

# **ANNEX 22**

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# *Attachment to Module 3*

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## *New gTLD Dispute Resolution Procedure*

These Procedures were designed with an eye toward timely and efficient dispute resolution. As part of the New gTLD Program, these Procedures apply to all proceedings administered by each of the dispute resolution service providers (DRSP). Each of the DRSPs has a specific set of rules that will also apply to such proceedings.

## NEW gTLD DISPUTE RESOLUTION PROCEDURE

### Article 1. ICANN's New gTLD Program

- (a) The Internet Corporation for Assigned Names and Numbers ("ICANN") has implemented a program for the introduction of new generic Top-Level Domain Names ("gTLDs") in the internet. There will be a succession of rounds, during which applicants may apply for new gTLDs, in accordance with terms and conditions set by ICANN.
- (b) 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 (the "Procedure").
- (c) Dispute resolution proceedings shall be administered by a Dispute Resolution Service Provider ("DRSP") in accordance with this Procedure and the applicable DRSP Rules that are identified in Article 4(b).
- (d) By applying for a new gTLD, an applicant accepts the applicability of this Procedure and the applicable DRSP's Rules that are identified in Article 4(b); by filing an objection to a new gTLD, an objector accepts the applicability of this Procedure and the applicable DRSP's Rules that are identified in Article 4(b). The parties cannot derogate from this Procedure without the express approval of ICANN and from the applicable DRSP Rules without the express approval of the relevant DRSP.

### Article 2. Definitions

- (a) The "Applicant" or "Respondent" is an entity that has applied to ICANN for a new gTLD and that will be the party responding to the Objection.
- (b) The "Objector" is one or more persons or entities who have filed an objection against a new gTLD for which an application has been submitted.
- (c) The "Panel" is the panel of Experts, comprising one or three "Experts," that has been constituted by a DRSP in accordance with this Procedure and the applicable DRSP Rules that are identified in Article 4(b).
- (d) The "Expert Determination" is the decision upon the merits of the Objection that is rendered by a Panel in a proceeding conducted under this Procedure and the applicable DRSP Rules that are identified in Article 4(b).
- (e) The grounds upon which an objection to a new gTLD may be filed are set out in full in Module 3 of the Applicant Guidebook. Such grounds are identified in this Procedure, and are based upon the Final Report on the Introduction of New Generic Top-Level Domains, dated 7 August 2007, issued by the ICANN Generic Names Supporting Organization (GNSO), as follows:
  - (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.
  - (ii) "Existing Legal Rights Objection" refers to the objection that the string comprising the potential new gTLD infringes the existing legal rights of others

that are recognized or enforceable under generally accepted and internationally recognized principles of law.

- (iii) “Limited Public Interest Objection” refers to the objection that the string comprising the potential new gTLD is contrary to generally accepted legal norms relating to morality and public order that are recognized under principles of international law.
  - (iv) “Community Objection” refers to the objection that there is substantial opposition to the application from a significant portion of the community to which the string may be explicitly or implicitly targeted.
- (f) “DRSP Rules” are the rules of procedure of a particular DRSP that have been identified as being applicable to objection proceedings under this Procedure.

### **Article 3. Dispute Resolution Service Providers**

The various categories of disputes shall be administered by the following DRSPs:

- (a) String Confusion Objections shall be administered by the International Centre for Dispute Resolution.
- (b) Existing Legal Rights Objections shall be administered by the Arbitration and Mediation Center of the World Intellectual Property Organization.
- (c) Limited Public Interest Objections shall be administered by the International Centre for Expertise of the International Chamber of Commerce.
- (d) Community Objections shall be administered by the International Centre for Expertise of the International Chamber of Commerce.

### **Article 4. Applicable Rules**

- (a) All proceedings before the Panel shall be governed by this Procedure and by the DRSP Rules that apply to a particular category of objection. The outcome of the proceedings shall be deemed an Expert Determination, and the members of the Panel shall act as experts.
- (b) The applicable DRSP Rules are the following:
  - (i) For a String Confusion Objection, the applicable DRSP Rules are the ICDR Supplementary Procedures for ICANN’s New gTLD Program.
  - (ii) For an Existing Legal Rights Objection, the applicable DRSP Rules are the WIPO Rules for New gTLD Dispute Resolution.
  - (iii) For a Limited Public Interest Objection, the applicable DRSP Rules are the Rules for Expertise of the International Chamber of Commerce (ICC), as supplemented by the ICC as needed.
  - (iv) For a Community Objection, the applicable DRSP Rules are the Rules for Expertise of the International Chamber of Commerce (ICC), as supplemented by the ICC as needed.
- (c) In the event of any discrepancy between this Procedure and the applicable DRSP Rules, this Procedure shall prevail.

- (d) The place of the proceedings, if relevant, shall be the location of the DRSP that is administering the proceedings.
- (e) In all cases, the Panel shall ensure that the parties are treated with equality, and that each party is given a reasonable opportunity to present its position.

#### **Article 5. Language**

- (a) The language of all submissions and proceedings under this Procedure shall be English.
- (b) Parties may submit supporting evidence in its original language, provided and subject to the authority of the Panel to determine otherwise, that such evidence is accompanied by a certified or otherwise official English translation of all relevant text.

#### **Article 6. Communications and Time Limits**

- (a) All communications by the Parties with the DRSPs and Panels must be submitted electronically. A Party that wishes to make a submission that is not available in electronic form (e.g., evidentiary models) shall request leave from the Panel to do so, and the Panel, in its sole discretion, shall determine whether to accept the non-electronic submission.
- (b) The DRSP, Panel, Applicant, and Objector shall provide copies to one another of all correspondence (apart from confidential correspondence between the Panel and the DRSP and among the Panel) regarding the proceedings.
- (c) For the purpose of determining the date of commencement of a time limit, a notice or other communication shall be deemed to have been received on the day that it is transmitted in accordance with paragraphs (a) and (b) of this Article.
- (d) For the purpose of determining compliance with a time limit, a notice or other communication shall be deemed to have been sent, made or transmitted if it is dispatched in accordance with paragraphs (a) and (b) of this Article prior to or on the day of the expiration of the time limit.
- (e) For the purpose of calculating a period of time under this Procedure, such period shall begin to run on the day following the day when a notice or other communication is received.
- (f) Unless otherwise stated, all time periods provided in the Procedure are calculated on the basis of calendar days

#### **Article 7. Filing of the Objection**

- (a) A person wishing to object to a new gTLD for which an application has been submitted may file an objection ("Objection"). Any Objection to a proposed new gTLD must be filed before the published closing date for the Objection Filing period.
- (b) The Objection must be filed with the appropriate DRSP, using a model form made available by that DRSP, with copies to ICANN and the Applicant.
- (c) The electronic addresses for filing Objections (the specific addresses shall be made available once they are created by providers):
  - (i) A String Confusion Objection must be filed at: [●].

- (ii) An Existing Legal Rights Objection must be filed at: [●].
  - (iii) A Limited Public Interest Objection must be filed at: [●].
  - (iv) A Community Objection must be filed at: [●].
- (d) All Objections must be filed separately:
- (i) An Objector who wishes to object to an application on more than one ground must file separate objections with the appropriate DRSP(s).
  - (ii) An Objector who wishes to object to more than one gTLD must file separate objections to each gTLD with the appropriate DRSP(s).
- (e) If an Objection is filed with the wrong DRSP, that DRSP shall promptly notify the Objector of the error and that DRSP shall not process the incorrectly filed Objection. The Objector may then cure the error by filing its Objection with the correct DRSP within seven (7) days of receipt of the error notice, failing which the Objection shall be disregarded. If the Objection is filed with the correct DRSP within seven (7) days of receipt of the error notice but after the lapse of the time for submitting an Objection stipulation by Article 7(a) of this Procedure, it shall be deemed to be within this time limit.

## **Article 8. Content of the Objection**

- (a) The Objection shall contain, *inter alia*, the following information:
- (i) The names and contact information (address, telephone number, email address, etc.) of the Objector;
  - (ii) A statement of the Objector's basis for standing; and
  - (iii) A description of the basis for the Objection, including:
    - (aa) A statement of the ground upon which the Objection is being filed, as stated in Article 2(e) of this Procedure;
    - (bb) An explanation of the validity of the Objection and why the objection should be upheld.
- (b) The substantive portion of the Objection shall be limited to 5,000 words or 20 pages, whichever is less, excluding attachments. The Objector shall also describe and provide copies of any supporting or official documents upon which the Objection is based.
- (c) At the same time as the Objection is filed, the Objector shall pay a filing fee in the amount set in accordance with the applicable DRSP Rules and include evidence of such payment in the Objection. In the event that the filing fee is not paid within ten (10) days of the receipt of the Objection by the DRSP, the Objection shall be dismissed without prejudice.

## **Article 9. Administrative Review of the Objection**

- (a) The DRSP shall conduct an administrative review of the Objection for the purpose of verifying compliance with Articles 5-8 of this Procedure and the applicable DRSP Rules, and inform the Objector, the Applicant and ICANN of the result of its review within

fourteen (14) days of its receipt of the Objection. The DRSP may extend this time limit for reasons explained in the notification of such extension.

- (b) If the DRSP finds that the Objection complies with Articles 5-8 of this Procedure and the applicable DRSP Rules, the DRSP shall confirm that the Objection shall be registered for processing.
- (c) If the DRSP finds that the Objection does not comply with Articles 5-8 of this Procedure and the applicable DRSP Rules, the DRSP shall have the discretion to request that any administrative deficiencies in the Objection be corrected within five (5) days. If the deficiencies in the Objection are cured within the specified period but after the lapse of the time limit for submitting an Objection stipulated by Article 7(a) of this Procedure, the Objection shall be deemed to be within this time limit.
- (d) If the DRSP finds that the Objection does not comply with Articles 5-8 of this Procedure and the applicable DRSP Rules, and the deficiencies in the Objection are not corrected within the period specified in Article 9(c), the DRSP shall dismiss the Objection and close the proceedings, without prejudice to the Objector's submission of a new Objection that complies with this Procedure, provided that the Objection is filed within the deadline for filing such Objections. The DRSP's review of the Objection shall not interrupt the running of the time limit for submitting an Objection stipulated by Article 7(a) of this Procedure.
- (e) Immediately upon registering an Objection for processing, pursuant to Article 9(b), the DRSP shall post the following information about the Objection on its website: (i) the proposed string to which the Objection is directed; (ii) the names of the Objector and the Applicant; (iii) the grounds for the Objection; and (iv) the dates of the DRSP's receipt of the Objection.

