

## **EXPERT DETERMINATION LEGAL RIGHTS OBJECTION**

Merck & Co, Inc. v. Merck KGaA

Case No. LRO2013-0069

### **1. The Parties**

Objector/Complainant is Merck & Co, Inc., United States of America, represented by Reed Smith LLP, United States of America.

Applicant/Respondent is Merck KGaA, Germany represented by Bettinger Schneider Schramm, Germany.

### **2. The applied-for gTLD string**

The applied-for gTLD string is <.merck> (the “Disputed gTLD String”).

### **3. Procedural History**

The Legal Rights Objection (“LRO”) was filed with the WIPO Arbitration and Mediation Center (the “WIPO Center”) on March 13, 2013 pursuant to the New gTLD Dispute Resolution Procedure (the “Procedure”). An amended Objection was filed with the WIPO Center on March 27, 2013.

In accordance with Article 9 of the Procedure, the WIPO Center has completed the review of the Objection on March 28, 2013 and has determined that the Objection complies with the requirements of the Procedure and the World Intellectual Property Organization Rules for New gTLD Dispute Resolution for Existing Legal Rights Objections (the “WIPO Rules for New gTLD Dispute Resolution”).

In accordance with Article 11(a) of the Procedure, the WIPO Center formally notified Applicant of the Objection, and the proceedings commenced on April 16, 2013. In accordance with Article 11(b) and relevant communication provisions of the Procedure, the Response was timely filed with the WIPO Center on May 15, 2013.

The WIPO Center appointed Willem J. H. Leppink as the Panel in this matter on June 14, 2013. The Panel finds that it was properly constituted. The Panel has submitted the Statement of Acceptance and Declaration of Impartiality and Independence, as required by the WIPO Center to ensure compliance with Article 13(c) of the Procedure and Paragraph 9 of WIPO Rules for New gTLD Dispute Resolution.

No consolidation request was received within the time period provided under Article 12(b) of the Procedure.

## 4. Factual Background

### Objector

Objector is a United States company, located in Whitehouse Station, New Jersey, United States. It is one of the largest pharmaceutical companies in the world.

Merck Sharp & Dohme Corp and Merck Canada Inc. are wholly owned subsidiaries of Objector.

Merck Sharp & Dohme Corp, a United States corporation, is the owner of *inter alia* a United States trademark MERCK (stylized), with a registration date of February 15, 1916 (registration number 108566) and United States trademark MERCK (word mark) with a registration date of June 30, 1998, (registration number 2169031). Merck Canada Inc., a Canadian company, is the owner of a Canadian trademark MERCK (word mark) with a registration date September 13, 1951 (registration number UCA40567). The trademarks are registered for *inter alia* pharmaceutical products.

Objector is the owner and operator of the website “www.merck.com”.

Merck Sharp & Dohme Corp also owns various trademark registrations for MERCK SHARPE & DOHME throughout the world, outside Canada and the United States. Based on the information provided by Objector, it appears that only in Cuba, Ecuador, Iran (Islamic Republic of), Myanmar, Sudan, Syrian Arab Republic and Uzbekistan the MERCK SHARPE & DOHME trademarks are owned by Objector itself.

### Applicant

The Applicant of the Disputed gTLD String, Applicant in this Procedure, is a German partnership limited by shares, located in Darmstadt, Germany. It is one of the world’s oldest chemical and pharmaceutical companies. It has been an industry leader since its founding as the Engel-Apotheke (Angel Pharmacy) in 1668. It operates its worldwide business in more than 180 countries through over 250 affiliated companies which use Merck as the sole element or as component of their company name.

Applicant is the owner of various trademark registrations in countries throughout the world for the word mark MERCK for *inter alia* pharmaceutical products, including the German trademark filed on January 11, 1900 (registration number) DD45659) and the Community Trademark applied for on April 1, 1996 (registration number 283986).

