

**IN THE MATTER OF AN INDEPENDENT REVIEW PROCESS BEFORE THE
INTERNATIONAL CENTRE FOR DISPUTE RESOLUTION**

Merck KGaA
Frankfurter Straße 250
64293 Darmstadt
Germany

(Claimant)

-v-

ICDR Case No. _____

Internet Corporation for
Assigned Names and Numbers
12025 Waterfront Drive, Suite 300
Los Angeles, CA 90094-2536

(Respondent)

**REQUEST FOR INDEPENDENT REVIEW PROCESS
BY MERCK KGaA**

I. INTRODUCTION

1. This Request for Independent Review is hereby submitted in accordance with Article 4, Section 3 of the Bylaws for Internet Corporation for Assigned Names and Numbers (“ICANN”), the International Arbitration Rules of the International Centre for Dispute Resolution (“ICDR”), and the ICDR Supplementary Procedures for ICANN Independent Review Process.

II. PARTIES

a. Claimant

2. The Claimant in this dispute is Merck KGaA, with the following contact details:

Merck KGaA, Frankfurter Straße 250, 64293 Darmstadt, Germany

3. The Claimant is represented in these proceedings by:

Dr. Torsten Bettinger, Bettinger Schneider Schramm, Cuvilliesstr. 14a, 81679 München, Germany

b. Respondent

4. The Respondent is ICANN, with the following contact details:

12025 Waterfront Drive, Suite 300, Los Angeles, California 90094-2536

III. BACKGROUND INFORMATION ON RELEVANT PARTIES AND DISPUTE

a. The Claimant, Merck KGaA

5. The Claimant 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. For more information about the Claimant and its longstanding business presence, see Annex 1 for the 2013 Annual Report.

6. Today the Claimant 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, and use the figurative US trademark No. 30130670 as their umbrella brand. A list of the Merck Companies is attached as Annex 2. In 2013, the Claimant had over 38,000 employees and realized total revenues of EUR 11.1 billion, EUR 6.42 billion within the pharmaceuticals business sector.

7. The Claimant has used the trademark MERCK in Germany since the 19th century, and registered its Merck mark (no. DD45659) in September 1900 for goods in classes 1-5. An extract of the official trademark database is provided as Annex 3. Today, Claimant holds rights in the name and the trademark MERCK in

more than 200 jurisdictions worldwide and is recognized as “well-known” in numerous jurisdictions, including, for example, in Bulgaria, the Czech Republic, Egypt, Germany, Japan, Mexico and South Korea. Annex 5. A list of the Claimant’s trademark registrations for the MERCK mark is attached as Annex 6; a history of trademark development and use over the last 340 years is provided as Annex 7.

b. Merck & Co., Inc.

8. Merck & Co., Inc. (“Merck & Co.”), a US pharmaceuticals concern, was formerly a subsidiary of the Claimant. Merck & Co.’s parent company, Merck Sharp & Dohme, Corp (“MSD”) was founded as a daughter company of the Claimant, which the Claimant held as a wholly-owned subsidiary until the end of the First World War and the imposition of the “Trading with the Enemy Act” of 1917. At that time, the Claimant was forced to surrender its entire stake in the United States subsidiary. Since that time, Merck & Co.’s parent Company has operated as a separate and independent American pharmaceuticals company.

9. In the 1930s, MSD and the Claimant negotiated their solution for their coexistence being codified in a binding contractual agreement between the parties. Such agreement was later updated in 1955 and 1970. The companies agreed on a territorial differentiation of rights:

- a. Merck & Co. has the right to use the word “Merck” as a brand and company name only within North America (U.S. and Canada). Outside North America, the Respondent and its subsidiaries use a different name and a different brand – generally utilizing the name Merck Sharp & Dohme and the brand “MSD”. The German subsidiary of Merck & Co. operates under “MSD Sharp & Dohme Limited” and the acronym “MSD”.
- b. With regard to the Claimant and its subsidiaries, the situation is a mirror image. In North America (U.S. and Canada) the Claimant and its international subsidiaries trade under the acronym “EMD”. Throughout the rest of the world, the Claimant has the exclusive right to use the MERCK mark as a brand and to use “Merck” in company names.

10. The Claimant has provided a copy of the currently-valid Agreement, signed in 1970 and a table illustrating the essential points of the agreement, as Annex 8. Within the context of this proceeding, no contractual claims are asserted, but the Claimant believes this agreement may be of assistance to the Panel in assessing the relevant legal positions.

c. Merck & Co. and Recent Escalation of Infringement

11. In recent years, Merck & Co. has taken numerous steps in an unauthorized attempt to dramatically expand its use of the term “Merck” in direct violation of the Claimant’s legal rights in the MERCK trademark and in a manner contrary to the provisions of the parties’ presently enforceable usage agreement, including the registration and use of the domain name <merck.com> and other related domain names displaying the

company's full range of products and services to Internet users worldwide, including in jurisdictions where Merck & Co. has no right to use the term "Merck" as a stand-alone mark. See Annexes 9 and 10. These recent infringing activities are far outside the boundaries of the parties' mutual trademark use agreement and also amount to an infringement of the Claimant's rights in the MERCK mark and name on a global scale. The Claimant has regularly objected to Merck & Co.'s infringing activities, and absent an amicable solution, the Claimant took and is taking legal action against Merck & Co. before the District Court of Hamburg, Germany, and in the courts of the United Kingdom and France. See Annex 11.

12. In the meantime, and as further explained below, Merck & Co. through subsidiaries (hereinafter referred to as "Merck & Co." for simplicity) has applied to ICANN to operate <.merck> (both in a standard and community application) and <.merckmsd> (standard application only) generic top-level domains (gTLDs). See Annexes 12-14. The possible use of these gTLDs constitute a far greater harm than the above-mentioned concerns and are a further impermissible expansion of the use of the term "Merck" by Merck & Co., due to the manner of use proposed within Merck & Co.'s gTLD applications.

d. ICANN

13. ICANN is a non-profit public benefit corporation that was established under the laws of the State of California on September 20, 1998. ICANN is responsible for administering technical aspects of the Internet's domain name system ("DNS"). ICANN is to abide by the principles of stability in the DNS, supporting competition and consumer choice, bottom-up coordination, and the promotion of management in a manner that reflects the global and functional diversity of Internet users and their needs. These principles are detailed in ICANN's Articles of Incorporation and Bylaws, which require ICANN to act "in conformity with the relevant principles of international law and local law" (Article 4, Articles of Incorporation) and in accordance with "core values" including accountability, transparency, non-discrimination, fairness and promoting competition in the public interest (Bylaws, Article 1, Section 2). See Annexes 15 and 16. These are reiterated in its Affirmation of Commitments with the U.S. Government. See Annex 17 at 9.

e. ICANN and the New gTLD Program

14. Pursuant to ICANN's Bylaws, Article X, the Generic Names Supporting Organization ("GNSO") exists as a policy-development body within ICANN which is responsible for developing and recommending to the ICANN Board substantive policies relating to gTLDs. Policy-development procedures are stated in

Annex A to the ICANN Bylaws, and specify that upon a final decision of the ICANN Board adopting a policy developed by GNSO processes, the Board shall implement the policy.

15. In 2005, the GNSO began a “policy development process” (“PDP”) to consider the introduction of new gTLDs. In its 2007 Final Report on the Introduction of New Generic Top-Level Domains, the GNSO made 19 Recommendations, including that “[s]trings must not infringe the existing legal rights of others” (Recommendation 3) and that “[d]ispute resolution and challenge processes must be established prior to the start of the process” (Recommendation 12). See Annex 18 at pages 19-21. As provided under the ICANN Bylaws, the ICANN Board adopted the GNSO policy recommendations for the introduction of new gTLDs. In June 2011, the ICANN Board launched the New gTLD Program, which provides the opportunity for interested parties to apply to operate their own gTLDs. See Annexes 19 and 20.