## **Article 10. ICANN's Dispute Announcement**

- (a) Within thirty (30) days of the deadline for filing Objections in relation to gTLD applications in a given round, ICANN shall publish a document on its website identifying all of the admissible Objections that have been filed (the "Dispute Announcement"). ICANN shall also directly inform each DRSP of the posting of the Dispute Announcement.
- (b) ICANN shall monitor the progress of all proceedings under this Procedure and shall take steps, where appropriate, to coordinate with any DRSP in relation to individual applications for which objections are pending before more than one DRSP.

## **Article 11. Response to the Objection**

- (a) Upon receipt of the Dispute Announcement, each DRSP shall promptly send a notice to: (i) each Applicant for a new gTLD to which one or more admissible Objections have been filed with that DRSP; and (ii) the respective Objector(s).
- (b) The Applicant shall file a response to each Objection (the "Response"). The Response shall be filed within thirty (30) days of the transmission of the notice by the DRSP pursuant to Article 11(a).
- (c) The Response must be filed with the appropriate DRSP, using a model form made available by that DRSP, with copies to ICANN and the Objector.

- (d) The Response shall contain, inter alia, the following information:
  - (i) The names and contact information (address, telephone number, email address, etc.) of the Applicant; and
  - (ii) A point-by-point response to the statements made in the Objection.
- (e) The substantive portion of the Response shall be limited to 5,000 words or 20 pages, whichever is less, excluding attachments. The Applicant shall also describe and provide copies of any supporting or official documents upon which the Response is based.
- (f) At the same time as the Response is filed, the Applicant shall pay a filing fee in the amount set and published by the relevant DRSP (which shall be the same as the filing fee paid by the Objector) and include evidence of such payment in the Response. In the event that the filing fee is not paid within ten (10) days of the receipt of the Response by the DRSP, the Applicant shall be deemed to be in default, any Response disregarded and the Objection shall be deemed successful.
- (g) If the DRSP finds that the Response does not comply with Articles 11(c) and (d)(1) of this Procedure and the applicable DRSP Rules, the DRSP shall have the discretion to request that any administrative deficiencies in the Response be corrected within five (5) days. If the administrative deficiencies in the Response are cured within the specified period but after the lapse of the time limit for submitting a Response pursuant to this Procedure, the Response shall be deemed to be within this time limit.
- (g) If the Applicant fails to file a Response to the Objection within the 30-day time limit, the Applicant shall be deemed to be in default and the Objection shall be deemed successful. No fees paid by the Applicant will be refunded in case of default.

## **Article 12. Consolidation of Objections**

- (a) The DRSP is encouraged, whenever possible and practicable, and as may be further stipulated in the applicable DRSP Rules, to consolidate Objections, for example, when more than one Objector has filed an Objection to the same gTLD on the same grounds. The DRSP shall endeavor to decide upon consolidation prior to issuing its notice pursuant to Article 11(a) and, where appropriate, shall inform the parties of the consolidation in that notice.
- (b) If the DRSP itself has not decided to consolidate two or more Objections, any Applicant or Objector may propose the consolidation of Objections within seven (7) days of the notice given by the DRSP pursuant to Article 11(a). If, following such a proposal, the DRSP decides to consolidate certain Objections, which decision must be made within 14 days of the notice given by the DRSP pursuant to Article 11(a), the deadline for the Applicant's Response in the consolidated proceeding shall be thirty (30) days from the Applicant's receipt of the DRSP's notice of consolidation.
- (c) In deciding whether to consolidate Objections, the DRSP shall weigh the benefits (in terms of time, cost, consistency of decisions, etc.) that may result from the consolidation against the possible prejudice or inconvenience that the consolidation may cause. The DRSP's determination on consolidation shall be final and not subject to appeal.
- (d) Objections based upon different grounds, as summarized in Article 2(e), shall not be consolidated.



### **Article 13. The Panel**

- (a) The DRSP shall select and appoint the Panel of Expert(s) within thirty (30) days after receiving the Response.
- (b) Number and specific qualifications of Expert(s):
  - (i) There shall be one Expert in proceedings involving a String Confusion Objection.
  - (ii) There shall be one Expert or, if all of the Parties so agree, three Experts with relevant experience in intellectual property rights disputes in proceedings involving an Existing Legal Rights Objection.
  - (iii) There shall be three Experts recognized as eminent jurists of international reputation, one of whom shall be designated as the Chair. The Chair shall be of a nationality different from the nationalities of the Applicant and of the Objector, in proceedings involving a Limited Public Interest Objection.
  - (iv) There shall be one Expert in proceedings involving a Community Objection.
- (c) All Experts acting under this Procedure shall be impartial and independent of the parties. The applicable DRSP Rules stipulate the manner by which each Expert shall confirm and maintain their impartiality and independence.
- (d) The applicable DRSP Rules stipulate the procedures for challenging an Expert and replacing an Expert.
- (e) Unless required by a court of law or authorized in writing by the parties, an Expert shall not act in any capacity whatsoever, in any pending or future proceedings, whether judicial, arbitral or otherwise, relating to the matter referred to expert determination under this Procedure.

### **Article 14. Costs**

- (a) Each DRSP shall determine the costs for the proceedings that it administers under this Procedure in accordance with the applicable DRSP Rules. Such costs shall cover the fees and expenses of the members of the Panel, as well as the administrative fees of the DRSP (the "Costs").
- (b) Within ten (10) days of constituting the Panel, the DRSP shall estimate the total Costs and request the Objector and the Applicant/Respondent each to pay in advance the full amount of the Costs to the DRSP. Each party shall make its advance payment of Costs within ten (10) days of receiving the DRSP's request for payment and submit to the DRSP evidence of such payment. The respective filing fees paid by the Parties shall be credited against the amounts due for this advance payment of Costs.
- (c) The DRSP may revise its estimate of the total Costs and request additional advance payments from the parties during the proceedings.
- (d) Failure to make an advance payment of Costs:
  - (i) If the Objector fails to make the advance payment of Costs, its Objection shall be dismissed and no fees that it has paid shall be refunded.

- (ii) If the Applicant fails to make the advance payment of Costs, the Objection will be deemed to have been sustained and no fees that the Applicant has paid shall be refunded.
- (e) Upon the termination of the proceedings, after the Panel has rendered its Expert Determination, the DRSP shall refund to the prevailing party, as determined by the Panel, its advance payment(s) of Costs.

### **Article 15. Representation and Assistance**

- (a) The parties may be represented or assisted by persons of their choice.
- (b) Each party or party representative shall communicate the name, contact information and function of such persons to the DRSP and the other party (or parties in case of consolidation).

### **Article 16. Negotiation and Mediation**

- (a) The parties are encouraged, but not required, to participate in negotiations and/or mediation at any time throughout the dispute resolution process aimed at settling their dispute amicably.
- (b) Each DRSP shall be able to propose, if requested by the parties, a person who could assist the parties as mediator.
- (c) A person who acts as mediator for the parties shall not serve as an Expert in a dispute between the parties under this Procedure or any other proceeding under this Procedure involving the same gTLD.
- (d) The conduct of negotiations or mediation shall not, *ipso facto*, be the basis for a suspension of the dispute resolution proceedings or the extension of any deadline under this Procedure. Upon the joint request of the parties, the DRSP or (after it has been constituted) the Panel may grant the extension of a deadline or the suspension of the proceedings. Absent exceptional circumstances, such extension or suspension shall not exceed thirty (30) days and shall not delay the administration of any other Objection.
- (e) If, during negotiations and/or mediation, the parties agree on a settlement of the matter referred to the DRSP under this Procedure, the parties shall inform the DRSP, which shall terminate the proceedings, subject to the parties' payment obligation under this Procedure having been satisfied, and inform ICANN and the parties accordingly.

### **Article 17. Additional Written Submissions**

- (a) The Panel may decide whether the parties shall submit any written statements in addition to the Objection and the Response, and it shall fix time limits for such submissions.
- (b) The time limits fixed by the Panel for additional written submissions shall not exceed thirty (30) days, unless the Panel, having consulted the DRSP, determines that exceptional circumstances justify a longer time limit.

## **Article 18. Evidence**

In order to achieve the goal of resolving disputes over new gTLDs rapidly and at reasonable cost, procedures for the production of documents shall be limited. In exceptional cases, the Panel may require a party to provide additional evidence.

## **Article 19. Hearings**

- (a) Disputes under this Procedure and the applicable DRSP Rules will usually be resolved without a hearing.
- (b) The Panel may decide, on its own initiative or at the request of a party, to hold a hearing only in extraordinary circumstances.
- (c) In the event that the Panel decides to hold a hearing:
  - (i) The Panel shall decide how and where the hearing shall be conducted.
  - (ii) In order to expedite the proceedings and minimize costs, the hearing shall be conducted by videoconference if possible.
  - (iii) The hearing shall be limited to one day, unless the Panel decides, in exceptional circumstances, that more than one day is required for the hearing.
  - (iv) The Panel shall decide whether the hearing will be open to the public or conducted in private.

## **Article 20. Standards**

- (a) For each category of Objection identified in Article 2(e), the Panel shall apply the standards that have been defined by ICANN.
- (b) In addition, the Panel may refer to and base its findings upon the statements and documents submitted and any rules or principles that it determines to be applicable.
- (c) The Objector bears the burden of proving that its Objection should be sustained in accordance with the applicable standards.

## **Article 21. The Expert Determination**

- (a) The DRSP and the Panel shall make reasonable efforts to ensure that the Expert Determination is rendered within forty-five (45) days of the constitution of the Panel. In specific circumstances such as consolidated cases and in consultation with the DRSP, if significant additional documentation is requested by the Panel, a brief extension may be allowed.
- (b) The Panel shall submit its Expert Determination in draft form to the DRSP's scrutiny as to form before it is signed, unless such scrutiny is specifically excluded by the applicable DRSP Rules. The modifications proposed by the DRSP to the Panel, if any, shall address only the form of the Expert Determination. The signed Expert Determination shall be communicated to the DRSP, which in turn will communicate that Expert Determination to the Parties and ICANN.
- (c) When the Panel comprises three Experts, the Expert Determination shall be made by a majority of the Experts.

