



Patent- und Rechtsanwälte | Postfach 86 02 67 | 81629 München

World Intellectual Property Organization
Arbitration and Mediation Center
34, chemin des Colombettes
1211 Genf
Schweiz

Postfach 86 02 67
81629 München
Cuvilliesstr. 14a
81679 München
Tel.: +49 (0) 89/59 90 80-0
Fax: +49 (0) 89/59 90 80-22
info@bettinger.de
www.bettinger.de

Dr. iur. Torsten Bettinger, LL.M.^{1,2}
Rechtsanwalt

Dr.-Ing. Günther M. Schneider
Patentanwalt, Dipl.-Ing.
European Patent Attorney

Dr. rer. nat. Michael Schramm²
Rechtsanwalt, Dipl.-Phys.
European Patent Attorney

Andreas Bertagnoll
Patentanwalt, Dipl.-Inf.

Martin Müller
Rechtsanwalt

Christoph Lang, LL.M.²
Rechtsanwalt

In Kooperation mit

Michael R. Beck
Patentanwalt, Dipl.-Ing.
European Patent Attorney

Rolf Rössig
Patentanwalt, Dipl.-Ing.
European Patent Attorney

¹Fachanwalt für
Informationstechnologierecht

²Fachanwalt für
gewerblichen Rechtsschutz

Munich, September 23, 2013

LRO 2013-0009 .merck
LRO 2013-0010 .merck
LRO 2013-0011 .merckmsd

Dear Ms. Spencer and Mr. Wilbers,

I am writing to you with regard to three recent decisions, issued by Mr. Willem Leppink in WIPO Cases LRO2013-0009, LRO2013-0010 and LRO2013-0011. It is clear from the text of the decision, that

- (1) the Panelist Mr. Leppink conflated the arguments and fact patterns of the two parties, mistakenly believing that the Respondent in this matter had made provisions for geo-targeting technology (to prevent infringement) and that on the basis of the Panel's reasoning the objection would have been successful if the Panel had based its decision on a correct finding.
- (2) The Panelist elected not to consider the three elements of the LRO policy, but essentially decided the case on the basis of UDRP jurisprudence

Misstating critical key facts of the Applicant's position

The Panel based his decisions in all three matters on the fact that Applicant will take all necessary measures, including geo-targeting, to avoid Internet users in which the Objector has trademark rights. 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 problematic 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 raises serious questions as to whether the Panel spent adequate time reviewing the facts and preparing his reasoned decision in each case.

It is the Objector, not the Applicant/Respondent in these cases, that has made geo-targeting provisions! The Respondent has clearly and unambiguously stated that it will not make any such allowances. The Objector’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 .MERCCK TLD space. At no time has the Respondent indicated that it would consider using geo-targeting, or taking any other affirmative measures to prevent infringement or confusion.

Accordingly, the Panel has mis-attributed the arguments of the Objector to the Respondent, and has issued his decision in the matter on that basis. The decisions, therefore, are not only inaccurate, but are contrary to the facts of the case. As these decisions have been issued due

to Panel error, and wholly misrepresent the relevant facts, they constitute a gross miscarriage of justice. These decisions must be reviewed by the Panel, and must be reconsidered on the basis of the true, correct and accurate state of facts.

From reviewing the Panel's decisions, it is clear that his misinterpretation of the facts of the case have had a direct impact on the outcome of the case. As discussed in more detail below, there is no "bad faith" requirement under the LRO procedure, and the tenets of the dispute process are based on trademark law rather than on the UDRP model. Thus, questions concerning the use of the TLD (as stated in the relevant application, to which the Respondent is formally bound under the ICANN process), are of paramount importance.

As stated by the Panel, his misattribution of geo-targeting technology forms the basis of his analysis, and is the reason why he has elected to deny the Objections.

"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." [emphasis added]

Thus, it is clear that the Panel's incorrect belief that the Respondent has committed to using geo-targeting tools is the basis for the denial of these Objections. Once this factual inaccuracy has been corrected, therefore, it is clear that the Objector should prevail in all three of these cases. The parties have been able to maintain their mutual arrangement only because of strict geographic limitations put in place for the benefit of their consumers and the public at large.

Thus, allowing the Respondent to use the TLD in a manner inconsistent with its rights and obligations would destroy this balance, would lead to unfairly-generated consumer confusion (designed to benefit the Respondent), and would impermissibly harm the Objector.

The mere fact that the Respondent has limited rights to use the mark in question in a very small number of jurisdictions does not give it the right to irreparably damage its competitor, and to exponentially expand its rights in the relevant mark throughout the entire world. The Panel notes that the Objector is free to seek legal redress, however this is not an appropriate response. The LRO mechanism is in place specifically to address these kinds of trademark-based concerns, and to enable parties to avoid extensive litigation in hundreds of jurisdictions worldwide.