16. In order to provide information to gTLD applicants about the process for applying for a new gTLD, ICANN released the first Draft Applicant Guidebook in October 2008, with eight subsequent revisions made before the final Applicant Guidebook (“AGB”) was published on June 4, 2012 (attached as Annex 21). Meanwhile, 1,930 applications for 1,409 distinct gTLD strings were received.

17. As directed by the GNSO PDP, ICANN implemented dispute resolution procedures on the basis of the GNSO Recommendations into the New gTLD Program through the AGB, Module 3, with GNSO Recommendation 3 forming the basis of the Legal Rights Objection (“LRO”). The LRO allows for any “rightsholder” to object to any new gTLD application in the event **the potential use of the applied-for gTLD** by the applicant violates its rights as defined by the **LRO Standards** (AGB, Section 3.5.2).

18. The Legal Rights Objection procedure provided for a third-party Dispute Resolution Service Provider (“DRSP”), the Arbitration and Mediation Center of the World Intellectual Property Organization (“WIPO”), to appoint a single- or three-member panel consisting of experts with relevant experience in IP disputes. The panel decision is considered an expert determination and advice that ICANN will accept within the dispute resolution process. (AGB, Section 3.4.6). No mechanism for review of erroneous decisions was provided.

19. The LRO Standards and the applicable rules and procedures are generally defined in Module 3 of the AGB, with the Rules of the gTLD Dispute Resolution Procedure (“Procedure”) provided as an attachment to Module 3 of the AGB (Annex 22). The provider-specific rules for the LRO procedure, the WIPO Rules for New gTLD Dispute Resolution, also apply. (See Annex 23)

f. The MERCK Filings and Legal Rights Objections

20. Both the Claimant and Merck & Co. submitted Applications for new gTLDs incorporating “Merck”. Public portions of the relevant Applications are provided as Annexes 12-14, 24 and 25. In its applications, the Claimant expressly indicated that it will refrain from permitting members of its organization located within North America from registering and using domain names within its applied-for TLD, and that it will utilize geo-targeting tools to prevent access to such sites by visitors from North America. The Claimant has made a formal, binding “Public Interest Commitment” (“PIC”) to operate in accordance with the commitments, statements of intent and business plans stated in its application for <.merck>, which is subject to ICANN’s Public Interest Commitment Dispute Resolution Process if violated. A copy of the Claimant’s PIC is attached as Annex 26; for more information about PICs see Annex 27.

21. Geo-targeting concerns the method of utilizing the geographical location of an Internet user to determine the access to and content of information available at a particular web address. Geo-targeting allows the Claimant in its applied-for gTLDs to avoid the potential for infringement of Merck & Co.’s rights in “Merck” within proscribed areas and is recognized as a means of avoiding conflict arising from coexisting marks on the Internet. See Annexes 28-30.

22. Instead of embracing geographically-based limitations or taking any steps whatsoever to avoid the potential for widespread trademark infringement, Merck & Co. at Section 18(a) and 22 of all three of its applications and Section 20 of its community application clearly intends to allow entities associated with its enterprise who are located outside of North America to register and use domain names within the applied-for gTLD space. At Section 18(a) Merck & Co. states it intends to open the TLD in 4 phases:

- (i) First, a testing phase, in which to gauge operational capacity.
- (ii) Second, a broader registration period, opening the space to “more widespread internal corporate use.” There is no provision limiting registration of domain names to North America.
- (iii) Third, the space would be further opened to include registrations by “licensees or strategic parties.” Here again, no consideration of the parties’ geographic concerns is provided and, additionally, Merck & Co. has provided no mechanism to mitigate the foreseeable and obvious harm to Claimant should an international entity with no connection to Claimant be issued a domain name in the TLD space.
- (iv) Fourth, and perhaps most troubling, is the intention to “expand the gTLDs beyond corporate use.” Merck & Co. intends to offer registrations to its “qualified subsidiaries, affiliates, licensees, and strategic parties,” without any consideration of the geographic location of those entities.

23. Section 22 of Merck & Co.’s application confirms its intentions to use the gTLD in impermissible geographic locations, as it refers to its service of “wide-ranging needs of patients and providers around the

world, with more than 86,000 employees in upwards of 140 countries”, and “[g]iven this geographic approach to finding localized MSD content, [Merck & Co.] intends to explore the option of providing a hierarchical and intuitive framework for the [gTLD] namespace by using geographical identifiers as second-level domain names.” Far from making provision for the required protections of the Claimant’s rights, Merck & Co. instead admits its intention to use the gTLDs in an unrestricted and impermissible manner. See Annexes 12-14.

24. This is a gross violation of the parties’ trademark use and name agreement, and a drastic infringement of the Claimant’s trademark rights. If Merck & Co. were permitted to identify its activities as those of “Merck” outside of North America, and enable subsidiaries located potentially all around the world to self-brand under the applied-for gTLDs, it would cause substantial damage to the Claimant’s brand and worldwide reputation.

25. As the result, the Claimant filed three LROs against Merck & Co.; Merck & Co. in turn filed two LROs against the Claimant. See Annex 31. (As Merck & Co. is not a party to this proceeding, we have not provided its private submissions but will request consent to forward such on request of the Panel.)

26. The present situation is not one in which a rightsholder finds itself in contention with a previously-unknown gTLD applicant who holds rights in a non-identical mark for different goods and services. The parties in dispute, for nearly a century, have rights in the SAME string “Merck” for the SAME goods and services and have engaged in NUMEROUS agreements and court cases over the use of the mark. There can be no clearer circumstance of a direct collision of marks which demands that the applicant explain how its use of a gTLD string avoids infringement, and for the LRO panel to assess Merck & Co.’s intended global use.

27. In these proceedings the Claimant referred to its commitments to prevent otherwise unavoidable infringement in the operation of the applied-for gTLDs, including through geo-targeting and a registration model with accounts for potential registrants from North America. In stark contrast, Merck & Co., who fails to even acknowledge the rights of the Claimant in its Applications and which, in its own words, it plans to willfully violate through its intended use, continued to ignore the impact of its intended use and the potential for infringement in its Applications throughout the LRO proceedings. This action itself is hypocritical and can be called into question simply by reference to its own LRO filings, where IT ITSELF contended that the operation of the <.merck> gTLD by the Claimant would result in widespread consumer confusion. See Annex 32, LRO2013-0068 and LRO2013-0069, both at 3:

“Therefore, [Merck & Co.’s] key argument is that [Merck KGaA] 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, [Merck & Co.’s] own rights and/or causing considerable confusion to the relevant public”

28. Merck & Co. is hypocritical to assert that the use by Merck KGaA of a MERCK-related gTLD to promote its marks will cause irreparable harm, yet fail to provide any explanation either in the LRO proceeding or its gTLD applications of how it avoids similar infringement and irreparable harm, especially as Merck & Co.’s recorded intention is to use the gTLD in an affirmatively-infringing manner for identical goods and services for which the trademark is registered.

29. The DRSP appointed the same Expert to decide all five cases, which rendered its Expert Determinations concerning the Claimant’s applications on July 30 and 31, 2013. See Annex 32. On September 6 and 9, 2013, the LRO Panel rendered its Expert Determinations concerning Merck & Co.’s applications (these Expert Determinations, with Panel addendums, are attached as Annex 33). In all its Determinations the LRO Panel did not uphold the Objection and, despite material differences in the protections and the intended global use inherent in the applications, the LRO Panel applied little more than a “copy and paste” job in rendering its nearly-identical Determinations. This includes the entirety of the legal argument of its Discussions and Findings, and even the attribution of the Claimant’s geo-targeting provisions (which it incorrectly credits to Merck & Co.!) The “copy and paste” job amounts to 69% of content as the attached comparison shows. (Highlighted text in Annex 59 illustrates the identical language between rendered determinations.) The errors are identical in all three determinations, which raise serious questions as to whether the Panel spent adequate time reviewing the facts and preparing its reasoned decision in each case and demonstrate that it did not take sufficient time to review the parties’ pleadings to determine the fundamental arguments by both sides and their relevance to the LRO Standards.

