

**International Centre for Dispute Resolution
New gTLD String Confusion Panel**

Re: 50 504 T 00280 13

Merck & Co., Inc., OBJECTOR

and

Merck KGaA, APPLICANT

String: <.EMERCK>

EXPERT DETERMINATION

The Parties

The Objector is Merck & Co., Inc., One Merck Drive, Whitehouse Station, New Jersey 08889, USA and is represented by Tracy Z. Quinn, Esq., Partner, Reed Smith LLP, 2500 One Liberty Place, 1650 Market Street, Philadelphia, Pennsylvania 19103, USA

The Applicant is Merck KGaA, Frankfurter Strasse 250, Darmstadt 64293, Germany and is represented by Mr. Thorsten Bettinger, Bettinger Schneider Schramm, Cuvilliesstrasse 14a, 81679 Munchen, Germany

The New gTLD String Objected To

The new gTLD string

applied for and objected to is: <.emerck>

Prevailing Party

The Applicant has prevailed and the Objection is dismissed.

The New gTLD String Confusion Process

Module 3 of the ICANN gTLD Applicant Guidebook ("Guidebook") (contains Objection Procedures and the New gTLD Dispute Resolution Procedure ("Procedure").

Article 1(b) of the Procedure states that "The new gTLD program includes a dispute resolution procedure, pursuant to which disputes between a person or entity who applies for a new gTLD and a person or entity who objects to that gTLD are resolved in accordance with this New gTLD Dispute Resolution Procedure.

As expressed in the Guidebook, and the Procedure, there are four (4) grounds to object to the registration of new gTLDs. One of these grounds expressed String Confusion, as described in DRP Article 2(e)(i): "(i) 'String Confusion Objection' refers to the objection that the string comprising the potential gTLD is confusingly similar to an existing top-level domain or another string applied for in the same round of applications."

Article 3(a) states that "String Confusion Objections shall be administered by the International Centre for Dispute Resolution".

I. Introduction and Procedural History of this Case

Applicant has applied to the ICANN for a new gTLD, ".emerck".

Objector has filed a String Confusion Objection for resolution under the Procedure.

Applicant has filed a Response to the String Confusion Objection.

What is particularly notable about the parties is that they are large pharmaceutical companies with worldwide reach and both use "Merck" in conducting and promoting their respective businesses.

The Objector is the third largest healthcare company in the world. For nearly a century, Objector has operated both under the MERCK name and trademark in the United States and Canada and under the extensive family of MERCK composite

marks around the world, covering a wide range of goods and services in the pharmaceutical/medical industry.

The Applicant is the largest pharmaceutical company in the world. It was originally formed in 1668 in Germany. Nearly a century ago, the Applicant and the Objector were created out of the original entity. Since then, both the Objector and the Applicant have used "MERCK" marks in countries around the world pursuant to a series of co-existence agreements.

The issue in dispute between the Applicant and the Objector is whether the .EMERCK string so resembles Objector's family of MERCK marks that it is likely to cause confusion in the mind of the average, reasonable internet user. Under the Procedure, the Objector has the burden of proving that confusion is probable, not merely possible, as will be discussed below.

The remedy sought by the Objector is that the gTLD application for .EMERCK be placed in ICANN's Contention Set No. 144 for the MERCKstring.

In accordance with the Procedure, the evidence and submissions of the parties were contained in the Application, the String Confusion Objection, the Response and accompanying documents, submitted electronically by the parties. This is an "all documents" proceeding. There was no oral hearing. The proceedings are governed by the Procedure and the ICDR Rules.

Appointment of John F. Curran, Q.C. as the sole Expert Panel member was made by the ICDR on June 12, 2013.

II. Basis for Objector's Standing to Object based on String Confusion

The Objector's basis for standing is the following statement in its Objection:

"Based on its ownership rights in and to its MERCK family of marks, Objector has filed the following gTLD applications (among others):

MERCK Standard Application

MERCK Community Application"

As noted below, Applicant asserts Objector lacks standing in this case. Applicant contends that the Objector is not the applicant in either of these applications. It is the Applicant's subsidiary, Merck Registry Holdings, Inc. that is the applicant of record.

III. Factual Background

- A. Objector - Through nearly a century of Objector's use of its MERCK marks in North America and its family of MERCK-composite trademarks throughout the world, the MERCK Marks and name have become famous for their association with

Objector, a preeminent company in the global pharmaceutical and healthcare industries. Among other things, Objector's medical publications are industry standards of reference for physicians, nurses, and technicians. These include the *Merck Manual* and the *Merck Manual of Diagnosis and Therapy* (a bestselling medical textbook). Both manuals have been translated in numerous languages and have sold millions of copies.