The Respondent's lack of any infringement-safeguard measures directly threatens the Objector's rights. The Respondent and the Objector have a longstanding reciprocal trademark use agreement, by which the Respondent may use the mark in question within certain North American jurisdictions. Throughout the rest of the world, the Objector has the exclusive and sole right to use the mark. Accordingly, the Objector has made clear provisions (including the use of geo-targeting mechanisms) to prevent any infringement of the Respondent's (albeit narrow) scope of rights. The Respondent has made explicit its refusal to take such precautions, and indeed in its applications has affirmatively stated that it will use the TLD in countries where it has no right to use the trademark in question. Throughout the majority of the world, the Objector has the sole right to use the mark, and yet the Respondent intends to use the TLD to impermissibly (and dramatically) expand its rights in the mark.

The use of a TLD space to commit such acts of infringement, wherein a rights-holder with only a limited scope of use of a shared trademark intends to use the TLD to the detriment of a rival in direct breach of longstanding trademark agreements, is absolutely contrary to the spirit of the new gTLD launch. The LRO mechanism was designed specifically to ensure that trademarks are protected in the new DNS, and to prevent wide-scale infringement. As evidenced by the majority panel in the *Del Monte* decision (*Del Monte Corporation v. Del Monte International GmbH*, WIPO Case No. LRO2013-0001), it is appropriate for LRO panels to prevent such abusive behavior. The situation in the *Del Monte* case is extremely similar, wherein the objector holds the dominant rights in the trademark, and the respondent is limited by contractual arrangement in its use of the relevant mark. The *Del Monte* panel took into

account the prior co-existing use of the parties, the fact that the respondent's conduct would vastly exceed the scope of its legal rights, and the impermissible detriment that the respondent's global use of the mark (where it does not possess relevant rights) would cause to the objector. As stated by the panel:

“The Objector has established at least a prima facie case that the Respondent's intended use of the applied-for gTLD, to the exclusion of the Objector and the other licensees, is likely to unsettle the delicate balance struck by the competing interests of the parties under the licensing arrangements and, more importantly, is likely to create an impermissible likelihood of confusion with the Objector's Trade Mark as to the source, sponsorship, affiliation or endorsement of the applied-for gTLD. [...]

The Panel majority also finds force in the submissions of the Objector and the other Trade Mark licensees that granting the Respondent the exclusive right to register and use the applied-for gTLD string (including maintaining the register and processing applications for registration of domain names using the applied-for gTLD string) may cause harm or detriment to the Objector and the other licensees.

The Panel majority considers the long history of the Trade Mark, the complicated nature of the global licensing arrangements of the Trade Mark, and the 24 year history of coexistence in the global marketplace of food products manufactured, marketed, sold and distributed under the Trade Mark by the Objector, the Respondent and the other licensees, are all relevant factors in support of the Panel majority's conclusion that the Objection should be upheld. It is pertinent to note that no other parties (including the Objector and the other licensees) have applied for registration of the applied-for gTLD string.

The Panel majority therefore concludes, for the reasons specified above, that the Objection is valid and should be upheld.”

There is no appeals process for incorrect decisions under the LRO procedure, and accordingly there is no clear way in which my client (Merck KGaA) can rectify the damage done by an inattentive Panel. No court can review these decisions, and indeed even ICANN likely has

limited powers to overturn a decision, even where it has been entered based on a wholly erroneous review of the submitted facts and evidence. Therefore, this issue must be addressed at this stage, and I am contacting you for assistance. The Panel must be instructed to review the facts and evidence of the case with a more careful eye, and must reconsider his decision on the basis of the correct pleadings.

The confusion in this regard perhaps arose due to the fact that the same panel was charged with deciding a number of cases between the parties, three of which saw Merck KGaA as the Objector (cases LRO2013-0009 – LRO2013-00011), and two in which Merck KGaA was acting as a respondent. Perhaps the panel became confused as to which entity had made the relevant arguments, but it is absolutely imperative that this serious error be corrected immediately.

Merck & Co. has made absolutely no provision for geo-targeting, and has made clear it will not take such steps should the contested TLDs be delegated to its control. Indeed, in its applications, Merck & Co. has made very clear its intention to license domain names within the contested TLDs to affiliated entities located outside of North America, despite the fact that its rights in the relevant trademarks do not extend outside this limited geographic region. Merck & Co. has blatantly indicated that it will make no provisions to prevent trademark infringement, and is using these applications to inappropriately (and dramatically) expand the scope of its trademark rights. Merck KGaA is the only party in this dispute who has made affirmative commitments to avoid infringement, including through geo-targeting technology, and accordingly these decisions must be reviewed.