- (d) The Expert Determination shall be in writing, shall identify the prevailing party and shall state the reasons upon which it is based. 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 DRSP to the prevailing party, as determined by the Panel in its Expert Determination, of its advance payment(s) of Costs pursuant to Article 14(e) of this Procedure and any relevant provisions of the applicable DRSP Rules.
- (e) The Expert Determination shall state the date when it is made, and it shall be signed by the Expert(s). If any Expert fails to sign the Expert Determination, it shall be accompanied by a statement of the reason for the absence of such signature.
- (f) In addition to providing electronic copies of its Expert Determination, the Panel shall provide a signed hard copy of the Expert Determination to the DRSP, unless the DRSP Rules provide for otherwise.
- (g) Unless the Panel decides otherwise, the Expert Determination shall be published in full on the DRSP's website.

## **Article 22. Exclusion of Liability**

In addition to any exclusion of liability stipulated by the applicable DRSP Rules, neither the Expert(s), nor the DRSP and its employees, nor ICANN and its Board members, employees and consultants shall be liable to any person for any act or omission in connection with any proceeding conducted under this Procedure.

## **Article 23. Modification of the Procedure**

- (a) ICANN may from time to time, in accordance with its Bylaws, modify this Procedure.
- (b) The version of this Procedure that is applicable to a dispute resolution proceeding is the version that was in effect on the day when the relevant application for a new gTLD is submitted.

# **ANNEX 23**

**World Intellectual Property Organization  
Rules for New gTLD Dispute Resolution for Existing Legal Rights Objections  
("WIPO Rules for New gTLD Dispute Resolution")**

*(In effect as of June 20, 2011)*

**1. Scope of WIPO Rules for New gTLD Dispute Resolution in Relation to Procedure**

(a) Set out below are the applicable WIPO Rules for New gTLD Dispute Resolution for Existing Legal Rights Objections as referred to in Article 4 of the New gTLD Dispute Resolution Procedure ("Procedure"), provided as an Attachment to Module 3 of the gTLD Applicant Guidebook ("Applicant Guidebook") (v. 2012-01-11) approved by the Internet Corporation for Assigned Names and Numbers ("ICANN") on June 20, 2011 and as updated on January 11, 2012. The WIPO Rules for New gTLD Dispute Resolution are to be read and used in connection with the Procedure which provides the basic framework for the four categories of objections (as referred to in Articles 2 and 4 of the Procedure) arising from Applications under ICANN's New gTLD Program.

(b) The version of the WIPO Rules for New gTLD Dispute Resolution applicable to a proceeding conducted under the Procedure is the version in effect on the day when the relevant Application for a new gTLD is submitted (as referred to in Article 23(b) of the Procedure).

**2. Definitions**

Terms defined in the Procedure shall have the same meaning in the WIPO Rules for New gTLD Dispute Resolution. Words used in the singular shall include the plural and *vice versa* as the context may require.

**3. Communications**

(a) Subject to Article 6 of the Procedure, except where otherwise agreed beforehand with the WIPO Arbitration and Mediation Center ("Center"), and subject to the discretion of any appointed Panel, any submission to the Center or to the Panel shall be made by electronic mail (email) using [lro@wipo.int](mailto:lro@wipo.int).

(b) In the event a party wishes to submit a hard copy or other non-electronic submission prior to Panel appointment, it shall first request leave to do so from the Center; the Center shall, in its sole discretion, then determine whether to accept the non-electronic submission. After Panel appointment, parties are referred to Article 6(a) of the Procedure.

#### **4. Submission of Objection and Response**

(a) In accordance with Articles 7 and 8 of the Procedure, the Objector shall transmit its Objection using the Objection Model Form set out in Annex A hereto and posted on the Center's website and shall comply with the Center's Filing Guidelines set out in Annex B hereto and posted on the Center's website.

(b) In accordance with Article 11 of the Procedure, the Applicant shall transmit its Response using the Response Model Form set out in Annex C hereto and posted on the Center's website and shall comply with the Center's Filing Guidelines set out in Annex B hereto and posted on the Center's website.

#### **5. Center Review of Objections**

(a) In accordance with Article 9 of the Procedure if an Objection is dismissed due to the Objector's failure to remedy an administrative deficiency, there shall be no refund of any DRSP Fee paid by the Objector pursuant to Article 14 of the Procedure and Paragraph 10 of the WIPO Rules for New gTLD Dispute Resolution.

(b) If an Objector submits a new Objection within ten (10) calendar days of closure of a proceeding as provided in Article 9(d) of the Procedure and Paragraph 5(a) of the WIPO Rules for New gTLD Dispute Resolution to remedy an administratively deficient Objection, such new Objection may be accompanied by a request for a DRSP Fee waiver, in whole or in part, for the Center's consideration in its sole discretion.

#### **6. Appointment of Case Manager**

(a) The Center shall advise the parties of the name and contact details of the Case Manager who shall be responsible for all administrative matters relating to the dispute and communications to the Panel.

(b) The Case Manager may provide administrative assistance to the parties or Panel, but shall have no authority to decide matters of a substantive nature concerning the dispute.

#### **7. Consolidation**

(a) In accordance with Article 12 of the Procedure, the Center may, where possible and practicable, and in its sole discretion, decide to consolidate Objections by appointing the same Panel to decide multiple Objections sharing certain commonalities. In the event of consolidation, the Panel shall render an individual Expert Determination for each Objection.

(b) A party may submit a consolidation request pursuant to Article 12(b) of the Procedure, or may oppose any consolidation request submitted. Any such opposition to a consolidation request shall be provided within seven (7) calendar days of the consolidation request. Any consolidation request or opposition thereto shall be limited to 1,500 words in length.

(c) In the case of consolidated Objections, the applicable reduced Panel fees are specified in Annex D hereto and posted on the Center's website.

(d) Pursuant to Article 12 of the Procedure, in weighing the benefits that may result from consolidation against the possible prejudice or inconvenience that consolidation may cause, the Center in reaching its decision concerning consolidation, may take into account, *inter alia*, the following non-exclusive factors:

- (i) Whether the Objections concern the same or similar TLD(s);
- (ii) Whether the same Objector files Objections concerning multiple TLD applications;
- (iii) Whether in any consolidation request, or opposition thereto, the Objector or Applicant relies on single or multiple mark(s);
- (iv) The scope of evidence relied on by an Objector or Applicant in any Objection or application;
- (v) Any other arguments raised in any consolidation request, or opposition thereto;
- (vi) Expert availability to accept appointment.

(e) The Center's decision on any consolidation of multiple Objections for Expert Determination by the same Panel is of an administrative nature and shall be final. The Center shall not be required to state reasons for its decision.

## **8. Panel Appointment Procedures**

(a) The Center will maintain and publish on its website a publicly-available List of Experts who may be available for Panel appointment.

(b) Pursuant to Article 13(b)(ii) of the Procedure, there shall be a single-member Panel unless all the Parties agree to the appointment of a three-member Panel.

(c) In the event of a single-member Panel, the Center shall in its sole discretion appoint a single-member Panel from its List of Experts.

(d) In the event all the Parties agree to the appointment of a three-member Panel, any such agreement shall be communicated to the Center within five (5) calendar days of the Center's receipt of the Response filed in accordance with Article 11 of the Procedure and Paragraph 4(b) of the WIPO Rules for New gTLD Dispute Resolution.

- (i) If Objections are not consolidated, and if the parties have communicated their agreement on the appointment of a three-member Panel, within five (5) days of such communication each party shall separately submit to the Center (notwithstanding Article 6(b) of the Procedure) the names of three (3) candidates from the Center's List of Experts, in the order of their respective preference, for appointment by the Center as a Co-Panelist. In the event none of a party's three (3) candidates is available for appointment as a Co-Panelist, the Center shall appoint the Co-Panelist in its sole discretion.



- (ii) In the event of consolidation in accordance with Paragraph 7 of the WIPO Rules for New gTLD Dispute Resolution, the Objectors or Applicants, as the case may be, shall jointly submit the names of the three (3) candidates from the Center's List of Experts in order of preference (i.e., one list on behalf of all Objector(s) and one list on behalf of all Applicant(s)). If the Objectors or Applicants as the case may be do not jointly agree on and submit the names of three (3) candidates within five (5) calendar days of the parties' communication to the Center on their agreement to the appointment of a three-member Panel, the Center shall in its sole discretion appoint the Co-Panelist.
- (iii) The third Panelist, who shall be the Presiding Panelist, shall absent exceptional circumstances be appointed by the Center from a list of five (5) candidates submitted by the Center to the parties. The Center's selection of a Presiding Panelist shall be made in a manner that seeks to reasonably balance the preferences of each party as communicated to the Center within five (5) calendar days of the Center's communication of the list of candidates to the parties.
- (iv) Where any party fails to indicate its order of preference for the Presiding Panelist to the Center, the Center shall nevertheless proceed to appoint the Presiding Panelist in its sole discretion, taking into account any preferences of any other party.

## **9. Expert Impartiality and Independence**

(a) In accordance with Article 13(c) of the Procedure, any prospective Panelist shall, before accepting appointment, disclose to the Center and parties any circumstance that might give rise to justifiable doubt as to his/her impartiality or independence, or confirm in writing that no such circumstance exist by submitting to the Center a *Declaration of Impartiality and Independence* using the form set out in Annex E hereto and posted on the Center's website.

(b) If at any stage during a proceeding conducted under the Procedure, circumstances arise that might give rise to justifiable doubt as to a Panelist's impartiality or independence, the Panelist shall promptly disclose such circumstances to the parties and the Center.

(c) A party may challenge the appointment of a Panelist if circumstances exist which give rise to justifiable doubt as to the Expert's impartiality or independence. A party may challenge a Panelist whom it has appointed or in whose appointment it concurred, only for reasons of which it becomes aware after the appointment has been made.

- (i) A party challenging a Panelist shall send notice to the Center and the other party, stating the reasons for the challenge, within five (5) calendar days after being notified of that Panelist's appointment or becoming aware of circumstances that it considers give rise to justifiable doubt as to that Panelist's impartiality or independence.
- (ii) The decision on the challenge shall be made by the Center in its sole discretion. Such a decision is of an administrative nature and shall be final. The Center shall not be required to state reasons for its decision. In the event of a Panelist's removal, the Center shall appoint a new Panelist in accordance with the Procedure and these WIPO Rules for New gTLD Dispute Resolution.

## 10. Fees

(a) The applicable fees for the Procedure for Existing Legal Rights Objections are specified in Annex D hereto and posted on the Center's website.

(b) After the Expert Determination has been rendered or a proceeding conducted under the Procedure has been terminated, the Center shall provide an accounting to the parties of the payments received and, in consultation with any Panel, return any unexpended balance of the Panel Fee to the parties.