30. Crucially, in rendering its Expert Determinations, the LRO Panel made a palpable mistake by manifestly disregarding the applicable LRO Standards when it refused to consider the intended global use of Merck & Co.’s applied-for gTLD strings. INDEED, THE LRO PANEL REFUSED TO ADDRESS OR CONSIDER THE IMPACT OF MERCK & CO.’S INTENDED GLOBAL USE OF THE APPLIED-FOR GTLDS. This fundamental error is further highlighted and compounded by the LRO Panel’s undeniable mistake in fact in its misattribution of geo-targeting principles to Merck & Co., which resulted in published

Addendums by the LRO Panel (which, as described below, merely serve to confirm the LRO Panel's fundamental error without resolving such). This palpable mistake and manifest disregard of the applicable LRO Standards by the LRO Panel is a failure in the Panel's duty to ensure a fair and balanced proceeding, and forms the basis of, contributes to, and reveals the several actions of the ICANN Board which are inconsistent with its Articles of Incorporation and Bylaws.

31. Simply stated, the Claimant has not received the determinations it is entitled to receive, namely, determination as to whether the intended global use of the gTLDs by Merck & Co. are in violation of the LRO Standards.

g. Post-Determination Addendum and Publication

32. Shortly after the Determinations were issued, the Claimant contacted the DRSP in order to address its concerns about the LRO Panel's failure to utilize the ICANN-mandated LRO Standards in reaching its decision, and its serious errors with regard to the underlying facts of the case (Annex 34). The DRSP communicated the Claimant's message to the LRO Panel.

33. The LRO Panel issued Addendums to its Determinations on September 24, 2013, however, such Addendums did not address the Panel's failure to consider the global use of the applied-for gTLD strings.

34. On September 25, 2013 ICANN published the LRO Panel's Determinations, without Addendums.

35. As ICANN did not issue any explicit decision or communication stating that it has reviewed and accepted the LRO Panel's findings and its Addendums, nor taken any further actions in the gTLD application process based on the LRO Panel's Determinations, on December 6, 2013 the Claimant sent an e-mail to ICANN (see Annex 35) and asked for clarification whether the Expert Determinations have already been endorsed by ICANN or whether the LRO Panel Determinations can be considered as an ICANN action within the meaning of Article IV, Section 2.2 of ICANN's Bylaws.

36. On 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 Annex 36).

37. As ICANN had still not published the LRO Panel's Addendums or issued any explicit decision stating that it has reviewed and accepted the LRO Panel's findings and Addendums, nor took any further actions, the Claimant again submitted an e-mail to ICANN on February 6, 2014 asking:

- a. Whether the LRO Panel's Addendums have already been communicated to ICANN, and
- b. If such has been communicated to ICANN, has ICANN itself already reviewed the Addendums, and
- c. If so, when will ICANN publish these Expert Determinations in order to enable the Claimant to challenge the Expert's Determinations in a Request for Reconsideration. (See Annex 37)

38. By e-mail dated February 27, 2014, ICANN informed the Claimant that it has updated the Legal Rights Objection Determinations for the objections filed by the Claimant against Merck & Co. and that the updated Determinations now include the Addendums dated September 24, 2014. (See Annex 38).

h. Request for Reconsideration by the ICANN Board

39. In order to seek recourse for the LRO Panel's palpable errors of fact and law, and to receive a fair hearing and due process for its claims against Merck & Co.'s objectionable gTLD applications, the Claimant on March 13, 2014 filed Request for Reconsideration ("RFR") 14-9 pursuant to Article IV, Section 2 of the ICANN Bylaws on the basis of ICANN's acceptance of the manifestly-erroneous Expert Determinations in Cases LRO2013-0009/0010/0011. The Claimant's submission, and Merck & Co.'s public reply thereto, are attached as Annexes 39 and 40.

40. The RFR is an "accountability mechanism" provided for by the ICANN Bylaws, Article IV. A RFR is available for any entity materially affected by an action of ICANN, and is reviewed by ICANN's Board Governance Committee ("BGC").

41. The BGC was established by the ICANN Board as a Committee as provided by Article XII, Section 1 of the ICANN Bylaws and is entirely composed of Directors and Liaisons of the ICANN Board. See Annexes 41 and 42. The members of the BGC are bound to a Code of Conduct mirroring the ICANN Bylaws and requiring that members observe ethical standards and due care while taking necessary steps of inquiry to make its decisions. See Annex 43. The BGC has additional powers, including the power to access independent advisors in legal matters (see Governance Guidelines, Annex 44 at 16).

42. The applicability of the RFR to address errors in expert determinations itself was not transparent, as the process of invoking it in the context of objection proceedings was not specified in the AGB. In particular, ICANN noted only after the conclusion of the LRO processes that the publication of an Expert Determination on its website constituted acceptance for purposes of the AGB and for the filing of a RFR. (See Annex 36). In fact, the selection of this action was entirely arbitrary and self-serving, and might have prevented the Claimant

from utilizing ICANN accountability mechanisms but for ICANN's own failure to appropriately publish the Expert Determinations with Addendum until early 2014, nearly five months late.

43. The Claimant made a number of legal and factual arguments concerning procedural and substantive complaints in its RFR, in particular that (1) the LRO Panel failed to follow ICANN policies and processes for applying the LRO Standard, (2) the LRO Panel failed to take reasonable care in evaluating evidence, which resulted in an error of fact and misattribution, (3) the errors of the LRO Panel prevented the Claimant from receiving a fair hearing, and (4) after rendering its decision, the LRO Panel remained unwilling to correctly and properly discharge its duty. (See Annex 39)

44. The BGC in its determination addressed (and mischaracterized) only some of the Claimant's arguments, and embarked on an impermissible substantive review of the LRO Panel's decision and analysis under the LRO Standards and non-exclusive factors. In doing so it went beyond its competency and violated its independence, and failed to assess the Claimant's core legal arguments in any event. Accordingly, the BGC Determination on RFR 14-9 wholly failed to meaningfully or properly review the Claimant's valid and material concerns and violated ICANN Articles of Incorporations and Bylaws. (See Annex 45).

45. The BGC made its final Determination in RFR 14-9 on April 29, 2014, determining that the Claimant did not state proper grounds for reconsideration. The minutes of the meeting disposing RFR 14-9 were posted on May 16, 2014, and Cooperative Engagement initiated on May 27, 2014. See Annex 46.

IV. ICANN BREACH OF ARTICLES OF INCORPORATION AND BYLAWS

46. The ICANN Board, by accepting the BGC's Determination in RFR 14-9, has failed to act in accordance with its Articles of Incorporation and Bylaws in three ways:

- (1) The ICANN Board has accepted three expert determinations which suffer from palpable mistakes and manifest disregard of its own LRO standards, without due diligence and care to prevent the acceptance of such determinations, resulting in fundamental unfairness and a failure of due process for the Claimant.
- (2) The ICANN Board improperly disposed of the Claimant's RFR as the BGC violated its competency and independence in its evaluation of the application of the LRO standard. Further, its assessment was incorrect and failed to take into account the global use of the gTLD by Merck & Co. Additionally, the ICANN Board has provided the possibility for third-party review of some prima facie erroneous expert determinations while denying the same to other, similarly situated parties, including the Claimant. This results in discrimination and unfairness to, and failure of due process for, the Claimant.
- (3) As the result of the prior two violations, the ICANN Board has accepted without due diligence and care, a dysfunctional expert determination procedure within the New gTLD Program which has not provided for the possibility to review or overturn determinations on the basis of substantial errors or manifest disregard of the LRO Standards, despite the foreseeable and forewarned possibility of such, resulting in fundamental unfairness and a failure of due process for the Claimant.