Applicant’s application for the Disputed gTLD String was originally posted on June 13, 2012 under Application ID: 1-980-7217. <https://gtldresult.icann.org/application-result/applicationstatus/applicationdetails/1631>. In that application the mission/purpose of the application was described *inter alia* in the following terms: “The “.MERCK” top-level domain will enable the Merck Community to communicate with all stakeholders as one group, and to communicate information about the Merck brand in a unified and global manner. The “.MERCK” space will further help Merck unite all members of the Merck Community under one single name online, and provide the Merck Community with a universal, comprehensive forum through which to present its information to the public.”

### The common history of Objector and Applicant

The groups of companies of Objector and Applicant have a common history. Objector was founded as subsidiary of the Applicant. It has become an independent American company at the end of the First World War as a result of United States confiscation legislation.

In the 1930s the groups of companies of Objector and Applicant agreed on co-existence. The group of companies of Objector obtained the right to use the name MERCK in the United States and Canada. The group of companies of Applicant obtained the right to use the name MERCK everywhere except for the United States and Canada. The group of companies of Objector mainly uses the name and trademark MSD

for its activities outside the United States and Canada. The co-existence agreements were amended in the 1970s.

## **5. Parties' Contentions**

### **A. Objector**

Objector's case is in essence straightforward. It asserts trademark rights for MERCK, to which it contends the Disputed gTLD String is identical.

Applicant is a German-based company that long ago was part of a single organization with Objector. That single entity was split into two nearly one hundred years ago. Since then, both Objector and Applicant have used "MERCK" marks in countries around the world pursuant to a series of co-existence agreements. Those agreements, however, were drafted decades before the Internet even existed, and do not address the Parties' use of their respective MERCK-related marks on the Internet, in social media or in other aspects of today's global marketplace. Applicant cannot so easily disregard the millions of people around the world who recognize "MERCK" names and marks as corresponding to Objector.

In Section 18(c) of its application, Applicant states that its proposed ".MERCK" domain names will not be used in any way that "infringes any other third [parties] rights." While Applicant has proposed to implement geographically-based limitations that purportedly would give only parties outside of North America the ability to register domain names and access websites within the Disputed gTLD String, this geo-targeting proposition would serve only to enhance, rather than reduce, public confusion. Millions of Internet users searching for "Merck" would find themselves either rerouted from one website to another with no clear understanding of why or simply unable to access information that should be available for all to view.

More broadly, Applicant's geo-targeting proposal represents a plan to "balkanize" the Disputed gTLD String in a way that is contrary to the very nature of gTLDs and constitutes undue restrictions to the very nature of free Internet access. Given Objector's global presence as one of the largest and best known pharmaceutical companies in the world, there is no practical or legitimate manner in which Applicant can operate the Disputed gTLD String in a way that would not cause severe public confusion. Granting Applicant ownership of the Disputed gTLD String would irreparably harm the considerable brand equity that Objector has built in its MERCK marks over more than a century. It would also cause severe confusion throughout the international web-based marketplace. Objector has invested millions of dollars and countless hours for generations to build its family of MERCK marks into one of the most recognized and well-known brands in the healthcare industry. Through programs such as its "Merck for Mothers," Objector offers leadership on issues such as maternal mortality and family planning, services that it provides using its family of MERCK marks. In addition, Objector's Merck Foundation has allocated more than \$600 million to educational and non-profit organizations. Since 2008, Objector has ranked among the top three pharmaceutical companies in the Access to Medicine Index (ATMI) and number one among corporate philanthropy donors in the ATMI. Objector has also established a prominent presence on the internet. Websites based on Objector's family of MERCK marks draw more than four million visitors per year from the U.S. and Canada alone. As between Applicant and Objector, Objector has a stronger or at least equal claim to the Disputed gTLD String, and has thus filed its own standard and community applications for registration thereof. Applicant should accordingly be denied registration of the Disputed gTLD String.

