part, you may wish to consider obtaining an Applicant reaction through the WIPO Center.)”

In the circumstances, the Panelist finds it appropriate to react as follows, and for this reaction (including the above paragraphs) to be published as an addendum to the Expert Determinations issued in LRO2013-0009, LRO2013-0010 and LRO2013-0011.

It is correct that the Expert Determinations under 6. (Discussion and Findings) under the heading Trademark Infringement, under non-exclusive factor viii, should not have included the following sentence:

“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.”

Such inadvertent inclusion has resulted from parallels which exist more generally, on the level of pleadings and expert determinations, between LRO2013-0068, LRO2013-0069, LRO2013-0009, LRO2013-0010 and LRO2013-0011.

Having noted this, the Panelist should make clear that, in reviewing LRO2013-0009, LRO2013-0010 and LRO2013-0011, he was in fact aware of the distinction in this regard, as reflected in the pleadings as cited and summarized in the Expert Determinations, between the latter three cases and cases

LRO2013-0068 and LRO2013-0069 in relation to the competing applications at stake.

In 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.

That conclusion is phrased on page 6 of the Expert Determinations and rests on the following considerations expressed therein:

“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.

In 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'). If the applicant for a new gTLD is bona fide, it will not be likely that one of the three criteria will be met. It might be that advantage of the distinctive character or the reputation of the objector's registered trademark is taken, but it is then likely not unfair. It might be that the distinctive character or reputation of the objector's registered trademark is being impaired, but it is likely justified. It might be that a likelihood of confusion between the Disputed gTLD String and the objector's mark is created, but it is not necessarily impermissible."

It is clear from the foregoing, both on a substantive and on a textual level, that these considerations (which, UDRP comparisons notwithstanding, contrary to the Objector's assertion directly apply the specific LRO criteria) are not conditioned on the presence or absence of geo-targeting or similar measures on the part of the Applicant.

The Panelist additionally notes that the Expert Determinations, beyond the above core substantive findings, provide as follows:

"Of course a rejection of the Objection does not preclude Objector from taking regular legal action should the use of the Disputed gTLD String by Applicant be infringing. It is, however, not for this Panel to anticipate all the possible types of use Applicant could make of the Disputed gTLD String.

It is also not for this Panel to interpret the existing coexistence agreements and arrangements between the Parties. Should the application of a new gTLD allegedly violate any such agreement or arrangement, it will be for the Parties to settle their dispute by means of the dispute resolution provisions of the contracts governing their relationship or as provided under applicable law."

The Panelist trusts that the above in any event serves to clarify the factual record of cases

LRO2013-0009, LRO2013-0010 and LRO2013-0011 as compared to cases LRO2013-0068 and LRO2013-0069.

Willem Leppink

September 24, 2013