47. The above-mentioned failures, individually and cumulatively, of the ICANN Board to resolve the manifest errors in Claimant's LRO Proceedings has resulted in direct material injury and harm to the Claimant as the Claimant has failed to receive at first instance properly-rendered Expert Determinations applying the LRO Standards, as required pursuant to Module 3 of the Applicant Guidebook. This furthermore will likely result in resolution of the Claimant's concerns through ICANN processes with the potential for great expense to the Claimant and/or the delegation of gTLD strings to Merck & Co. which, if used in accordance with its application, will result in substantial infringement of Merck KGaA's rights.

a. The ICANN Board Accepted Grossly-Erroneous Expert Determinations, resulting in Fundamental Unfairness and a Failure of Due Process

48. The Claimant holds that the LRO Panel manifestly disregarded the LRO Standards in its three Expert Determinations in that it failed to consider the intended global use of the applied-for gTLD. The ICANN Board has not exercised due diligence and care in the acceptance of these determinations, resulting in fundamental unfairness and a failure of due process for the Claimant, and is a violation of ICANN's Articles of Incorporation and Bylaws, Article I, Section 2.8.

i. Legal Source of LRO Standards

49. The LRO Standards are the embodiment of ICANN's obligation, pursuant to its adoption of GNSO Recommendations 3 and 12, to provide resolution of disputes concerning the existing legal rights of third parties. They provide, at Section 3.5.2 of the AGB:

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 [1] takes unfair advantage of the distinctive character or the reputation of the objector's registered or unregistered trademark or service mark ('mark') [...] or [2] unjustifiably impairs the distinctive character or the reputation of the objector's mark [...] or [3] otherwise creates an impermissible likelihood of confusion between the applied for gTLD and the objector's mark**". (emphasis added)

50. AGB Section 3.5.2 further details that "[i]n the case where the objection is based on trademark rights, the panel will consider" eight non-exclusive factors. The AGB does not detail how the non-exclusive factors are to be interpreted in conjunction with the LRO Standards, but LRO panelists found that the non-exclusive factors are to be understood as "analytical proxies for the more general concepts" described by the LRO Standards. (See WIPO Case No. LRO2013-0030 at 4, attached as Annex 47)

51. The first two criteria of the LRO Standards use trademark dilution language from the European Union Trademark Directive 2008/95/EC and Trademark Regulation 207/2009, and from the WIPO Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks. See Annexes 48 - 50. The third LRO element imports concepts of “likelihood of confusion” found in both civil and common law.

52. The fact that an entity might hold a bona fide registered mark in one jurisdiction does not prevent trademark infringement under these sources. Accordingly, it is necessary to assess the impact of use, as the LRO Standards explicitly require when it states that the LRO Panel “**will determine whether the potential use of** the applied-for gTLD by the applicant takes unfair advantage of [or] unjustifiably impairs the distinctive character or the reputation of the objector’s mark...” It is therefore an obligatory and essential requirement that the LRO Panel not fail to consider the impact of the intended global use of the applied-for gTLD.

ii. The LRO Panel made a Palpable Mistake when Manifestly Disregarding the Applicable LRO Standards

53. The Claimant holds that the LRO Panel made a palpable mistake when it manifestly disregarded the applicable LRO Standards by failing to consider the intended global use of the applied-for gTLD by Merck & Co. Its error is particularly egregious as the LRO Panel accurately summarizes the elements of the dispute and use which must be examined, but fails to make the required analysis. Instead the Panel made conclusory generalizations which wholly fail to take into account the intended global use of the gTLD string by Merck & Co. and which have no reasoned basis.

54. The LRO Panel notes:

“[Claimant] contends that [Merck & Co.] by operating the Disputed gTLD String would infringe [Claimant’s] trademarks as the Disputed gTLD String will not only be used in North America where [Merck & Co.] has rights, but also outside North America where [Claimant] has trademark rights... If [Merck & Co.] is granted the Disputed gTLD String necessarily, as contended by [Claimant], [Merck & Co.] will be using MERCK in territories where [Claimant] has rights; it will thus be using in certain territories a sign which is identical to [Claimant’s] trademark in relation to identical or similar services.”

(Annex 33, LRO2013-0009/10/11 at 5-6)

55. Merck & Co. will necessarily be using the applied-for gTLD string inappropriately, as the Panel notes in Claimant’s assertion, based on Merck & Co.’s own gTLD Applications that:

“[Merck & Co.] is not limiting the registration of domain names under the Disputed gTLD String to corporate entities in North America, despite the fact that registration of such names would violate [Claimant’s] rights. In addition the space would also be opened to [Merck & Co.’s] licensees or

strategic parties without any geographical limitation. Finally, [Merck & Co.’s] intention is to expand use beyond corporate use, again without any geographical limitation.”
(Annex 33, LRO2013-0009/10/11 at 4)

56. The LRO Panel summarized Merck & Co.’s (non-)argument and response to these assertions, stating “[Merck & Co.] cannot address [Claimant’s] claims without influencing the wider litigation action [between the parties in other court proceedings]...” (Annex 33, LRO2013-0009/10/11 at 4)

57. Thus, the Claimant made an unambiguous and unrebutted argument, comprehensible simply on an understanding of the jurisdictions and classes of goods and services in which MERCK is protected for each party, and the intention of Merck & Co. from its very own Applications, which was accurately described by the Panel. HOWEVER, THE PANEL COMPLETELY FAILS TO ADDRESS THE UNAMBIGUOUS AND PRIMA FACIE IMPLICATIONS OF THE APPLICANT’S USE, AS ACCURATELY DESCRIBED BY THE LRO PANEL, AS REQUIRED UNDER THE LRO STANDARDS.

58. Instead, the LRO Panel proceeded to phrase its charge in a way which confirms that it failed to apply the required LRO Standards. It stated “[t]he 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.” The Panel immediately thereafter invoked the Uniform Domain Name Dispute Resolution Policy (UDRP) (See Annex 51) and stated “[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 [UDRP]”. (Annex 33, LRO2013-0009/10/11 at 6) This is not what the standards ask. Rather, the question is whether the potential use by such trademark owner in an applied-for gTLD string will result in unfair, unjustifiable or impermissible conflict with the objector’s mark.

59. Reference to the UDRP by the LRO Panel is wholly inappropriate when considering the LRO Standards, as there is very little similarity between the legal analysis of a case under the UDRP and in a LRO. The UDRP was developed to address clear-cut cases of abusive second-level registration (i.e. “SECONDLEVEL.example”), whereas the LRO addresses the potential for abuse of top-level domains. In particular, under the UDRP, a panel would typically be required only to consider whether a domain name was registered and used in bad faith, and registration of a domain name to be used in conjunction with a bona fide trademark would always result in a decision for the registrant (See Annex 51 at 4(a)(iii), Annex 52 at 2.7, respectively). This differs significantly from the requirements of a LRO, as the LRO Standards and the

nonexclusive factors are framed such that the LRO Panel MUST consider the impact of the use of the applied-for gTLD string and its impact on other rightsholders, even if the applicant would otherwise have a bona fide basis for applying for and using the TLD string. Applying a materially-improper UDRP analysis in this context is wholly inappropriate and is a manifest disregard of the LRO Standards.

60. The LRO Panel's determination, biased by the inappropriate application of UDRP standards, would lead to the entirely incorrect conclusion that having a bona fide registered right in any jurisdiction in the world would provide an unassailable opportunity to apply to operate a TLD, regardless of the existence of any protections that applicant would take or fail to take to avoid trademark infringement or confusion, or any prior agreements between the parties as to the scope of such protections. The LRO Standards are not this simple, otherwise they would have by construction explicitly allowed for the holder of such bona fide registered rights to automatically prevail in an LRO dispute. Reference to "potential use" in the LRO Standards REQUIRES the LRO Panel to make an assessment and allows for situations whereby a bona fide trademark holder will fail such assessment because of the impact of its potential use on other rightsholders.

61. Furthermore, the LRO Panel failed to describe the steps it took in reaching its conclusions. In the absence of any explanation, after invoking the UDRP, the LRO Panel conclusively stated that:

“[i]f the applicant for a new gTLD is bona fide, it will not be likely that one of the three [LRO] 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.”
(Annex 33, LRO2013-0009/10/11 at 6)

62. It is entirely unclear as to how the LRO Panel arrived at this conclusion, as the Panel failed to explain in any way how infringement “might” or “might not” occur. The LRO Panel, however, is required to provide the reasoning upon which the expert determination is based (AGB at 3.4.6; Annex 22 at Article 21(d)). Moreover, this assessment is essential, as it goes to the heart of the Panel's duties to assess the potential use of the applied-for gTLD.