## 11. Confidentiality

(a) A party invoking the confidentiality of any information it wishes or is required to submit in any Existing Legal Rights Objection proceeding conducted under the Procedure, shall submit the request for confidentiality to the Center for the Panel's consideration, stating the reasons for which it considers the information to be confidential. If the Panel decides that the information is to be treated as confidential, it shall decide under which conditions and to whom the confidential information may in part or in whole be disclosed and shall require any person to whom the confidential information is to be disclosed to sign an appropriate confidentiality undertaking.

(b) Further to Article 6(b) of the Procedure, except in exceptional circumstances as decided by the Panel and in consultation with the parties and the Center, no party or anyone acting on its behalf shall have any *ex parte* communication with the Panel.

## 12. Mediation

Further to Article 16 of the Procedure, prior to the Panel rendering its Expert Determination in a proceeding conducted under the Procedure, the parties may inform the Center that they wish to participate in mediation to attempt to resolve the dispute and may request the Center to administer the mediation. In such event, unless both parties agree otherwise, the WIPO Mediation Rules shall apply *mutatis mutandis*. On request from the parties, and absent exceptional circumstances, the Center's mediation administration fee shall be waived.

## 13. Effect of Court Proceedings

(a) The Objector and Applicant shall include in any Objection or Response relevant information regarding any other legal proceedings concerning the TLD. In the event that a party initiates any legal proceedings during the pendency of a proceeding conducted under the Procedure, it shall promptly notify the Center.

(b) In the event of any legal proceedings initiated prior to or during a proceeding conducted under the Procedure, the Panel shall have the discretion to decide whether to suspend or terminate such proceeding under the Procedure, or to proceed to an Expert Determination.

#### **14. Termination**

(a) If, before the Panel renders an Expert Determination, it becomes unnecessary or impossible to continue a proceeding conducted under the Procedure for any reason, the Panel may in its discretion terminate the proceeding.

(b) If, prior to Panel appointment, it becomes unnecessary or impossible to continue a proceeding conducted under the Procedure for any reason, the Center in consultation with the parties and ICANN, may in its discretion terminate the proceeding.

#### **15. Amendments**

Subject to the Procedure, the Center may amend these WIPO Rules for New gTLD Dispute Resolution in its sole discretion.

#### **16. Exclusion of Liability**

Except in respect of deliberate wrongdoing, a Panelist, the World Intellectual Property Organization and its staff shall not be liable to any party or ICANN for any act or omission in connection with any proceeding conducted under the Procedure and the WIPO Rules for New gTLD Dispute Resolution.

# **ANNEX 24**



## **New gTLD Application Submitted to ICANN by: Merck KGaA**

**String: emerck**

**Originally Posted: 13 June 2012**

**Application ID: 1-980-60636**

### **Applicant Information**

#### **1. Full legal name**

Merck KGaA

#### **2. Address of the principal place of business**

Frankfurter Strasse 250  
Darmstadt 64293  
DE

#### **3. Phone number**

+496151720

#### **4. Fax number**

+496151722000

## 5. If applicable, website or URL

<http://www.merckgroup.com>

## Primary Contact

### 6(a). Name

Mr. Torsten Bettinger

### 6(b). Title

Partner

### 6(c). Address

### 6(d). Phone Number

+49 89988275

### 6(e). Fax Number

### 6(f). Email Address

[bettinger@bettinger.de](mailto:bettinger@bettinger.de)

## Secondary Contact

### 7(a). Name

Mr. Michael Schramm

**7(b). Title**

Partner

**7(c). Address****7(d). Phone Number**

+49 8999209103

**7(e). Fax Number****7(f). Email Address**

schramm@bettinger.de

**Proof of Legal Establishment****8(a). Legal form of the Applicant**

Corporation with general partners (in German: "Kommanditgesellschaft auf Aktien", abbreviated KGaA)

**8(b). State the specific national or other jurisdiction that defines the type of entity identified in 8(a).**

German Law

**8(c). Attach evidence of the applicant's establishment.**

Attachments are not displayed on this form.

**9(a). If applying company is publicly traded, provide the exchange and symbol.**

Frankfurt\_Stock\_Exchange;MRK

**9(b). If the applying entity is a subsidiary, provide the parent company.**

**9(c). If the applying entity is a joint venture, list all joint venture partners.**

## Applicant Background

**11(a). Name(s) and position(s) of all directors**

Dr. Bernd Reckmann	Member of the Board
Dr. Kai Beckmann	Member of the Board
Dr. Karl Ludwig Kley	Chairman of the Board
Dr. Stefan Oschmann	Member of the Board
Matthias Zachert	Member of the Board

**11(b). Name(s) and position(s) of all officers and partners**

Dr. Bernd Reckmann	Head of Chemicals Business Sector
Dr. Kai Beckmann	Head of Human Resources
Dr. Karl Ludwig Kley	Chief Executive Officer
Dr. Stefan Oschmann	Head of the Pharmaceuticals Business Sector
Matthias Zachert	Chief Financial Officer

**11(c). Name(s) and position(s) of all shareholders holding at least 15% of shares**

E. Merck KG	Not Applicable
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**11(d). For an applying entity that does not have directors, officers, partners, or shareholders: Name(s) and position(s) of all individuals having legal or executive responsibility**



## Applied-for gTLD string

**13. Provide the applied-for gTLD string. If an IDN, provide the U-label.**

emerck

**14(a). If an IDN, provide the A-label (beginning with "xn--").**

**14(b). If an IDN, provide the meaning or restatement of the string in English, that is, a description of the literal meaning of the string in the opinion of the applicant.**

**14(c). If an IDN, provide the language of the label (in English).**

**14(c). If an IDN, provide the language of the label (as referenced by ISO-639-1).**

**14(d). If an IDN, provide the script of the label (in English).**

**14(d). If an IDN, provide the script of the label (as referenced by ISO 15924).**

**14(e). If an IDN, list all code points contained in the U-label according to Unicode form.**

**15(a). If an IDN, Attach IDN Tables for the proposed registry.**

Attachments are not displayed on this form.

**15(b). Describe the process used for development of the IDN tables submitted, including consultations and sources used.**

**15(c). List any variant strings to the applied-for gTLD string according to the relevant IDN tables.**

**16. Describe the applicant's efforts to ensure that there are no known operational or rendering problems concerning the applied-for gTLD string. If such issues are known, describe steps that will be taken to mitigate these issues in software and other applications.**

We have examined the applied-for string "EMERCK" and found that deployment of it would not cause adverse operational, rendering, or general user-confusion. We performed a S.W.O.R.D test, and have not found visual similarity to any existing TLDs, names on ISO3166 lists, or the ICANN reserved list of names and list of ineligible strings. As the string consists entirely of ASCII letters and is a valid hostname having at least three and less than 63 characters, the ASCII label is therefore in compliance with the string requirements set forth in the Applicant Guidebook (AGB, p. 64, section: 2.2.1.3.2 "String Requirements"), and with all technical standards including but not limited to RFC 1035, RFC 2181, RFC 952, RFC 1123, and RFC 3696. It is possible that, in general, some software applicants may have difficulty dealing with new TLD strings. The applicant is aware of its responsibility to seek to mitigate and solve, inter alia, such issues as discussed at the "TLD Universal Acceptance" session at the ICANN Meeting on March 14, 2012 (<http://costarica43.icann.org/meetings/sanjose2012/presentation-tld-universal-acceptance-14mar12-en.pdf>). We are aware of the following issues:

- Validity checks of TLDs based on either a hard coded list or on a length check (i.e. max. three characters)
- Name conversion in various applications and browsers. Based on wrong definitions or outdated lists of TLDs, some applications may not convert this new gTLD to links
- User acceptance. Some websites/applications may refuse user acceptance entering a new gTLD not accepted by the website/application
- Email clients validating on length on TLDs on by applying an outdated list of TLDs may also cause problems for this new gTLD, as valid email addresses may not be accepted
- Websites and search engines such as Google and Yahoo! may refuse to offer services such as advertising, if they validate email addresses and valid domain names based on outdated definitions of TLDs, or simply refuse to add new gTLDs to their lists
- Mobile browsers may also not be updating their lists of valid TLDs, as live DNS look ups, may be considered costly or inadequate by the providers

Actions to mitigate or solve these issues:

As the TLD is longer than 3 characters, it is understood that some issues concerning usage of the TLD in online forms will exist. We will take full responsibility for any such issues and will work to ensure that this TLD receives global acceptance. We will contact websites should we notice acceptance issues, and we will monitor acceptance of the TLD by major search engines and major social networking sites, and so on. We will ensure that all our own available online forms will be able to accept all TLDs per the IANA list. We will work with ICANN in our on-going effort on this subject both for

IDN and ASCII TLDs.

For second-level IDN issues see response to Q44.

## **17. (OPTIONAL) Provide a representation of the label according to the International Phonetic Alphabet (<http://www.langsci.ucl.ac.uk/ipa/>).**

## **Mission/Purpose**

### **18(a). Describe the mission/purpose of your proposed gTLD.**

Merck KGaA is a global pharmaceutical, chemical and life science company with approximately 40,000 employees in 70 countries. In 2010 Merck realized total revenues of EUR 9.3 Billion. The pharmaceutical, chemical and life science businesses of Merck are organized into four divisions.

Merck Serono specializes in innovative pharmaceuticals and focuses on indications mainly treated by specialists, as well as on diseases with high unmet medical needs.

Merck Consumer Healthcare offers high-quality over-the-counter products to enhance the quality of life of consumers all over the world. Its brands are available in many countries throughout Europe, North and South America, Asia and Africa.

Merck Millipore offers solutions that enable scientists to conduct life science research easily, efficiently and economically. With a range of more than 40,000 products, Merck Millipore is one of the top three suppliers of tools to the life science industry. This division comprises three business units: Bioscience, Lab Solutions and Process Solutions.

Merck's Performance Materials division offers highly innovative materials, advanced technologies, and high-tech chemicals to clients in the consumer electronics, lighting, printing, plastics, and cosmetics industries. Merck's market leading products include liquid crystals for LCD displays, new lighting technologies, and functional and effect pigments.

Merck KGaA operates its worldwide business through over 250 companies, with roughly 40,000 employees located in 70 countries, which work together to bring innovative healthcare, life science and high-tech chemical solutions to the world at large.

#### **A. The E. Merck Tradition**

The Merck company has its roots in the Engel Pharmacy, which was located in Darmstadt, Germany. Accordingly, the earliest "trademark" used to identify the Merck brand was a small picture of an angel. A successful pharmacist and industrialist, Heinrich Emanuel Merck undertook the mass production of alkaloid compounds in 1827, and in 1850 formed the "E. Merck" partnership together with his sons. From these early beginnings, the multi-national corporation continues to draw its inspiration, reminding the company of its commitment to quality and tradition.