Therefore Objector's key argument is that Applicant presumably wishes to use the Disputed gTLD String to promote its own family of MERCK-related marks, but cannot do so without infringing upon, and irreparably harming, Objector's own rights and/or causing considerable confusion to the relevant public. Applicant's stated intent to create a single, unified corporate brand on a global basis via the Disputed gTLD String in disregard of the considerable goodwill that Objector has built in its family of MERCK marks through nearly a century of global medical, scientific and philanthropic services contravenes both the spirit of ICANN's goal in establishing global gTLDs and Objector's long established rights.

## **B. Applicant**

Applicant expressly denies Objector's contentions.

Objector has taken numerous steps in an unauthorized attempt to dramatically expand its use of the MERCK mark in direct violation of Applicant's legal rights, and in a manner contrary to the provisions of the co-existence agreements. The violations include its applications through Objector's affiliated company Merck Registry Holdings, Inc. for the <.merck> gTLD.

Objector has also registered the domain name <merck.com> and various other domain names which include the element "merck" and also use the same name for social media such as Facebook, Twitter and LinkedIn. All of the above websites are not geo-limited to views in North America. These activities are outside the boundaries of the co-existence agreements and constitute an infringement of Applicant's rights.

Applicant and Objector (and/or its group companies) are currently involved in legal proceedings before the District Court of Hamburg, Germany and the High Court of Justice in London, United Kingdom of Great Britain and Northern Ireland.

Applicant uses geo-targeting tools to ensure that visitors from North America cannot access website content in which Applicant is identified as "Merck". Internet users in North America will be redirected to "www.emdgroup.com". Applicant has expressly indicated that it will use similar geo-targeting tools with the Disputed gTLD String.

The other contentions of Applicant and rebuttals to the contentions of Objector will be discussed in the Discussion and Findings.

## **6. Discussion and Findings**

### **Introduction**

Pursuant to Section 3.2.1 of the ICANN gTLD Applicant Guidebook (version 2012-06-04 Module 3) (the "Guidebook") a formal objection to an application for a New gTLD may be filed on any one of four grounds, one of which is the Legal Rights Objection. The basis for a Legal Rights Objection is that "the applied-for gTLD string infringes the existing legal rights of the objector".

By virtue of Section 3.2.2.2 of the Guidebook: "A rightsholder has standing to file a legal rights objection. The source and documentation of the existing legal rights the objector is claiming (which may include either registered or unregistered trademarks) are infringed by the applied-for gTLD must be included in the filing."

Accordingly, for a Legal Rights Objection to succeed Objector has to satisfy the Panel that it has relevant existing legal rights and that use of the string comprising the potential new gTLD infringes those rights. In this case Objector relies upon its rights as a licensee in respect of Objector's trademark, details of which are provided in the Factual Background (Section 4 above).

Guidance as to how the Panel is to approach Legal Rights Objections may be found in Section 3.5.2 of the Guidebook, which reads as follows:

"In interpreting and giving meaning to GNSO Recommendation 3 ('Strings must not infringe the existing legal rights of others that are recognized or enforceable under generally accepted and internationally recognized principles of law'), a DRSP panel of experts presiding over a legal rights objection will determine whether the potential use of the applied-for gTLD by the applicant takes unfair advantage of the distinctive character or the reputation of the objector's registered or unregistered trademark or service mark ('mark') ..., 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 ...."

The Guidebook then goes on to provide that in the case where the objection is based on trademark rights, the panel will consider eight listed non-exclusive factors. The Panel will deal with each of these factors further below.

### **Objector's Existing Legal Rights**

As discussed above, Section 3.2.2.2 of the Guidebook requires that “[t]he source and documentation of the existing legal rights the objector is claiming (which may include either registered or unregistered trademarks) are infringed by the applied-for gTLD must be included in the filing.”