63. In fact, the only actions that the LRO Panel explicitly stated were the steps that it would not take in its analysis. The LRO Panel states that it is “not for this Panel to anticipate all the possible types of use Applicant could make” and “[i]t is also not for this Panel to interpret the existing coexistence agreements and arrangements between the Parties.” (Annex 33, LRO2013-0009/10/11 at 6)

64. Despite the Claimant's clear explanation of how Merck & Co.'s global use of the gTLD string is in unquestionable violation of the LRO Standards, accurately recorded by the Panel in its own decision, the LRO Panel not only failed to address, but when prompted by the LRO Standards and nonexclusive factors, expressly detailed that it was not its role to consider the potential for abuse, in direct violation of its obligations. NOWHERE does the LRO Panel explain how the use of the gTLD by the Applicant would fail to cause widespread trademark infringement, despite the clear requirement that such determination must state the reasons upon which it is based. The LRO Panel states that "it is possible that [Merck & Co.'s] use of the Disputed gTLD String could create a likelihood of confusion with [Claimant'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." (Annex 33, LRO2013-0009/10/11 at 8) **The LRO Panel does not explain why this intention for use is not impermissible or unfair** under the LRO Standards, especially as the Claimant is arguing that Merck & Co.'s intention is to use the gTLD in a way that improperly and materially expands on the scope of use historically provided in the coexistence agreement.

65. Repeatedly the LRO Panel states that if Merck & Co. would use the gTLD in a way that is infringing, it should make use of legal options available to it. BY FILING ITS LRO, the Claimant made use of such options, and it was the obligation for the Panel to consider Merck & Co.'s intended global use instead of shirking its responsibility.

iii. Instead of Providing Remedy for the LRO Panel's Errors, the Panel's Mistake of Fact and Addendum Confirm its Manifest Disregard of the LRO Standards

66. The ultimate confirmation of the LRO Panel's failure to apply the LRO Standards is its undeniable mistake of fact through its misattribution of the geo-targeting concept.

67. Geo-targeting is directly relevant to the analysis of the use of a mark on the Internet, and thus to the LRO Standards themselves. Through geo-targeting, a holder of a mark may avoid doing business, offering for sale or displaying a mark in an unauthorized jurisdiction, thereby directly avoiding impermissible trademark collisions on the Internet.

68. The primary issue between the Claimant and Merck & Co. in the context of the New gTLD Program is that each parties' rights to the MERCK mark are limited to separate and distinct geographical areas, and by

the nature of the Internet, the use of a TLD incorporating the MERCK mark will cross such boundaries and result in impermissible, extensive trademark infringement. The Claimant proposes geo-targeting in conjunction with its use of MERCK to avoid the potential for infringement on the Internet.

69. Consideration of the potential use of a gTLD by an applicant is the primary charge of the LRO Panel as mandated by the LRO Standards. For the LRO Panel to make a mistake in fact on this matter is not only material, but demonstrates a fundamental failing of the Panel in its primary function in consideration of these cases. The Addendum issued by the Panel, by failing to assess its legal reasoning and claiming that its mistake in fact was immaterial, reinforces the Claimant's argument that the LRO Panel fundamentally failed to assess the potential use by Merck & Co. of the applied-for gTLD on the Claimant. (See Annex 33, LRO2013-0009/10/11 Addendums)

70. Accordingly, the LRO Panel committed a palpable mistake by disregarding and failing to apply the well-defined, explicit, and applicable LRO Standards to the case when it applied the wholly inapplicable and unreliable UDRP standards and completely failed to articulate the methodology employed when reaching its conclusory findings. These gross errors are visible from just a cursory review of the facts of the case and are confirmed by the mistake in fact requiring an addendum to the LRO Panel's Determinations.

iv. The Obligations of ICANN and the ICANN Board's Breach

71. The ICANN Board, in accordance with the acceptance of the above-mentioned GNSO Recommendations, has committed itself to ensuring that rightsholders may challenge applications for gTLDs on the basis of existing legal rights, in accordance with the LRO Standards. ICANN is furthermore obligated in its Bylaws to "[make] decisions by applying documented policies neutrally and objectively, with integrity and fairness" (ICANN Bylaws, Article I, Section 2.8).

72. The ICANN Board, by accepting the three expert determinations at issue which suffer from material errors and the blatant failure to apply the LRO Standards, will have prevented the Claimant from receiving expert determinations applying the LRO Standards in accordance with the AGB. The expert determination recommends Claimant to take legal action against the infringing use of the Disputed gTLD String thereby neglecting its mandate to apply the LRO Standard. However, courts in relevant jurisdictions deny already jurisdiction with reference to the LRO Standard (see Order Dismissing Del Monte Int. v Del Monte Corp., CV 13-5912, U.S. District Court, Central District of California at 18, attached as Annex 58).

73. The result is a fundamental breach of due process and unfairness to the Claimant, which case has not been decided by the DRSP panel, and a serious breach of ICANN's obligations under its Bylaws, Article I, Section 2.8 when the Board acted without due diligence and care in having sufficient and correct facts about the erroneous determinations when it accepted them.

74. These commitments are especially important as ICANN, the sole authoritative body worldwide controlling the DNS root, is undoubtedly a monopolist in the sense of US and EU antitrust law. Its dominant position affords it a special responsibility to act in a transparent, fair, reasonable and non-discriminatory manner, which has been recognized by the U.S. Department of Commerce. See Annex 53, at 9.

b. The ICANN Board Improperly Disposed of the Claimant's Request for Reconsideration

75. The Claimant holds that the ICANN Board improperly disposed of the Claimant's RFR as the BGC violated its competency and independence when it evaluated the legal question of whether the LRO Standard was applied. Further, its assessment was incorrect and failed to take into account the intended global use of the gTLD string by Merck & Co. Additionally, the ICANN Board has provided the possibility for third-party review of some prima facie erroneous expert determinations while denying the same to other, similarly situated parties, including the Claimant. This results in discrimination and unfairness to, and failure of due process for, the Claimant, in violation of the ICANN Bylaws, Article I, Section 2.8, when the BGC failed to exercise due diligence, care and independent judgment in making its determination.

i. Scope and Nature of the Request for Reconsideration Process and the Claimant's Request

76. The RFR is a mechanism defined under ICANN Bylaws whereby any person adversely affected by (i) one or more staff actions or inactions that contradict established ICANN policy, (ii) one or more actions or inactions of the ICANN Board that have been taken or refused to be taken without consideration of material information, or (iii) 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. (Bylaws, Article IV, Section 2.2)

77. The ICANN Board has designated a subset of itself, the BGC, to review and consider Requests for Reconsideration. The BGC will have the authority to *inter alia* evaluate requests for review or reconsideration, conduct factual investigation, and make a recommendation to the ICANN Board on the merits of the request. (ICANN Bylaws, Article IV, Section 2.3). It also has the right at any time to retain independent outside legal advisors. (See Paragraph 16, Annex 44)

78. Regarding objection procedures involving third-party DRSPs, the BGC stated “ICANN has previously determined that the reconsideration process can properly be invoked for challenges to expert determinations rendered by panels formed by third party dispute resolution service providers, such as WIPO, where it can be stated that the Panel failed to follow the established policies or processes in reaching the expert determination, or that staff failed to follow its policies or processes in accepting that determination. In the context of the New gTLD Program, the reconsideration process does not call for the BGC to perform a substantive review of expert determinations.... Rather, the BGC’s review is limited to whether the Panel violated any established policy or process, which the Requester suggests was accomplished when the Panel: (i) applied the incorrect standard for evaluating a legal rights objection; and (ii) based its Determinations on an incorrect finding of fact.” (See Annex 45, at 6)

79. The Claimant’s request to the BGC was to, inter alia, consider whether the LRO “panelist failed to decide the case on the basis of the correct and applicable LRO Standard”, in particular, regarding the “*potential use of the applied-for gTLD*”. (See Annex 39 at 18 and 13, respectively, original emphasis). This question goes to the heart of the LRO Panel’s duty and the Claimant’s protest with the expert determination. Assessment is NECESSARY in order to establish whether the Claimant has received due process in its LRO. The BGC, however, failed to make this required assessment in three ways. The BGC did not address the Claimant’s concerns (i) competently, (ii) independently, and (iii) substantively on the basis of the Claimant’s legal argument.

ii. The BGC was incompetent to decide the Request for Reconsideration

80. The BGC is limited in its capacity to review certain matters, and with regards to objection procedures the BGC explicitly states that it can only review whether the Panel violated any established policy or process, but cannot perform a substantive review of expert determinations. As opposed to simply verifying whether elements of a process have been followed, the determination of whether the LRO Standard has been applied will necessarily also involve a legal, substantive analysis of the Panel’s argument.