Today, the significance of the E. Merck name is even greater, as online communications have become an increasingly more important aspect of Merck's business. Therefore, Merck KGaA has decided to register the ".EMERCK" TLD, which represents not only the company's longstanding history and tradition but also the company's electronic online business activities. The "E" of ".EMERCK" thus functions as a synonym for Merck KGaA's e-business and e-commerce activities. With the introduction of the ".EMERCK" TLD, Merck KGaA is building a bridge from its unique tradition as the oldest pharmaceutical and chemical company in the world to the new opportunities presented by the digital age.

## B. The Merck Name

During the 1930s, the company began using a shortened version of its well-known E. Merck trademark, referring to itself as "Merck". Today Merck KGaA holds rights in the name and the trademark "Merck" in more than 180 countries worldwide. The trademark "Merck" is considered to be well known pursuant to the Paris Convention for the Protection of Industrial Property in various countries including, for example, Bulgaria, the Czech Republic, Egypt, Germany, Japan, Mexico, South Korea, and through the Madrid System of WIPO. Merck is further regularly listed among the global Top 500 companies as published through the famous Forbes magazine.

## C. The Merck Community

Merck KGaA provides a vast array of innovative healthcare, life science and high-tech chemical solutions to consumers, researchers and health concerns across the globe, and it does so through a vast network of subsidiaries, affiliates, and business associates. The nexus of these Merck Group members, who all use the Merck name in the operation of their businesses and as their "umbrella" brand, comprises the Merck Community. The ".EMERCK" space will provide the parent company of this group, Merck KGaA, with a corporate-controlled, well organized online space in which to present information relevant to the company's activities. Pages within the ".EMERCK" space may also provide appropriate links to the pages of Community members, in order to provide visitors to the space with easy access to the resources they seek.

### C.1 Mission and Purpose of the ".EMERCK" TLD

Besides the tradition of E. Merck, ".EMERCK" stands for "electronic Merck". The ".EMERCK" TLD will combine all applications of information and communication technologies in support of Merck's online business activities. The ".EMERCK" space will, accordingly, provide information to Merck KGaA's online visitors from across the globe, and the space will offer users an interconnected, well-organized network of information about Merck's activities.

The ".EMERCK" TLD is intended to serve as a dedicated space for the sole use of Merck KGaA for its online activities. Merck KGaA will use this new TLD to provide information about its unique activities and its colorful, extensive corporate history, as well as to communicate with its internal divisions, external business partners, shareholders, customers and all further stakeholders.

The ".EMERCK" top-level domain will enable Merck KGaA to present its full range of online activities, and to identify itself online as "electronic Merck". The ".EMERCK" space will provide a means for Merck KGaA to maintain secure email addresses, a company intra-web, and to manage internal and external communications between its business affiliates, shareholders, customers and all further stakeholders.

The ".EMERCK" Registry Service Provider will manage the Internet space under the direct control of Merck KGaA. This will allow the distribution and exchange of information between Merck KGaA and its relevant stakeholders by means of,

but not limited to, websites, social networks, email and other technologies that will reside within the ".EMERCK" domain name space.

Merck KGaA will limit registration of the ".EMERCK" space to a single-registrant model, meaning that Merck KGaA will be the sole registrant of all domain names in the space. Merck KGaA may, in its sole discretion, elect from time to time to license the use of certain domain names within the TLD to appropriate divisions or business affiliates, but at all times Merck KGaA shall remain the registrant of record for all domain names in ".EMERCK." Accordingly, Merck KGaA will have control over the content and use of all ".EMERCK" domain names, and will be in a unique position to ensure that the space is utilized in a safe, appropriate manner.

Moreover, in order to avoid trademark-related concerns within North America, the Applicant will use geo-targeting tools to prevent any Internet traffic originating from the US or Canada from accessing websites within the .EMERCK space, and will not license the use of domain names within the TLD to affiliated entities whose principal places of business are located within North America.

## **18(b). How do you expect that your proposed gTLD will benefit registrants, Internet users, and others?**

The TLD is intended to benefit Internet users by enabling the Merck company to communicate more easily and effectively with its online visitors, including its clients, shareholders and business associates. Internet users will benefit from a more distinctive and trustworthy Internet experience in dealing with Merck KGaA, which will in turn support Merck's goal of communicating a message of reliability and trust.

Merck KGaA expects to benefit from the ".EMERCK" TLD by increased and more effective brand recognition in their marketing and communications, and by having an ample supply of relevant and available domain names to use in their business. In addition, the TLD will permit Merck KGaA to maintain greater control over its online brand and services, including but not limited to robust trust and security features, especially for Merck's online sales portals. In turn, those benefits are certain to result in a better Internet user experience, particularly for those Internet users interested in Merck KGaA's research activities and products.

The ".EMERCK" TLD will additionally provide an online identity unique to the Merck KGaA parent company, which will help to set it apart from the activities undertaken in connection with the broader Merck Community. As the head of the Merck Group, Merck KGaA is involved in a vast number of projects, initiatives, and research activities. The ".EMERCK" space, therefore, would provide a location for information related to Merck KGaA specifically, serving as a resource for Internet users interested in the history of the company, for shareholders, and for business associates who deal directly with the parent company itself.

A. What is the goal of your proposed gTLD in terms of areas of specialty, service levels, or reputation?

The TLD ultimately is intended to function as Merck KGaA's online branding and services platform. The space is intended to function with leading-edge technologies and business practices, ensuring a trustworthy and positive user experience. The goal is to use Merck KGaA's online infrastructure, services and marketing to encourage Internet users to interact online with Merck KGaA.

All ".EMERCK" domain name registrations will incorporate the Domain Name

Registration and Usage Policy for ".EMERCK," which outlines the acceptable use guidelines for the space. A draft version of this Policy is provided in the answer to question 18(c) below. Such Policy will be further incorporated into any license agreement made between Merck and its authorized corporate divisions, employees or other affiliated entities who may from time to time be authorized to license the use of ".EMERCK" domain names. A licensed domain name may be revoked by Merck KGaA at any time if the licensee does not comply with the acceptable use requirements contained in the Policy, or any other contractual requirements as may be established in the particular license agreement.

B. What do you anticipate your proposed gTLD will add to the current space, in terms of competition, differentiation, or innovation?

The TLD will provide an alternative for Merck KGaA to the current TLDs, one which would be distinct to the company and its operations specifically. The branded nature of the TLD will serve as a differentiating force, both from undifferentiated spaces generally as well as from other Merck-related corporate locations. The ".EMERCK" space will be specifically dedicated to Merck's online activities and "e-" presence, and accordingly Internet users will come to associate the space with Merck's online portals for business communications and information exchange.

For example, Internet users seeking information on the corporate history, governance, or initiatives of Merck KGaA specifically, will be able to locate the company's authentic online space with ease. The use of the TLD will reduce Internet user confusion, and will thereby saving time and resources when compared to the use of a generalized search engine.

As it seems there will be many new .BRAND TLDs, it is expected that consumers will learn to distinguish them from the existing TLDs and from new generic, geographical or cultural TLDs. The very use of a specialized TLD by Merck KGaA will ultimately impact competition by clarifying for users the source identity of the websites which they choose to visit. If consumers are looking for Merck, they know where to look, and they know that if they visit a website with an alternate extension the information is not guaranteed to be authentic.

This streamlining of information will provide a great benefit to the virtual marketplace. Consumers know where to look for authorized information concerning Merck KGaA and its activities, and can easily select appropriate websites when seeking such information. The new ".EMERCK" TLD space will therefore provide a tailored, customized space for Merck KGaA, its business affiliates, and the interested Internet community.

Additionally, the use of the ".EMERCK" TLD will have the added benefit of reducing the number of domain name registrations that Merck KGaA will need to register and maintain with existing registration providers. This effect, multiplied across the many companies who choose to own and operate their own TLDs, may as a side effect result in increased competition among the existing registration providers. They may need to compete more fiercely for the remaining business interest in the existing TLDs, with so many organizations offering use and/or registration of new TLD domain names. The logical effect should be lower pricing and better service for all Internet users.

The ".EMERCK" TLD will additionally enable Merck KGaA to develop many uses for domain names which today are too complicated or completely unforeseen. Today, it is often difficult to find a relevant and easily available domain name for the launch of a new product or campaign from existing registration providers. Even if one is found, pricing is often prohibitive because the domain name is only available on the secondary market. All new domains must be purchased from third parties and then managed as corporate assets. These expenses and complications, which can hinder companies and, in some cases, delay the release of innovative new products and services to the public, can be dramatically

reduced over time. Furthermore, an ample supply of immediately available, inexpensive domain names relevant to Merck KGaA is likely to pay dividends in additional ways which are currently difficult to foresee.

Furthermore, the proposed ".EMERCK" TLD will be a "clean space" for consumers seeking information about Merck KGaA. Since Merck will have control over all of the registrations in the space, as the sole registrant of all domain names therein, there is minimal risk of abusive use of these domain names. There will be no opportunity for bad actors to sell dangerous counterfeit medications, or provide incorrect misinformation to potential investors. Internet users will find only authentic, Merck-authorized content within this space, providing them with a level of comfort and safety which the current gTLD landscape cannot give them.

C. What goals does your proposed gTLD have in terms of user experience?

The TLD ultimately is intended to serve as Merck KGaA's online branding and services platform. Merck KGaA will implement leading-edge technologies and business practices tailored for this new space, in order to ensure a trustworthy and positive user experience for all visitors to the ".EMERCK" sites.

The goal is to use Merck's online infrastructure, services and marketing to encourage Internet users to interact online with the company and to perceive the TLD as a trustworthy indicator of the source of Merck's online information and services. Merck KGaA will use advanced technical and policy measures to ensure the security of online transactions and communications, and to ensure that domain names in the TLD are only used for authorized purposes. Merck intends to provide a safe and legitimate Internet space, enhancing user experience by mitigating security-associated risks. This is particularly important in the ".EMERCK" space as Merck intends to use the TLD as its online communications and business platform, and accordingly it is of great importance to the company that the space is operated in a safe and secure manner.

The TLD will reinforce the ideals of Merck KGaA, and domains within the TLD will only be used for purposes authorized by Merck. As indicated above, the ".EMERCK" space is intended to follow a single-registrant model, meaning that Merck KGaA will be the sole registrant of record for all domain names in the space. Accordingly, the company will have full control over how the websites displayed thereon will be used. The Internet user can therefore expect, when entering the ".EMERCK" TLD, to find authentic, up-to-date information displayed in an intuitive, easy-to-navigate fashion.