Objector has a global family of MERCK Marks that, over decades of considerably investment, Objector has developed into a famous and highly valuable brand with international reach. Objector is a Fortune 100 company and the third largest healthcare company in the world. Objector has operated under the Merck name continuously in the United States and Canada since at least as early as 1920, and globally under its family of MERCK-composite marks. Over time, Objector, through its family of Merck Marks, has become famous and enjoys a strong reputation as a global leader in the field of medical and pharmaceutical related goods and services. Furthermore, for more than 20 years Objector has been the exclusive owner and operator of www.merck.com, a corporate website accessed by consumers, investors, physicians, scientists and actual and potential Objector business partners worldwide. Objector has expended time, money and resources to build the goodwill associated with its MERCK Marks and, as a result, those marks have become a property of incalculable value.

- B. Applicant - Applicant is the world's oldest pharmaceutical and chemicals company, and has been a leader in the industry since its founding as the Engel-Apotheke (Angel) Pharmacy) in 1668. Today Applicant operates its worldwide business in more than 180 countries through over 250 affiliated companies which use Merck as the sole element or as a component of their company name. Applicant has held the EMERCK trademark and name for well over 160 years and for many periods in its history used EMERCK as its dominant brand. Applicant elected to apply for the .EMERCK space both due to its historical significance and corporate tradition, as well as its potential use in the internet age.

IV. Parties' Contentions

A. Objector's Contentions - The Objector contends that:

- the .EMERCK string so resembles Objector's family of MERCK marks, and the MERCK gTLD for which both Objector and Applicant have applied, it is likely to cause confusion in the mind of the average, reasonable internet user;
- the .EMERCK string creates essentially the same visual impression as the MERCK string;
- the fundamental premise of Applicant's Application to register .EMERCK is that: (a) Applicant purportedly has rights to the name "MERCK" and (b) the relevant public will readily understand and assume that an

.EMERCK gTLD will indicate the internet-based or “electronic” activities of an entity called Merck;

- **the Applicant wants to register .EMERCK as a gTLD in pertinent part because that string will connote to the public the internet-related activities of a company called “Merck”;**
- **as Applicant recognizes, an “e” prefix has long been recognized as a designation for goods or services sold or delivered electronically over the internet, e.g. “ecommerce”. Indeed, the “e” prefix has come to be known worldwide as an all-purpose prefix connoting internet-related activity. Thus, under long-standing precedent, and by Applicant’s own admission, the “e” in its proposed EMERCK string suggests nothing more to the public than electronic activity on the internet by a company called “Merck”;**
- **the commercial impression of an EMERCK string is therefore virtually identical to that of an EMERCK string. Granting applications to register both strings would cause considerably public confusion. As such it is in the parties’ best interest that only one of the two strings (i.e., .MERCK or .EMERCK) survives at the end of the ICANN process; and**
- **as Applicant has filed applications for both the .MERCK and .EMERCK strings and has expressly stated its intent to use a .MERCK or .EMERCK gTLD to target “online visitors across the globe, granting Applicant to use either string as gTLD would cause considerable public confusion, especially given that both Objector and Applicant are currently using the MERCK and numerous MERCK-composite marks.**

B. Applicant’s Contentions - The Applicant contends that:

- **the Objector lacks standing under Sections 3.2.2 and 3.2.2.1 of the Guidebook. The Guidebook requires that an objector is a person or entity that is the operator of a currently existing gTLD or an “applicant” for a new gTLD within the current application round. The Applicant contends that the Objector is neither of these and, therefore, does not have standing to bring the present action. Applicant seeks dismissal on these grounds and says no further consideration of the case or the parties’ arguments need to be addressed;**
- **the ICANN has set a high standard for the String Confusion evaluation, requiring a showing of *probable*, not merely *possible*, internet user confusion. This express requirement sets the String Confusion procedure apart from numerous other domain-name related policies and mechanisms, including those relied on by the Objector in its Objection. This is a critical difference inherent in the String Confusion policy, which is important to note given Objector’s heavy reliance on non-analogous dispute mechanisms;**