81. Despite its limited scope of review, the BGC considered whether the Panel applied the LRO Standards, and as will be described in more detail, it did so by (incorrectly) assessing the Panel’s application of the non-exclusive factors at Section 3.5.2 of the AGB. Not only did it incorrectly assess the eight factor analysis, by doing so, it strayed into substantive evaluation. An oft-cited LRO determination instructs:

“To aid interpretation of this general concept [behind the LRO Standards], the Procedure sets forth eight non-exclusive factors which should be considered by the Panel when applying the Section 3.5.2 standards to the facts of this case. These facts may be viewed collectively as **analytical proxies for the more general concepts** [behind the LRO Standards]. The Panel underlines that as these 8 factors are stated to be nonexclusive, **it thereby leaves room for the interpretation of this general concept**. It also bears noting that the relevant importance of each factor is not fixed in advance of the Panel’s inquiry; rather, depending on the facts and circumstances of each case, some factors may prove more significant than others. **Deciding a case under the LRO Procedure is not simply a matter of tallying the factors (e.g., 5-3) and declaring the winner on that basis.**”

(Annex 47 at 4, emphasis added)

82. Accordingly, the BGC could not but engage in impermissible substantive analysis and interpretation when it was assessing whether the LRO Panel applied the LRO Standards. Thus, the BGC is not competent to address the substantive question posed by the Claimant, and by doing so it failed to exercise due diligence and care when it made its determination to deny the Claimant’s RFR. The BGC should have taken steps to address the Claimant’s concerns in an appropriate manner, such as seeking the advice of an independent legal advisor (see for instance Annex 54, ICANN New gTLD Program Committee (“NGPC”, a Committee of the ICANN Board) Resolution 2014.03.22.NG01, taking into account a commissioned analysis by a law professor on a “legally complex and politically sensitive” issue), or recommending that the ICANN Board take appropriate measures that the BGC is incompetent to make (see for example Annex 55(a) at 14 wherein the BGC recommended additional recourse for inconsistent String Confusion Objections, resulting in a proposed appeal mechanism, Annex 55(b)).

83. Additionally in this regard, as the BGC has recommended that the ICANN Board take steps to address issues beyond its competence when considering other Requests for Reconsideration, including other AGB Module 3 objection proceedings, the BGC has violated its obligation under the Bylaws to apply documented policies neutrally and objectively, with integrity and fairness, **by providing the possibility for independent review of some prima facie erroneous expert determinations while denying the same to other, similarly situated parties, including the Claimant.** (Annex 55)

iii. **The BGC lacked independence to decide the Request for Reconsideration**

84. Furthermore, the BGC lacks the independence necessary to decide the substantive question posed by the Claimant’s RFR. The AGB states that “the **independent** dispute resolution process is designed to protect certain interests and rights”. (AGB Section 3.2) While the AGB does not explicitly define “independence”, the ICANN Bylaws, when describing the scope of the impartial ICANN Ombudsman, note that it must

“maintain neutrality and independence, and have no bias or personal stake in an outcome” (ICANN Bylaws, Article V, Section 3.5). It is clear from this definition and in any event that independence is synonymous with neutrality, which may be affected by the real or perceived personal stake in an outcome. The concept of independence and neutrality is captured as a core value in ICANN’s Bylaws, where it is recalled that ICANN is obligated to make decisions by applying documented policies neutrally and objectively, with integrity and fairness (ICANN Bylaws, Article I, Section 2.8), and in the Independent Review standard, which includes review of whether ICANN Board members exercise independent judgment in taking decisions (ICANN Bylaws, Article IV, Section 3.4(c)).

85. ICANN has delegated the dispute resolution function to an independent body so as to avoid a real or implied violation of its neutrality, in accordance with its Bylaws. The necessity of doing so in the New gTLD Program is obvious, given the costs to the applicant (USD 185,000 gTLD application fee in addition to the often exceptionally-high legal fees associated with dispute resolution under the New gTLD Program), and the very real potential for financial windfall to ICANN arising out of the resolution of string contentions through the “Auction of Last Resort”, where the winning bid between competing applicants is paid to ICANN directly. (See AGB Section 4.3)

86. The “Auction of Last Resort” “is a tie-breaker method for resolving string contention among the applications within a contention set, if the contention has not been resolved by other means.... there is a possibility that significant funding will accrue to ICANN as a result of one or more auctions.” (AGB Section 4.3)

87. The Claimant and Merck & Co. are in contention for the .MERCK string, and as can be appreciated through the longstanding historical relationship between the parties and the need to protect the invaluable rights in the Merck mark, there is a very real and substantial likelihood that should the resolution of the .MERCK contention set not occur through objection procedures, ICANN would directly receive in the tens of millions of dollars as a result of the Auction of Last Resort.

88. ICANN accordingly has a very clear and significant financial interest in denying the Claimant’s RFR, which impeaches its real or perceived neutrality in deciding the substantive issues raised by Claimant. Instead of other third-party, independent review processes which could have been established, or the utilization of independent analysis of the matter by independent advisors, the BGC rendered a substantive determination on

matters in which it was not neutral or independent, in contravention to its obligations under the Bylaws, and despite the significant financial interest ICANN would have in the Claimant's participation in the Auction of Last Resort.

iv. The BGC rendered an incorrect substantial analysis

89. Despite not having the competence or independence to address the Claimant's legal question, the BGC made its own determination on the matter. In doing so, the BGC in any event did not assess the Claimant's core concern – did the LRO Panel fail to decide the case on the basis of the correct and applicable LRO Standard, which requires it to consider the potential use of the applied-for gTLD by the applicant. Without proper assessment of the Claimant's arguments, it has not received the due process and procedural fairness required for the proper resolution of its Legal Rights Objections and is a violation of ICANN's Bylaws.

90. When prompted to summarily state the grounds supporting the RFR, the Claimant stated “[t]he 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...” (Annex 39 at 20).

91. The BGC in its determination reformulated the Claimant's argument into two points – whether the Panel acted in contravention of established policy or process by (i) improperly applying UDRP standards in determining whether the applied-for gTLDs would be likely to infringe on the Claimant's trademark, and (ii) basing the determinations on an incorrect finding of fact regarding geo-targeting. (See Annex 45 at 5).

92. The characterization by the BGC is improper at the outset, as it mischaracterizes the Claimant's argument. By characterizing the Claimant's legal argument as merely the misapplication of the UDRP standards rather than the failure to decide the objection on the basis of the correct LRO Standard, the BGC allowed itself to avoid the central basis of the Claimant's argument. While, as described above, the LRO Panel's utilization of UDRP principles is wholly improper and contributes to the Panel's incorrect decision, the fundamental matter is that the LRO Panel failed to address the required and central element of the **potential use** of the gTLD string. The BGC instead made only a flawed assessment of the 8-factor analysis, which, as illustrated above, is an exercise of substantial analysis, and it is an analysis where the BGC itself materially misconstrued the LRO Panel's reasoning.