Thus, the ".EMERCK" space is designed to provide an unparalleled user experience in terms of reliability, ease of use, and online security.

D. Provide a complete description of the applicant's intended registration policies in support of the goals listed above.

It is envisaged that Merck KGaA will be the sole registrant of domain names within the TLD, which will ensure that such domain names only are used for purposes authorized by Merck in its online brand promotion and customer service efforts. Additionally, the Corporate Trademark Department of Merck KGaA will review each applied-for second-level domain name string to ensure that it will further the goals of the company, that it will not violate the intellectual property rights or other rights of third parties, and that it will not violate existing laws. A draft version of the anticipated Domain Name Registration and Use Policy for the ".EMERCK" space is provided at the end of the answer to question 18(c).

E. Will your proposed gTLD impose any measures for protecting the privacy or

confidential information of registrants or users?

Merck KGaA intends for users to perceive the TLD as a unique, trustworthy source of its online information and services. User trust is enhanced when said users are confident that they are in fact interacting with the intended website, and that their private or confidential information is securely protected. Merck intends to use advanced technical and policy measures to reasonably ensure the security of online transactions and communications, and to reasonably ensure that domain names in the TLD are only used for authorized purposes. Merck intends to provide a safe and legitimate Internet space, enhancing user experience by mitigating security-associated risks.

Merck intends to deploy DNSSEC and to comply with all of the other policies and practices required by ICANN in the Registry Agreement and/or via any Consensus Policy. Merck KGaA will also comply with all applicable laws and regulations relating to Internet security and the privacy of users' confidential information.

Merck KGaA already employs commercially reasonable practices with respect to the security of online transactions and users' private or confidential information in its current online locations. Additionally, Merck KGaA makes available a Corporate Privacy Officer, who oversees any potential privacy concerns, should they arise, and ensures that Merck's practices remain industry-leading. For further information concerning privacy protections and data security within the ".EMERCK" space, please refer to the answers contained in sections 23, 30a and 30b below.

F. Describe whether and in what ways outreach and communications will help to achieve your projected benefits.

Within Merck KGaA, the ".EMERCK" TLD will be promoted by all available internal communication channels, including the company's intranet, and through the relevant functions of the Corporate Trademarks and Corporate Information Services departments, inter alia. Additionally, Merck KGaA will communicate the space to its consumers through branding initiatives, marketing and advertising, which Merck believes will quickly introduce Internet users to the new space. The company anticipates using its new TLD on all marketing and promotional materials, encouraging users to interact with them on the new websites. Given the anticipated benefits of the new space and its effective navigational structure, Merck believes Internet users will readily adopt the TLD and look forward to visiting the space regularly.

Besides Merck KGaA's own specific efforts to communicate the ".EMERCK" TLD to its intended audience, it will be the natural next step for its audience, and relevant media organizations, to further communicate information about the TLD as they speak or report about Merck. In sum, outreach and communication are important in order to achieve the projected benefits of the TLD, but also will be inherent in Merck's use of the TLD, and further will be enhanced by the viral nature of communications about Merck KGaA.

As it seems there will be many other ".BRAND" TLDs presented to Internet users in the coming years, it is expected that the outreach, communications and media relating to each of them, individually, will lead to collective benefit insofar as many Internet users will quickly grasp the concept behind these TLDs, and will expect many companies and corporate communities to operate them in generally consistent ways.

### **18(c). What operating rules will you adopt to eliminate or minimize social costs?**



The TLD ultimately is intended to function as Merck's online branding and services platform. It is intended to function with leading-edge technologies and business practices, ensuring a trustworthy and positive user experience. The goal is to use Merck's online infrastructure, services and marketing to encourage Internet users to interact online with Merck and the other members of the Merck Community. Precise details are set forth in the answers to Questions 26, 28 and 29.

In general, Merck KGaA intends for users to perceive the TLD as a trustworthy and intuitive indicator of the source of Merck KGaA's online information and services. Merck KGaA intends to use advanced technical and policy measures to ensure the security and reliability of online transactions and communications taking place on domains within the TLD, and to ensure that domain names in the TLD are only used for purposes authorized by Merck KGaA. Merck KGaA intends to provide a safe and trustworthy Internet space, enhancing user experience by mitigating security-associated risks.

The TLD is designed to reinforce the ideals of Merck KGaA, and to operate as the company's online e-business and communications portal. Accordingly, domain usage guidelines will be implemented and enforced to constantly ensure the integrity of users' ".EMERCK" experience and the reputation of the TLD.

Merck may, from time to time and in its sole discretion, elect to license domain name registrations to its authorized corporate divisions, business affiliates, subsidiaries, associates, employees, or other affiliated entities in order to further the business interests of the company. All domain name registrations and license agreements shall incorporate the usage requirements set out in the Domain Name Registration and Usage Policy for ".EMERCK," a draft version of which is provided at the end of this section. Merck KGaA intends that no domain name in the ".EMERCK" space shall be used in a manner which:

- infringes any other third parties rights
- is in breach with any applicable laws, government rules or requirements

or for the purposes of:

- undertaking any illegal or fraudulent actions, including spam or phishing activities, or
- defaming Merck KGaA or its businesses, affiliates, dealers, employees, etc.

The ".EMERCK" domain space shall be used for the benefit of the Merck company and, as the space will follow a single-registrant model, Merck KGaA will remain the registrant of record for all registered domain names in the space. Merck KGaA will have the right to cancel any domain name registration or revoke any domain name license agreement should Merck deem such action appropriate for the benefit of the company.

The content and use of all registered ".EMERCK" domain names will be monitored by Merck on an ongoing basis, and compliance with the contractual restrictions and guidelines will be enforced. Violations of any restrictions, guidelines or other contractual conditions may result in termination of the relevant domain name license.

Merck KGaA will implement a Sunrise period of 30 days for the purpose of complying with ICANN requirements. However, because the Registry Operator will be the sole registrant within this space, there will be no other registrants eligible to reserve or register domain names during this period. The Registry Operator will develop and implement an appropriate Sunrise Dispute Resolution Policy (SDRP), containing the elements specified by ICANN, for the resolution of any disputes which might in theory arise during this period.

During the initial launch period, for no less than 60 days, a Trademark Claims Services system will be in place as required by ICANN. During this period there will be a notice sent to Merck KGaA of any ".EMERCK" domain name, prior to its

registration, should such domain name constitute an identical match of a mark registered in the Trademark Clearinghouse. Moreover the right owner or owners, as recorded in the Trademark Clearinghouse, will be informed once any such domain name has been registered following this event.

A. How will multiple applications for a particular domain name be resolved, for example, by auction or on a first-come/first-serve basis?

All domain name registrations within the ".EMERCK" space will be held by Merck KGaA itself. Merck KGaA may, in its sole discretion, from time to time elect to license the use of ".EMERCK" domain names to its authorized corporate divisions, business affiliates, subsidiaries, associates, employees or other affiliated entities, but Merck KGaA shall be the registrant of record for all domain names within the TLD space. All such licensees shall be required to use the domains for the purposes specified by Merck KGaA under the terms of their relevant license agreements. Merck KGaA will maintain, at all times, control over the content and use of the domains within the new TLD, and will remain the sole registrant of record.

This single-registrant system will ensure that the TLD remains a tightly controlled, safe space for Internet users, and will ensure that the network of registrations remains well-organized. These protections will naturally inure to the benefit of Internet users who wish to interact or communicate with Merck KGaA online.

B. Explain any cost benefits for registrants you intend to implement (e.g., advantageous pricing, introductory discounts, bulk registration discounts).

As outlined above, all domain name registrations in the TLD space will be held by Merck KGaA itself, and pricing (if any) of domain registrations will be a matter of Merck KGaA policy.

C. Do you intend to make contractual commitments to registrants regarding the magnitude of price escalation?

As noted above, Merck KGaA will be the sole holder of all domain name registrations in the TLD. Accordingly, the company does not intend to make specific commitments regarding the magnitude of price escalation.

D. Full text draft version of the anticipated Domain Name Registration and Usage Policy for ".EMERCK" is provided below.

Anticipated Domain Name Registration and Use Policy for ".EMERCK"

D.1 General principles

D.1.1 Purpose

The ".EMERCK" Top Level Domain ("TLD") established by and for the use of the Merck KGaA Corporation, the Registry Operator for the TLD space. Merck KGaA will, with the advice and assistance of the Registry Service Provider Afiliias Limited and relevant governmental bodies, develop, maintain and enforce effective TLD management strategies to manage the ".EMERCK" space.

This Policy is intended to be updated and revised regularly to reflect the needs of Merck KGaA and its TLD. The current version of this Policy will be made publicly available at: [insert website when determined].

The registration of domain names within the ".EMERCK" TLD shall be restricted to Merck KGaA itself, thus following a single-registrant model. Merck KGaA may,

in its sole discretion, elect to license registrations within this space to, inter alia, authorized corporate divisions, employees or other affiliated entities.

#### D.1.2. Registration Policy

As indicated above, the ".EMERCK" space will follow a single-registrant model. Thus, the Merck KGaA Corporation shall be the only entity eligible to register domain names within the ".EMERCK" TLD.

#### D.2 Domain Allocation Rules

##### D.2.1. String Requirements

Second-Level Domain names within the ".EMERCK" TLD must only include hyphens in the third and fourth position if they represent valid internationalized domain names in their ASCII encoding (for example "xn--ndk061n"), and must otherwise comply with any other applicable ICANN requirements.

##### D.2.2. Reserved Names

- The label "EXAMPLE" shall be reserved at the second level and at all other levels within the TLD at which Registry Operator makes registrations
- Two-character labels. All two-character labels shall be initially reserved. The reservation of a two-character label string may be released to the extent that Registry Operator reaches agreement with the government and country-code manager. The Registry Operator may also propose release of these reservations based on its implementation of measures to avoid confusion with the corresponding country codes
- Second-Level Reservations for Registry Operations. The following names are reserved for use in connection with the operation of the registry for the TLD: NIC, WWW, IRIS and WHOIS
- The List of Reserved Names shall be compiled by Merck KGaA and will be publicly posted online at [ website to be determined ]. Merck KGaA reserves the right to include new names in the list of reserved names

#### D.3 Country and Territory Names

The country and territory names contained in the following internationally recognized lists shall be initially reserved at the second level and at all other levels within the TLD at which the Registry Operator provides for registrations:

1. the short form (in English) of all country and territory names contained on the ISO 3166-1 list, as updated from time to time, including the European Union, which is exceptionally reserved on the ISO 3166-1 list, and its scope extended in August 1999 to any application needing to represent the name European Union ;
2. the United Nations Group of Experts on Geographical Names, Technical Reference Manual for the Standardization of Geographical Names, Part III Names of Countries of the World; and
3. the list of United Nations member states in 6 official United Nations languages prepared by the Working Group on Country Names of the United Nations Conference on the Standardization of Geographical Names; provided, that the reservation of specific country and territory names may be released to the extent that Registry Operator reaches agreement with the applicable government (s), provided, further, that Registry Operator may also propose release of these reservations, subject to review by ICANN's Governmental Advisory Committee and approval by ICANN.