Objector has been relatively unclear about its standing. Objector relies mainly on rights owned by its wholly owned subsidiaries Merck Sharp & Dohme Corp and Merck Canada Inc., and in particular on trademark rights in the United States and Canada in relation to MERCK, without, however, giving detail about any licence agreement between Merck Sharp & Dohme Corp and Merck Canada Inc. as licensors and Objector as licensee. Also, although Objector refers in several places in the Objection to its name, which includes the element “Merck”, it does not make clear what rights in addition to the (registered) trademark rights it can invoke vis-à-vis third parties in certain countries, notably any common law trademarks. The Panel further finds that the Objection does not particularly address Objector's asserted ownership of the abovementioned subsidiary companies.

With the above observations, the Panel nevertheless finds adequate basis for a finding that Objector has standing in the present case, whether through controlled entities or through direct ownership of trademark rights sufficient for present purposes. To this preliminary finding, the Panel adds that in its view this case does not turn on the Parties' trademark rights.

### **Trademark Infringement**

Objector contends that Applicant cannot operate the Disputed gTLD String without infringing Objector's trademark.

Objector contends that this Objection is valid and should be upheld because the potential use of the Disputed gTLD String by Applicant:

- (i) takes unfair advantage of the distinctive character or the reputation of Objector's registered trademark; and/or
- (ii) unjustifiably impairs the distinctive character or reputation of Objector's registered trademark; and/or
- (iii) otherwise creates an impermissible likelihood of confusion between the Disputed gTLD String and Objector's mark.

If Applicant is granted the Disputed gTLD String necessarily, as contended for by Objector, Applicant will be using “MERCK” in the course of trade; it will thus be using in certain territories in the course of trade a sign, which is similar to Objector's trademark in relation to identical or similar services.

This is the essence of this dispute between the Parties. Objector has rights to use MERCK in certain parts of the world and Applicant has rights to use MERCK in other parts of the world. As a result Objector could infringe Applicant's rights would it use MERCK in those last mentioned parts of the world and Applicant could infringe Objector's rights when it uses MERCK in those first mentioned parts.

The starting point of this case is that Objector and Applicant are both *bona fide* users of the MERCK trademark, albeit for different territories.

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.

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 on all the possible types of use Applicant could make of the Disputed gTLD.

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.

For the aforementioned reasons the Panel rejects the Objection.

In reaching the above conclusion, the Panel has considered the following non-exclusive list of eight factors.

The Panel addresses each of them in turn:

- i. Whether the applied-for gTLD is identical or similar, including in appearance, phonetic sound, or meaning, to Objector’s existing mark.

To give effect to this factor, the Guidebook as such does not provide for any detailed. The Panel takes the view that at a global level and in relation to Internet identifiers, the most suitable detailed test to apply is the test for the first element under the UDRP The WIPO Overview of WIPO Panel Views on Selected UDRP Questions, Second Edition (“WIPO Overview 2.0”) in that sense may be taken to reflect internationally recognized principles of law in relation to Internet identifiers.

WIPO Overview 2.0 describes this test as follows:

“The first element of the UDRP serves essentially as a standing requirement. The threshold test for confusing similarity under the UDRP involves a comparison between the trademark and the domain name itself to determine likelihood of Internet user confusion. In order to satisfy this test, the relevant trademark would generally need to be recognizable as such within the domain name, with the addition of common, dictionary, descriptive, or negative terms [regarding the latter see further paragraph 1.3 below] typically being regarded as insufficient to prevent threshold Internet user confusion. Application of the confusing similarity test under the UDRP would typically involve a straightforward visual or aural comparison of the trademark with the alphanumeric string in the domain name. While each case must be judged on its own merits, circumstances in which a trademark may not be recognizable as such within a domain name may include where the relied-upon mark corresponds to a common term or phrase, itself contained or subsumed within another common term or phrase in the domain name (e.g. trademark HEAT within domain name theatre.com).