93. Underneath the heading dedicated to discussion of the legal standards, the BGC concludes that the LRO Panel “correctly referenced and considered the eight non-exhaustive factors listed in the Guidebook and

explained how those factors supported the Panel’s Determinations”. The BGC however completely neglects to assess the potential use argument and wholly confines its discussion to the application of UDRP principles by the LRO Panel, which in any event was incorrect and misleading. The BGC states (Annex 45 at 8):

“The Panel referenced the UDRP on only two occasions. On the first, the Panel noted that ‘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 [UDRP].’ [Annex 33 at 6] The Panel did not, however, proceed to apply the UDRP standard...”

94. The BGC’s assessment is incorrect and misleading on this point, as the VERY NEXT SENTENCE in the LRO Panel’s determination (which the BGC did not quote) is “[i]f the applicant for a new gTLD is bona fide, it will not be likely that **one of the three criteria** will be met”. This is in obvious reference to the three LRO Standards, not the 8-factor test, and illustrate that the LRO Panel was inappropriately applying UDRP principles in that context.

95. The second reference to the UDRP was made in reference to an irrelevant point under the 8-factor analysis that the BGC noted weighed in the Claimant’s favor. (See Annex 45, 8-9).

96. The remainder of the BGC’s determination was dedicated to an analysis demonstrating that the LRO Panel did not rely on the issue of geo-targeting in making its assessment, including under the 8-factor test. In its assessment the BGC reveals, as did the LRO Panel, that it did not grasp that the failure to understand and rely on the geo-targeting reasoning is an admission of the fundamental failure to apply the LRO Standards.

97. In any event, the BGC in its assessment in the context of the 8-factor test alone fails to discharge the question of whether the LRO Panel applied the LRO Standards, as application of the 8-factor test by the LRO Panel is not the same as the Panel applying the LRO Standards. The BGC still needs to account for the INTENDED GLOBAL USE OF THE GTLD BY MERCK & CO. The BGC NOWHERE in its Determination discusses the intended global use of the gTLD by Merck & Co., which is explicitly required to be considered by the LRO Standards and which was repeatedly cited in the Claimant’s RFR.

98. Accordingly, the BGC’s assessment of the Claimant’s legal question, in addition to being improper, was materially flawed and did not address the core of the Claimant’s argument. Therefore the BGC’s Determination in no way resolved the Claimant’s outstanding concerns or address the fundamental unfairness and lack of due process in its LRO proceedings.

v. ICANN Board’s Breach of Articles of Incorporation and Bylaws

99. The ICANN Board improperly disposed of the Claimant's RFR as the BGC violated its competency and independence in its evaluation of the application of the LRO Standard. Further, its assessment was incorrect and failed to take into account the intended global use of the gTLD by Merck & Co. Additionally, the ICANN Board has provided the possibility for third-party review of some prima facie erroneous expert determinations while denying the same to other, similarly situated parties, including the Claimant. This results in discrimination and unfairness to, and failure of due process for, the Claimant in violation of the ICANN Bylaws, Article I, Section 2.8.

c. The ICANN Board accepted an expert determination procedure within the New gTLD Program which does not permit the resolution of substantial and palpable errors, resulting in fundamental unfairness and a lack of due process

100. ICANN, when it accepted the GNSO Recommendations (Annex 18, at pages 19-21), committed itself to the resolution of disputes WITHIN the New gTLD Program. ICANN's Bylaws and Articles of Incorporation require that the resolution of such disputes must promote fairness and due process. In the present proceeding, the Claimant has not received a properly-rendered expert determination applying the LRO Standards for each of its filed Objections, and has not been able to have the material and palpable errors in the LRO determinations resolved through external or internal processes, including most recently in the Claimant's RFR. For the foregoing reasons, it is fundamentally unfair and an affront to due process for ICANN to fail to allow for the resolution of erroneous determinations within the New gTLD Program.

101. During the development of the New gTLD Program and the drafting of the Applicant Guidebook, ICANN was put on notice through numerous public comments of the advisability of appeal and review mechanisms in the event of erroneous expert determinations, including Merck & Co.'s own representatives as early as 2008. See Annex 56 for a sample of such advice.

102. Instead of providing such mechanisms, against the criticism of public comment, and in contrast to the due-process provisions under the procedurally-similar UDRP, ICANN explicitly drafted its dispute resolution procedure to omit the possibility of court proceedings either as a means which stays the gTLD application (as provided under the UDRP, paragraph 4(k) through injunctive relief as may be applicable pursuant to AGB Section 3.4.4) or to seek redress (as may be applicable pursuant to AGB Section 6.6).

103. To the extent that recourse to a court may be possible, it is entirely insufficient to resolve the Claimant's issues without irreparable harm. Irreparable harm will occur in this case if progress is made in the gTLD applications before the resolution of the Claimant's concerns, as the Auction of Last Resort between the Claimant and Merck & Co. and/or the delegation of strings to Merck & Co. to be used in materially infringing ways may occur.

104. ICANN has not demonstrated that it will halt execution of gTLD applications subject to court disputes (see public correspondence by the losing party in WIPO Cases LRO2013-0040/0041, requesting that ICANN not continue in gTLD applications during pending court proceedings, attached as Annex 57).

105. Furthermore, courts in relevant jurisdictions have shown prejudice to LRO parties who have not exhausted ICANN accountability mechanisms before resorting to court (see Order Dismissing Del Monte International GmbH v Del Monte Corporation, CV 13-5912, U.S. District Court, Central District of California at 18, attached as Annex 58).

106. Thus external court options are impractical for resolving disputes during while applications are pending in the New gTLD Program, and the recourse that fairness and due process demands must be found internally through any available ICANN processes.

107. ICANN itself recognizes the need to review prima facie errors and inconsistencies in objection proceedings, as the BGC in RFR 13-9 recommended that staff provide a report "setting out options for dealing with the situation raised within [that] Request, namely the different outcomes of the String Confusion Objection Dispute Resolution process ..." See Annex 55(a).

108. The LRO Panel's Addendums and the RFR have not provided and do not constitute appropriate mechanisms for review of the Claimant's concerns.

109. The LRO Panel's Addendums may have been appropriate for addressing typographical or immaterial errors but, by considering its mistake of fact as immaterial and by failing to address the legal substance, the Addendums do not address the core of the Claimant's argument – that the LRO Panel did not apply the LRO Standard – and furthermore reinforces the Claimant's position. The Addendums have thus been completely inadequate in addressing the fundamental failure to apply the LRO Standards to the Claimant's Objections.

110. Finally, the BGC was incompetent and not independent to address the Claimant's RFR, and despite this, still did not address the question of whether the LRO Panel failed to apply the LRO Standards.

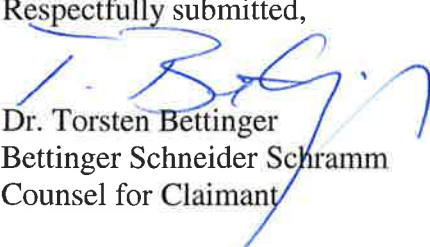
111. Therefore, as a result of the two aforementioned violations by the ICANN Board, the ICANN Board has accepted without due diligence and care, a dysfunctional expert determination procedure within the New gTLD Program which has not provided for the possibility to review or overturn determinations on the basis of substantial errors or manifest disregard of the applicable standards, despite the foreseeable and forewarned possibility of such, resulting in fundamental unfairness and a failure of due process for the Claimant, in violation of its Bylaws, Article IV, Section 2.8.