I therefore kindly request that the content of this letter be forwarded to the Panel, and that these cases be formally reconsidered on the basis of the correct, complete and accurate state of the facts. To allow the current decisions to stand, which have been decided on the basis of incorrect assumptions, would constitute a manifest miscarriage of justice. As there is no formal appeals process for the LRO decisions, it is critical that these decisions be issued in accordance with the actual, correct facts of each case.

Misinterpretation of the LRO Standard

Moreover, I would also note that the Panel has not elected to consider the three elements of the LRO policy, but has essentially decided the case on the basis of UDRP jurisprudence and the assumption. To quote from the decisions: “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’).”

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 EU trademark law.

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 WIPO’s “Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks” and traditional EU trademark law. 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 Respondent. The Panel claims that it cannot anticipate all possible uses of the TLD by the Respondent, but this is not the question at hand. The Respondent’s intended use of the TLD not a speculative question, but is indeed circumscribed by the statements made in its Application, to which it is bound under ICANN regulations. There is no question, therefore, that the Respondent intends to use the TLD in the jurisdictions where the Objector has the sole and exclusive right to use the MERCK trademark, and no question that the Respondent intends to license domain names to entities located outside of North America to parties who have no relationship whatsoever to the Objector.

Nothing in the LRO Policy or the Guidebook indicates that the LRO procedure should be handled in the same fashion as the UDRP, and that the complex trademark analysis required by the LRO Policy can 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). 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.

The Panel discusses the “eight factors” of the Policy, and improperly interprets them in light of (wholly inapplicable) UDRP standards. As noted in the Complaint, there is very little similarity between the UDRP and the LRO elements, as the LRO more closely follows the tenants of EU trademark law (and there is no bad faith requirement in the LRO action). The LRO policy includes no language referring a “bad faith” component, and indeed there is no requirement that the respondent be shown to have acted in bad faith. The Panel in this case has imputed such a requirement, and has denied the Complaint in part on the basis of this issue. This reasoning, taken whole-cloth from the UDRP, is not a component of the LRO Policy, and is therefore irrelevant in the present context. Thus, the portion of the decisions which deals with “bad faith” must be stricken from the decisions, and cannot form a basis for the Panel’s reasoning. The Panel has not addressed in any depth the three actual, mandatory elements of the LRO Policy, and simply dismisses the case due to his incorrect belief that the Respondent has committed to avoiding infringement via geo-targeting. This assumption is incorrect – the Respondent has made extremely clear its intention to use the TLD to vastly and improperly expand the scope of its trademark rights, and that it will take no steps to mitigate such infringement or the inevitable consumer confusion. Indeed, the Respondent fully intends for such confusion to exist and to profit from it, to the direct and substantial detriment of the Objector.

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” his own principles of interpretation, and has failed to take an accurate assessment of the crucial and relevant facts.

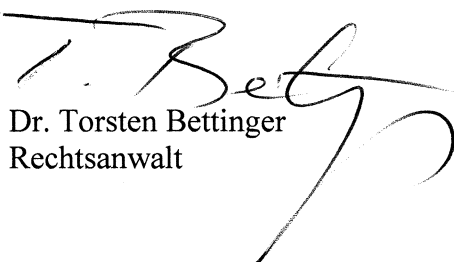
These decisions cannot be allowed to stand. They were issued on the basis of an incorrect interpretation of the fact pattern, and a perversion of the LRO Policy. There are major issues of both fact and law which were improperly handled, and accordingly the decisions must be reviewed and reissued on the basis of a correct assessment of the applicable information and standards.

It is also very important to note in this regard that the Panel's decision is inconsistent with previously-issued LRO decisions, including the highly-similar case *Del Monte Corporation v. Del Monte International GmbH*, WIPO Case No. LRO2013-0001, *supra*.

My client, Merck KGaA, is naturally extremely concerned by the quality of these three decisions, and feels that the issuance of such decisions (which wholly and completely misstate critical key facts about the parties' positions, and are based in very large part on inappropriate legal standards) call into question WIPO's practices as a qualified provider. If WIPO should come to the conclusion that there are no remedial steps in this matter, and to request the Panel to reconsider his decision on the basis of the case file and LRO Policy, my client is interested in making this issue public. If decisions are to be issued, on the basis of incorrect findings, this is something that may need to be addressed with ICANN and the public more generally

Should you need any additional information, please do not hesitate to contact me. I will look forward to hearing from you, and receiving your confirmation that these three decisions (LRO2013-0009, LRO2013-0010 and LRO2011) will be formally reconsidered, at your earliest convenience.

With best regards,


Dr. Torsten Bettinger
Rechtsanwalt