#### E. Registration and Licensing Rules

##### E.1 Registration period and renewals

An ".EMERCK" domain name may be registered, and renewed at the end of each registration period, subject to the current terms and conditions offered by the concerned Registrar.

## E.2. Licensing of domain name registrations

Merck KGaA may, in its sole discretion, elect to license domain name registrations within the ".EMERCK" space to, inter alia, authorized corporate divisions, employees or other affiliated entities. In all cases, however, Merck KGaA will remain the registrant of record for all domain name registrations within the TLD, and shall retain the authority to modify or terminate such registrations at any time via the concerned registrar.

## F. Acceptable Usage Guidelines for ".EMERCK" Domain Names

### F.1 Acceptable Use

The ".EMERCK" space is intended to function as the Merck KGaA's online corporate branding platform, and as such the registrations therein should generally support the goals and mission of the organization.

Merck KGaA intends that no domain name in the ".EMERCK" space shall be used in a manner which:

- infringes any other third parties rights
- is in breach with any applicable laws, government rules or requirements

or for the purposes of:

- undertaking any illegal or fraudulent actions, including spam or phishing activities, or
- defaming Merck KGaA or its businesses, affiliates, dealers, employees, etc.

The Corporate Trademark Department of Merck KGaA will routinely monitor the use of all domain names registered in the ".EMERCK" space to ensure that the content displayed thereon is in the best interests of the company and its business endeavours.

## G. Dispute Resolution Policies

### G.1 Uniform Domain Name Dispute Resolution Policy ("UDRP")

The Uniform Domain Name Dispute Resolution Policy ("UDRP") shall apply to any challenges to registered domain names on the grounds that: 1) such domain names are identical or confusingly similar to a trademark in which the complainant has rights, 2) the registrant lacks rights or legitimate interests in the domain name, and 3) the domain name has been registered and used in bad faith. The full text of the UDRP is located at the following address:  
<http://www.icann.org/dndr/udrp/policy.htm>

### G.2 Uniform Rapid Suspension System ("URS")

The Uniform Rapid Suspension System ("URS") shall apply to any challenges to registered domain names on the grounds that: 1) such domain names are identical or confusingly similar to a trademark in which the complainant has rights, 2) the registrant lacks rights or legitimate interests in the domain name, and 3) the domain name has been registered and used in bad faith. The full text of the URS is located at the following address: [insert website when available].

### G.3 Trademark Post-Delegation Dispute Resolution Procedure (Trademark PDDRP)

The Registry Operator for “.EMERCK” shall agree to be bound by the Trademark Post-Delegation Dispute Resolution Procedure (Trademark PDDRP). The Trademark PDDRP applies to challenges by trademark holders claiming that one or more of its marks have been infringed, and thereby the trademark holder has been harmed, by the registry operator’s manner of operation or use of the gTLD. The full text of the Trademark PDDRP is located at the following address: [insert website when available].

## Community-based Designation

### 19. Is the application for a community-based TLD?

No

**20(a). Provide the name and full description of the community that the applicant is committing to serve.**

**20(b). Explain the applicant’s relationship to the community identified in 20(a).**

**20(c). Provide a description of the community-based purpose of the applied-for gTLD.**

**20(d). Explain the relationship between the applied-for gTLD string and the community identified in 20(a).**

**20(e). Provide a description of the applicant’s intended registration policies in support of the community-based purpose of the applied-for gTLD.**

**20(f). Attach any written endorsements from institutions/groups representative of the community identified in 20(a).**

Attachments are not displayed on this form.

## Geographic Names

### 21(a). Is the application for a geographic name?

No

## Protection of Geographic Names

### 22. Describe proposed measures for protection of geographic names at the second and other levels in the applied-for gTLD.

This response describes protection of geographic names as implemented in the managed TLD registry service.

#### A. Protection of geographic names

In accordance with Specification 5 of the New gTLD Registry Agreement, the Registry Operator must initially reserve certain geographic names at the second level and at all other levels within the TLD at which the Registry Operator provides for registrations. We will satisfy this requirement by using the following internationally recognized lists to develop a comprehensive master list of all geographic names that will be initially reserved:

- The 2-letter alpha-2 code of all country and territory names contained on the ISO 3166-1 list, including all reserved and unassigned codes  
[[http://www.iso.org/iso/support/country\\_codes/iso\\_3166\\_code\\_lists/iso-31661\\_decoding\\_table.htm](http://www.iso.org/iso/support/country_codes/iso_3166_code_lists/iso-31661_decoding_table.htm)];
- The short form (in English) of all country and territory names contained on the ISO 3166-1 list, including the European Union, which is exceptionally reserved on the ISO 3166-1 List, and its scope extended in August 1999 to any application needing to represent the name European Union  
[[http://www.iso.org/iso/support/country\\_codes/iso\\_3166\\_code\\_lists/iso-31661\\_decoding\\_table.htm#EU](http://www.iso.org/iso/support/country_codes/iso_3166_code_lists/iso-31661_decoding_table.htm#EU)];
- The United Nations Group of Experts on Geographical Names, Technical Reference Manual for the Standardization of Geographical Names, Part III Names of Countries of the World. This lists the names of 193 independent States generally recognised by the international community in the language or languages used in an official capacity within each country  
[[http://unstats.un.org/unsd/geoinfo/ungegn%20tech%20ref%20manual\\_M87\\_combined.pdf](http://unstats.un.org/unsd/geoinfo/ungegn%20tech%20ref%20manual_M87_combined.pdf)]; and
- The list of UN member states in six official UN languages prepared by the Working Group on Country Names of the United Nations Conference on the standardization of Geographical Names  
[[http://unstats.un.org/unsd/geoinfo/UNGEGN/docs/9th-uncsgndocs/econf/9th\\_UNCSGN\\_e-conf-98-89-add1.pdf](http://unstats.un.org/unsd/geoinfo/UNGEGN/docs/9th-uncsgndocs/econf/9th_UNCSGN_e-conf-98-89-add1.pdf)]

Names on this reserved list in the TLD registry will be prevented from registration, unless and until any such names are released from reservation per our release procedures generally described below. We do not plan on offering internationalized domain names (IDNs) upon launch, but if we ever do offer IDNs, we will reserve relevant IDN versions of country names.

Before the Sunrise opens, the list of reserved geographic names will be made available to the public via the Registry Operator's website in order to inform Registrars and potential Registrants of the reserved status of such names. The lists previously noted, will be regularly monitored for revisions and the reserved list, both within the registry and publicly facing, will continually be updated to reflect any changes.

In addition to these requirements, our services provider Afiliias is able to support our wishes in regards to the reservation of additional terms on a case-by-case basis. The managed TLD registry allows such additions to the reserved list to be made by appropriately authorized staff, with no further system development changes required.

The following applies to all domain names contained within the managed TLD registry reserved list:

- Attempts to register reserved domain names will be rejected;
- WHOIS queries for listed domain names will receive responses indicating their reserved status;
- Reserved names will not appear in the TLD zone file; and
- DNS queries for reserved domain names will result in an NXDOMAIN response

#### B. Procedures for release

Specification 5 says that "the reservation of specific country and territory names may be released to the extent that Registry Operator reaches agreement with the applicable government(s), provided, further, that Registry Operator may also propose release of these reservations subject to review by ICANN's Governmental Advisory Committee and approval by ICANN."

In order to satisfy this requirement, we will have in place a special release mechanism, described below.

If a country wishes to use one of the relevant ".EMERCK" domain names, its GAC representative may make a written request to us, the Registry Operator, and we will immediately consider the release request.

If a member of our community wishes to use a reserved country name, we will obtain approval from that country's GAC representative.

We will formally present the GAC with an option, at no charge, of objecting to the release and use of any initially reserved names at the second level. However, as further detailed below, since such names will be used for the purposes of the representation of our company, it is almost impossible to anticipate any abuse or misconduct. Thus we reasonably believe that very few GAC Representatives, if any, would exercise this option. Nevertheless, the at-no-charge objection will remain an option for the GAC Representatives, in compliance with current ICANN requirements regarding geographic reserved names.

Generally, it is extremely unlikely that our authorized use of any "countryname.EMERCK" or "cc.EMERCK" domain name could be confusing to users, or otherwise offensive to any country. To the extent that use of any ".EMERCK" domain was ever deemed confusing or offensive, we will have a strong desire to resolve the situation quickly and respectfully to any affected country's sovereign interests. At minimum, we will ensure that its designated abuse contact is aware of the additional sensitivities that may potentially arise with respect to use of "cc.EMERCK" or "countryname.EMERCK" domains, such that any complaints of this nature are prioritized accordingly.

## Registry Services

### 23. Provide name and full description of all the Registry Services to be provided.

Throughout the technical portion (#23 - #44) of this application, answers are provided directly from Afiliias, the back-end provider of registry services for this TLD. Merck KgaA chose Afiliias as its back-end provider because Afiliias has more experience successfully applying to ICANN and launching new TLDs than any other provider. Afiliias is the ICANN-contracted registry operator of the ".INFO" and ".MOBI" TLDs, and Afiliias is the back-end registry services provider for other ICANN TLDs including ".ORG," ".ASIA," ".AERO," and ".XXX."