V. RELIEF REQUESTED

112. Based on the foregoing, the Claimant considers that it has not received at first instance a properly-rendered Expert Determination applying the LRO Standards, as required pursuant to Module 3 of the Applicant Guidebook. Simply stated, the Claimant has not received the determinations it is entitled to receive, namely, determinations as to whether the intended global use of the gTLDs by Merck & Co. are in violation of the LRO Standards. The Claimant, unlike the UDRP, does not have the option to take this matter to court, as the LRO Panel suggests. The Claimant, absent any other mechanism for effective resolution of the palpable error and manifest disregard of the LRO Standards by the LRO Panel within the New gTLD Program, and for this reason, invokes Independent Review of the BGC's wholly improper Determination denying the Claimant's RFR 14-9. The Claimant accordingly respectfully request that a Panel of three impartial and independent members issue a declaration:

- Finding that the ICANN Board breached its Articles of Incorporation and its Bylaws by accepting expert determinations LRO2013-0009/0010/0011 which do not apply the LRO Standards as set out in Section 3.5.2 of the Applicant Guidebook;
- Finding that the BGC and thus the ICANN Board breached its Articles of Incorporation and its Bylaws by rendering its materially incorrect determination in Reconsideration Request 14-9;
- Finding that the ICANN Board breached its Articles of Incorporation and its Bylaws by failing to incorporate appropriate mechanisms for the resolution of palpable mistakes and material errors in expert determinations LRO2013-0009/0010/0011;
- Requiring that ICANN instruct a DRSP to appoint a new LRO Panel or Panels to decide upon the Claimant's Legal Rights Objections with regard to New gTLD Application Nos. 1-1702-28003 (<.merck>), 1-1702-73085 (<.merck>), and 1-1704-28482 (<.merckmsd>), as the Claimant is entitled to under Module 3 of the Applicant Guidebook, and/or provide any such relief as the Panel may find appropriate; and
- Awarding the Claimant its costs in this proceeding.

Respectfully submitted,


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10. Merck & Co.'s Social Media Homepages Self-Identifying as "Merck"
11. Copy of Merck KGaA's Application for Relief in the German Courts, Regarding Merck & Co.'s Infringing Activities
12. Public Portion of Merck & Co. New gTLD Application No. 1-1702-28003 (<.merck>)
13. Public Portion of Merck & Co. New gTLD Application No. 1-1702-73085 (<.merck>, Community Based)
14. Public Portion of Merck & Co. New gTLD Application No. 1-1704-28482 (<.merckmsd>)
15. ICANN Articles of Incorporation
16. ICANN Bylaws
17. Affirmation of Commitments by the United States Department of Commerce and the Internet Corporation for Assigned Names and Numbers
18. ICANN Generic Names Supporting Organization (GNSO) 2007 Final Report on the Introduction of New Generic Top-Level Domains
19. ICANN Board Resolution 2008.06.26.02 Approving the GNSO Recommendations, June 26, 2008 (page 2-3)
20. ICANN Board Resolution Implementing the New gTLD Program, June 20, 2011
21. ICANN New gTLD Applicant Guidebook (June 4, 2012)
22. New gTLD Dispute Resolution Procedure, Attachment to Module 3, ICANN New gTLD Applicant Guidebook (June 4, 2012)
23. World Intellectual Property Organization Rules for New gTLD Dispute Resolution for Existing Legal Rights Objections
24. Public Portion of Merck KGaA New gTLD Application No. 1-980-60636 (<.emerck>)
25. Public Portion of Merck KGaA New gTLD Application No. 1-980-7217 (<.merck>)
26. Copy of Merck KGaA's Public Interest Commitment
27. Frequently Asked Questions concerning Public Interest Commitments
28. Recent Court Cases Recognizing Geo-targeting
 - a. Capitol Federal Savings Bank v. Eastern Bank Corporation, 2007 WL 7309743 (D.Mass.) at 16.
 - b. Champion Roofing, Inc. v. Champion Window Manufacturing & Supply Co. et al, 2013 WL 6669476 (N.D.Ill) at 6.
29. Screen Print of Merck KGaA's Homepage at <merck.de> using Geo-targeting
30. Information on the Functionality of Geo-targeting Tools
31. Legal Rights Objections, as filed by Merck KGaA on March 12, 2013, sur-reply, as filed by Merck KGaA on June 21, 2013, WIPO Cases LRO2013-0009/10/11
32. Merck & Co, Inc. v. Merck KGaA, WIPO Case Nos. LRO2013-0068/69
33. Merck KGaA v. Merck & Co., Inc., WIPO Case Nos. LRO2013-0009/10/11 (including Addendum)
34. Communications by Merck KGaA to the WIPO Arbitration and Mediation Center, dated September 23, 2013 in WIPO Cases LRO2013-0009/10/11
35. Communication by Jonas Kolle of December 6, 2013
36. Communication of Amy Stathos of December 18, 2013

37. Communication by Jonas Kolle of February 6, 2014
38. Communication by ICANN New gTLD Customer Service of February 27, 2014
39. Merck KGaA Request for Reconsideration 14-9 of March 13, 2014
40. Merck & Co.'s Letter to BGC on Request for Reconsideration 14-9 of April 10, 2014
41. ICANN Board Meeting of March 12, 2003 establishing the BGC (Resolution 03.23)
42. Board Committee and Leadership Selection Procedures
43. ICANN Board of Directors Code of Conduct
44. ICANN Board Governance Guidelines
45. ICANN Board Governance Committee Determination on Reconsideration Request 14-9
46. Documents relating to Independent Review Cooperative Engagement and Filing
 - a. ICANN Board Governance Committee Meeting Minutes of April 29, 2014, posted on May 16, 2014
 - b. Communication of ICANN of July 2, 2014, confirming the conclusion of CEP and extension of IRP filing deadline to July 18, 2014
47. Right At Home v. Johnson Shareholdings, Inc., WIPO Case No. LRO2013-0030
48. Directive 2008/95/EC of the European Parliament and of the Council to Approximate the Laws of the Member States Relating to Trade Marks [2008] OJ L 299/25
49. Council Regulation (EC) 207/2009 on the Community Trade Mark Trademark Regulation [2009] OJ L 78/1
50. WIPO Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks
51. ICANN Uniform Domain Name Dispute Resolution Policy
52. WIPO Overview of WIPO Panel Views on Selected UDRP Questions, Second Edition
53. United States Department of Commerce, "Management of Internet Names and Addresses" ("White Paper"), June 10, 1998
54. Example of invocation of independent legal advisor by ICANN Board
 - a. ICANN New gTLD Program Committee (NGPC) Resolution 2014.03.22.NG01
 - b. Expert opinion by professor referenced in NGPC Resolution 2014.03.22.NG01
55. Example of BGC making additional recommendations for resolving issues outside its competency
 - a. BGC Determination on Reconsideration Request 13-9
 - b. ICANN Webpage for the Proposed Mechanism to Address Inconsistent String Confusion Objections
56. Selection of Public Comments on Objection Procedures and Appeal Mechanisms
 - a. Letter of Lovells to ICANN on the New gTLD Draft Applicant Guidebook, December 15, 2008 (at 5)
 - b. Comments of the Internet Commerce Coalition on the New gTLD Program and Process, December 15, 2008 (at 4)
 - c. Comments of Mike Rodenbaugh – Rodenbaugh Law to the first DRAFT Applicant Guidebook, December 15, 2008 (at 5)
 - d. Questions about the Guide by Antony Van Couvering, December 15, 2008 (Question 8)
 - e. Letter of SIDN to ICANN regarding the Draft gTLD Applicant Guidebook Version 2, April 14, 2009 (at 2-3)
 - f. Comment by Hearst Communications, Inc. regarding the New gTLD Applicant Guidebook Version 2, April 13, 2009 (Comment 5)
 - g. Comments of the Software & Information Industry Association on the New gTLD Applicant Guidebook Version 2, April 13, 2009 (at 7)
57. Correspondence re: WIPO Case Nos. LRO2013-0040/41
 - a. Letter from Jacob (Changjie) Chen to ICANN of March 20, 2014
 - b. Letter from Jacob (Changjie) Chen to ICANN of April 4, 2014
 - c. Status of concerned applications from ICANN's website
58. Order re: Motion to Dismiss Del Monte International GmbH v. Del Monte Corporation, CV 13-5912 (C.D. CA)

59. Comparison between LRO2013-0009 and LRO2013-0069 with identical language highlighted.