- in order for two strings to be placed in a contention set, such confusion must not pose a vague (or even possible) threat: confusion must be proven to be *probable*. The authorities relied upon by the Objector do not meet that standard and are therefore irrelevant and carry no weight in the present action;
- the applicable standards of review to determine whether TLD strings may properly be found in contention consist of a preliminary review by ICANN as to visual similarity and a broader review under the Procedure. Under the preliminary review, ICANN determined that MERCK and EMERCK are not sufficiently similar from a visual standpoint. As the issue of visual similarity has already been decided by ICANN, it is unnecessary to consider it in this review;
- the two strings are quite distinct from an aural/phonetic perspective, and given the placement of the standard QWERTY keyboard, are unlikely to result in key entry errors. Thus, if the two strings were likely to be found to be too similar for simultaneous delegation, it would have been under a visual comparison;
- the results of ICANN's visual, preliminary review of Strings indicates that the only types of non-identical strings which are to be placed into contention sets are those which an average internet user would be unable to distinguish upon sight or hearing. This is logical as questions regarding trademark confusion, "family" marks, or brand similarity are addressed under the Legal Rights Objections procedure. Issues related to trademark association or infringement are properly under the LRO or litigation and not to be evaluated under the String procedure; and
- the Test for String Confusion is found in Section 3.5.1 of the Guidebook (set forth below).

V. Discussion and Findings

- A. Lack of Standing - The Applicant provided Annex 1 of its Response as evidence that the two applications (referred to in Section II above) were filed, not by the Objector as applicant, but instead its subsidiary, Merck Registry Holdings, Inc., as the applicant. Applicant's point is that in neither of these two applications is the Objector named as the applicant of record and that the Guidebook specifically requires the objector in any String Confusion action to be the relevant applicant itself. Standing requirements are set forth in Guidebook Article 3.2.2 (Standing to Object) as follows:

"Objectors must satisfy standing requirements to have their objections considered. As part of the dispute proceedings, all objections will be reviewed by a panel of experts ... to determine whether the objector has

*standing to object. Standing requirements for ... String confusion [is]
... Objection ground – String confusion – Who may object ... gTLD
applicant in current round...”*

Article 3.2.2.1 of the Guidebook further states that:

*“Two types of entities have standing to object:...Any gTLD applicant in
this application round may file a string confusion objection to assert
string confusion ...”*

I have not found in the Guidebook (nor has the Applicant cited) a specific requirement that the parent company of a subsidiary-applicant does not itself have standing on behalf of its subsidiary-applicant. Ordinarily, the parent owns and ultimately controls and directs the activities of its subsidiaries. There is nothing in the evidence in this case that suggests otherwise. Given the factual backgrounds, history and relationship of the parties to this dispute, I am reluctant to find that the Objector has no standing merely because of its choice to insert the name of one of its many subsidiaries as an applicant in this round instead of its own name. Had it been important in determining standing that only the named applicant, exclusive of all others howsoever related, is entitled to standing as an Objector, the Guidebook could or should have specifically required that but it does not.

Clearly, standing is an important prerequisite to a hearing, but in a case such as this where there is no specific requirement that only the named applicant, not its corporate parent, is entitled to file an Objection, I am reluctant to deny the Objector the opportunity to have its case heard and determined on its merits. Accordingly, I find that the Objector has standing in this case.

Applicant has raised an additional procedural matter: The time at which the Objection was filed and, in particular, whether the Objection was filed before the published deadline of March 13, 2013 at 23:59:59. The Applicant has requested the Expert to review this matter. On the basis of the Objection provided to me by the ICDR, the Objection carries the date March 13, 2013 and purports to have been signed by “Tracy Z. Quinn, Esq.”, Attorney, Reed Smith LLP. An email from that law firm indicates the Objection was emailed to CaseFiling@adr.org with the subject reference: “String Confusion Objection to Merck KGaA gTLD Application for EMERCK.”

Accordingly, on the basis of the dates contained in the Objection and email, and pursuant to Article 6(c) of the Procedure that deems documents to have been received on the same day they are transmitted, I find that the Objection was filed in accordance with the Procedure on March 13, 2013, the final day for timely filing of the Objection.

- B. Standard of Expert Panel Review and Burden of Proof for String Confusion - In considering whether the “.emerck” string is likely to result in string confusion, the Guidebook sets forth the guiding principles, or standards, that each dispute

resolution panel will apply in reaching its expert determination . In the case of a String Confusion dispute, Article 3.5 (Dispute Resolution Principles (Standards) of the Guidebook states that:

“Each panel will use appropriate general principles (standards) to evaluate the merits of each objection. The principles for adjudication on each type of objection are specified in the paragraphs that follow. The panel may also refer to other relevant rules of international law in connection with the standards.

The objector bears the burden of proof in each case.”

The appropriate principles (standards) referred to in Article 3.5 of the Guidebook for String Confusion Objections is set forth in Section 3.5.1 of the Guidebook as follows:

“...[an Expert Panel] ... will consider whether the applied-for gTLD string is likely to result in string confusion. String confusion exists where a string so nearly resembles another that it is likely to deceive or cause confusion. For a likelihood of confusion to exist, it must be probable, not merely possible, that confusion will arise in the mind of the average, reasonable internet user. Mere association, in the sense that the string brings another string to mind, is insufficient to find a likelihood of confusion.”