However: Some panels have additionally required that, for a domain name to be regarded as confusingly similar to the complainant's trademark, there must be a risk that Internet users may actually believe there to

be a real connection between the domain name and the complainant and/or its goods and services. Such panels would typically assess this risk having regard to such factors as the overall impression created by the domain name, the distinguishing value (if any) of any terms, letters or numbers in the domain name additional to the relied-upon mark, and whether an Internet user unfamiliar with any meaning of the disputed domain name seeking the complainant's goods or services on the world wide web would necessarily comprehend such distinguishing value vis-à-vis the relevant mark.

The applicable top-level suffix in the domain name (e.g., ".com") would usually be disregarded under the confusing similarity test (as it is a technical requirement of registration), except in certain cases where the applicable top-level suffix may itself form part of the relevant trademark. The content of a website (whether it is similar to or different from the business of a trademark holder) would usually be disregarded in the threshold assessment of risk of confusing similarity under the first element of the UDRP, although such content may be regarded as highly relevant to assessment of intent to create confusion (e.g., within a relevant market or language group) under subsequent UDRP elements (i.e., rights or legitimate interests and bad faith)."

As the Objector's trademark MERCK is the essence of the Disputed gTLD String, the Panel finds that the Disputed gTLD String and Objector's trademark are identical.

ii. Whether Objector's acquisition and use of rights in the mark has been *bona fide*.

Objector and Applicant share a common history in relation the trademark MERCK and there is nothing before the Panel that suggests that Objector's acquisition and use of rights in the mark has not been *bona fide*.

iii. 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 Objector, of Applicant or of a third party.

There is no doubt that in certain markets there is recognition in the relevant sector of the public that Merck is the mark of Objector and that in other markets that it is the sign of Applicant. No relevant information is before the Panel as to third-party rights.

iv. Applicant's intent in applying for the gTLD, including whether Applicant, at the time of application for the gTLD, had knowledge of Objector's mark, or could not have reasonably been unaware of that mark, and including whether Applicant has 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.

Applicant had – given the common history referred to above – obviously knowledge of Objector's mark. There is, however, nothing before this Panel that would lead to conclusion the Applicant has 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.

v. Whether and to what extent 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 or services or a *bona fide* provision of information in a way that does not interfere with the legitimate exercise by Objector of its mark rights.

This factor will be discussed together with the factor mentioned under vi.

vi. Whether 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 Applicant is consistent with such acquisition or use.

Applicant has used MERCK for many years in connection with the *bona fide* offering of goods and services and owns trademarks for MERCK in many countries of the world. In the view of the Panel such *bona fide*

use as such does not interfere with the legitimate exercise by Objector of its trademark rights. If Applicant would use the Disputed gTLD String in a way that infringes the rights of Objector, Objector shall be free to take the appropriate legal measures. The purported use of the gTLD by Applicant is consistent with use Applicant has made of the MERCK trademarks.

vii. Whether and to what extent Applicant has been commonly known by the sign corresponding to the gTLD, and if so, whether any purported or likely use of the gTLD by Applicant is consistent therewith and *bona fide*.

Applicant has been commonly known by the name MERCK as it is the distinctive element of its full name. Given the fact that also parts of the group of companies to which Applicant belongs uses the trademark MERCK as trading name, the Panel considers that Applicant is commonly known by a sign that corresponds to the Disputed gTLD String. As discussed above, the Panel does not see that use Applicant would make of the Disputed gTLD String would not be consistent or *bona fide* therewith.

viii. 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.

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.

Against this background, the Panel on the record before it determines that the Objection fails. The Panel adds here that this finding is without prejudice to any judicial proceedings existing now or in future involving the Parties.

## 7. Decision

The Panel finds that the potential use of the Disputed gTLD String by Applicant does not:

- (i) take unfair advantage of the distinctive character or the reputation of Objector's registered or unregistered trademark or service mark, or
- (ii) unjustifiably impair the distinctive character or the reputation of Objector's mark, or
- (iii) otherwise create an impermissible likelihood of confusion between the Disputed gTLD String and Objector's mark.

The Panel rejects the Objection.

[signed]

**Willem J.H. Leppink**  
Sole Panel Expert  
Date: July 31, 2013