This standard is sometimes referred to hereinafter as the “Probability Standard”.

In addition to Article 3.5 of the Guidebook, Article 20(c) of the Procedure places on Objector the burden of proving that its Objection should be sustained in accordance with the applicable standards. In other words, in this case, the Objector must affirmatively prove that the “.emerck” string “so nearly resembles” the Merck string “that it is likely to deceive or cause confusion”, and that such confusion is “probable, not merely possible.” As noted in Article 3.5.1 of the Guidebook “mere association, in the sense that the string brings another string to mind, is insufficient to find a likelihood of confusion.”

With the Probability Standard (Article 3.5.1 of the Guidebook) in mind, the issue to be determined in this case is whether Objector has proved that the .emerck string is likely to be confusing and such confusion is probable.

Precedent Cases - In making its case, Objector relies heavily on what it describes as “long-standing precedent” that the “e” in the proposed “.emerck” string suggests nothing more to the public than “electronic” activity on the internet by a company called “Merck.” Objector contends that the commercial impression of an EMERCK string is therefore virtually identical to that of a MERCK string. Objector contends that granting applications to register both strings would cause considerable public confusion, especially given that both Objector and Applicant are currently using the MERCK name and numerous MERCK-composite marks.

The Applicant disagrees. Applicant contends that none of the precedents cited in the Objection has any relevance to this case nor should they be given any weight because the standards applied in those cases in determining confusing names are less stringent than the Probability Standard that is to be applied in this case – confusion must be *probable*, not merely possible. Without knowledge of how stringent were the standards for determining name confusing in the precedents cited by Objector, such precedents are not persuasive in deciding this case, particularly in light of the Probability Standard that is applicable to this case.

String Similarities - Objector's critical contention that ".emerck" is likely to cause confusion in the mind of the average, reasonable internet user seems to be based on the near resemblance of the .EMERCK string to the proposed .MERCK string, creating essentially the same visual impression. Applicant argues, however, that a visual only review was conducted by ICANN and, in its preliminary review of the two strings from a visual perspective, ICANN did not place the strings into contention on that basis alone. As noted above, mere association, in the sense that the string brings another string to mind, is insufficient to find a likelihood of confusion.

Phonetic or Aural Features; Predominance of the "e" - Applicant argues that there are sufficient distinguishing features between the two strings to avoid confusion in the mind of the average, reasonable internet user. When pronounced, "EMERCK" has two syllables; "Merck" is a single syllable. Pronunciation of "EMERCK" is 'i:merk', the first syllable "e" being the predominant sound. Thus, the difference in the pronunciations and sounds between the strings are that in "MERCK" the predominant sounds are the "m" and "k"; whereas in "EMERCK" it is the "e" that predominant.

Infringement - Another contention of Objector is infringement of its rights. The contention of infringement is more properly a matter for determination under the Legal Rights Objection procedure and not a String Confusion matter. Objector's other contentions regarding Applicant's actions or motives for making the .emerck gTLD application and its concerns about the potential adverse effects on its economic well-being, while important, are not factors that fall within the scope of this String Confusion Expert Determination.

Public Confusion - Finally, many of Objector's contentions raise concerns about "public confusion" whereas the focus of the Probability Standard is not on public confusion but, instead, on whether "confusion will arise in the mind of the average, reasonable internet user."

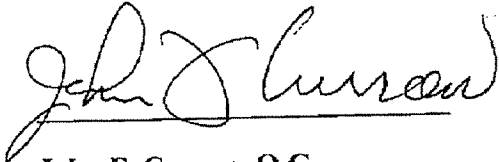
The Merck and EMERCK trademarks have co-existed and been used internationally for over 160 years. It is highly unlikely that the introduction of both the MERCK and EMERCK TLDs would result in internet user confusion. There is no evidence that the average, reasonable internet user would find it difficult to distinguish the two well known marks which are already used in online commerce nor is there evidence to prove that any resulting confusion would be probable.

Article 21(d) of the Procedure provides that the remedies available to an Applicant or an Objector pursuant to any proceeding before a Panel shall be limited to the success or dismissal of an objection and to the refund by the ICDR to the prevailing party of Costs pursuant to Article 14(e) of the Procedure and any relevant provisions of the applicable ICDR Rules.

VI. Determination

Accordingly, The Applicant has prevailed and the Objection is dismissed.

August 9, 2013.

A handwritten signature in black ink, appearing to read "John F. Curran", written over a horizontal line.

John F. Curran, Q.C.

Sole Expert Panelist