Registry services for this TLD will be performed by Afiliias in the same responsible manner used to support 16 top level domains today. Afiliias supports more ICANN-contracted TLDs (6) than any other provider currently. Afiliias' primary corporate mission is to deliver secure, stable and reliable registry services. This TLD will utilize an existing, proven team and platform for registry services with:

- A stable and secure, state-of-the-art, EPP-based SRS with ample storage capacity, data security provisions and scalability that is proven with registrars who account for over 95% of all gTLD domain name registration activity (over 375 registrars);
- A reliable, 100% available DNS service (zone file generation, publication and dissemination) tested to withstand severe DDoS attacks and dramatic growth in Internet use;
- A WHOIS service that is flexible and standards compliant, with search capabilities to address both registrar and end-user needs; includes consideration for evolving standards, such as RESTful, or draft-kucherawy-wierds;
- Experience introducing IDNs in the following languages: German (DE), Spanish (ES), Polish (PL), Swedish (SV), Danish (DA), Hungarian (HU), Icelandic (IS), Latvian (LV), Lithuanian (LT), Korean (KO), Simplified and Traditional Chinese (CN), Devanagari (HI-DEVA), Russian (RU), Belarusian (BE), Ukrainian (UK), Bosnian (BS), Serbian (SR), Macedonian (MK) and Bulgarian (BG) across the TLDs it serves;
- A registry platform that is both IPv6 and DNSSEC enabled;
- An experienced, respected team of professionals active in standards development of innovative services such as DNSSEC and IDN support;
- Methods to limit domain abuse, remove outdated and inaccurate data, and ensure the integrity of the SRS, and
- Customer support and reporting capabilities to meet financial and administrative needs, e.g., 24x7 call center support, integration support, billing, and daily, weekly, and monthly reporting

Afiliias will support this TLD in accordance with the specific policies and procedures of Merck KgaA (the "registry operator"), leveraging a proven registry infrastructure that is fully operational, staffed with professionals, massively provisioned, and immediately ready to launch and maintain this TLD.

The below response includes a description of the registry services to be provided for this TLD, additional services provided to support registry operations, and an overview of Afiliias' approach to registry management.

#### A. Registry services to be provided

To support this TLD, Merck KgaA and Afiliias will offer the following registry services, all in accordance with relevant technical standards and policies:



- Receipt of data from registrars concerning registration for domain names and nameservers, and provision to registrars of status information relating to the EPP-based domain services for registration, queries, updates, transfers, renewals, and other domain management functions. Please see our responses to questions #24, #25, and #27 for full details, which we request be incorporated here by reference
- Operation of the registry DNS servers: The Afiliias DNS system, run and managed by Afiliias, is a massively provisioned DNS infrastructure that utilizes among the most sophisticated DNS architecture, hardware, software and redundant design created. Afiliias' industry-leading system works in a seamless way to incorporate nameservers from any number of other secondary DNS service vendors. Please see our response to question #35 for full details, which we request be incorporated here by reference
- Dissemination of TLD zone files: Afiliias' distinctive architecture allows for real-time updates and maximum stability for zone file generation, publication and dissemination. Please see our response to question #34 for full details, which we request be incorporated here by reference.
- Dissemination of contact or other information concerning domain registrations: A port 43 WHOIS service with basic and expanded search capabilities with requisite measures to prevent abuse. Please see our response to question #26 for full details, which we request be incorporated here by reference
- Internationalized Domain Names (IDNs): Ability to support all protocol valid Unicode characters at every level of the TLD, including alphabetic, ideographic and right-to-left scripts, in conformance with the ICANN IDN Guidelines Please see our response to question #44 for full details, which we request be incorporated here by reference
- DNS Security Extensions (DNSSEC): A fully DNSSEC-enabled registry, with a stable and efficient means of signing and managing zones. This includes the ability to safeguard keys and manage keys completely. Please see our response to question #43 for full details, which we request be incorporated here by reference

Each service will meet or exceed the contract service level agreement. All registry services for this TLD will be provided in a standards-compliant manner.

#### A.1 Security

Afiliias addresses security in every significant aspect - physical, data and network as well as process. Afiliias' approach to security permeates every aspect of the registry services provided. A dedicated security function exists within the company to continually identify existing and potential threats, and to put in place comprehensive mitigation plans for each identified threat. In addition, a rapid security response plan exists to respond comprehensively to unknown or unidentified threats. The specific threats and Afiliias mitigation plans are defined in our response to question #30(b); please see that response for complete information. In short, Afiliias is committed to ensuring the confidentiality, integrity, and availability of all information.

#### B. New registry services

No new registry services are planned for the launch of this TLD.

#### C. Additional services to support registry operation

Numerous supporting services and functions facilitate effective management of the TLD. These support services are also supported by Afiliias, including:

- Customer support: 24x7 live phone and e-mail support for customers to address any access, update or other issues they may encounter. This includes assisting

the customer identification of the problem as well as solving it. Customers include registrars and the registry operator, but not registrants except in unusual circumstances. Customers have access to a web-based portal for a rapid and transparent view of the status of pending issues

- Financial services: billing and account reconciliation for all registry services according to pricing established in respective agreements

Reporting is an important component of supporting registry operations. Afilias will provide reporting to the registry operator and registrars, and financial reporting.

#### C.1 Reporting provided to registry operator

Afilias provides an extensive suite of reports to the registry operator, including daily, weekly and monthly reports with data at the transaction level that enable the registry operator to track and reconcile at whatever level of detail preferred. Afilias provides the exact data required by ICANN in the required format to enable the registry operator to meet its technical reporting requirements to ICANN.

In addition, Afilias offers access to a data warehouse capability that will enable near real-time data to be available 24x7. This can be arranged by informing the Afilias Account Manager regarding who should have access. Afilias' data warehouse capability enables drill-down analytics all the way to the transaction level.

#### C.2 Reporting available to registrars

Afilias provides an extensive suite of reporting to registrars and has been doing so in an exemplary manner for more than ten years. Specifically, Afilias provides daily, weekly and monthly reports with detail at the transaction level to enable registrars to track and reconcile at whatever level of detail they prefer.

Reports are provided in standard formats, facilitating import for use by virtually any registrar analytical tool. Registrar reports are available for download via a secure administrative interface. A given registrar will only have access to its own reports. These include the following:

- Daily Reports: Transaction Report, Billable Transactions Report, and Transfer Reports;
- Weekly: Domain Status and Nameserver Report, Weekly Nameserver Report, Domains Hosted by Nameserver Weekly Report, and;
- Monthly: Billing Report and Monthly Expiring Domains Report

Weekly registrar reports are maintained for each registrar for four weeks. Weekly reports older than four weeks will be archived for a period of six months, after which they will be deleted.

#### C.3 Financial reporting

Registrar account balances are updated real-time when payments and withdrawals are posted to the registrars' accounts. In addition, the registrar account balances are updated as and when they perform billable transactions at the registry level.

Afilias provides Deposit/Withdrawal Reports that are updated periodically to reflect payments received or credits and withdrawals posted to the registrar accounts.

The following reports are also available: a) Daily Billable Transaction Report, containing details of all the billable transactions performed by all the registrars in the SRS, b) daily e-mail reports containing the number of domains in the registry and a summary of the number and types of billable transactions

performed by the registrars, and c) registry operator versions of most registrar reports (for example, a daily Transfer Report that details all transfer activity between all of the registrars in the SRS).

#### D. Afilias approach to registry support

Afilias, the back end registry services provider for this TLD, is dedicated to managing the technical operations and support of this TLD in a secure, stable and reliable manner. Afilias has worked closely with Merck KgaA to review specific needs and objectives of this TLD. The resulting comprehensive plans are illustrated in technical responses #24-44, drafted by Afilias given Merck KgaA requirements. Afilias and Merck KgaA also worked together to provide financial responses for this application which demonstrate cost and technology consistent with the size and objectives of this TLD.

Afilias is the registry services provider for this and several other TLD applications. Over the past 11 years of providing services for gTLD and ccTLDs, Afilias has accumulated experience about resourcing levels necessary to provide high quality services with conformance to strict service requirements. Afilias currently supports over 20 million domain names, spread across 16 TLDs, with over 400 accredited registrars.

Since its founding, Afilias is focused on delivering secure, stable and reliable registry services. Several essential management and staff who designed and launched the Afilias registry in 2001 and expanded the number of TLDs supported, all while maintaining strict service levels over the past decade, are still in place today. This experiential continuity will endure for the implementation and on-going maintenance of this TLD. Afilias operates in a matrix structure, which allows its staff to be allocated to various critical functions in both a dedicated and a shared manner. With a team of specialists and generalists, the Afilias project management methodology allows efficient and effective use of our staff in a focused way.

With over a decade of registry experience, Afilias has the depth and breadth of experience that ensure existing and new needs are addressed, all while meeting or exceeding service level requirements and customer expectations. This is evident in Afilias' participation in business, policy and technical organizations supporting registry and Internet technology within ICANN and related organizations. This allows Afilias to be at the forefront of security initiatives such as: DNSSEC, wherein Afilias worked with Public Interest Registry (PIR) to make the ".ORG" registry the first DNSSEC enabled gTLD and the largest TLD enabled at the time; in enhancing the Internet experience for users across the globe by leading development of IDNs; in pioneering the use of open-source technologies by its usage of PostgreSQL, and; being the first to offer near-real-time dissemination of DNS zone data.

The ability to observe tightening resources for critical functions and the capacity to add extra resources ahead of a threshold event are factors that Afilias is well versed in. Afilias' human resources team, along with well-established relationships with external organizations, enables it to fill both long-term and short-term resource needs expeditiously.

Afilias' growth from a few domains to serving 20 million domain names across 16 TLDs and 400 accredited registrars indicates that the relationship between the number of people required and the volume of domains supported is not linear. In other words, servicing 100 TLDs does not automatically require 6 times more staff than servicing 16 TLDs. Similarly, an increase in the number of domains under management does not require in a linear increase in resources. Afilias carefully tracks the relationship between resources deployed and domains to be serviced, and pro-actively reviews this metric in order to retain a safe margin of error. This enables Afilias to add, train and prepare new staff well in advance of the need, allowing consistent delivery of high quality services.

With over a decade of registry experience, Afilias has the depth and breadth of experience that ensure existing and new needs are addressed, all while meeting or exceeding service level requirements and customer expectations. This is evident in Afilias' participation in business, policy and technical organizations supporting registry and Internet technology within ICANN and related organizations. This allows Afilias to be at the forefront of security initiatives such as: DNSSEC, wherein Afilias worked with Public Interest Registry (PIR) to make the ".ORG" registry the first DNSSEC enabled gTLD and the largest TLD enabled at the time; in enhancing the Internet experience for users across the globe by leading development of IDNs; in pioneering the use of open-source technologies by its usage of PostgreSQL, and; being the first to offer near-real-time dissemination of DNS zone data.

## Demonstration of Technical & Operational Capability

### 24. Shared Registration System (SRS) Performance

THE RESPONSE FOR THIS QUESTION USES ANGLE BRACKETS (THE " < " and " > " CHARACTERS, or < and > ), WHICH ICANN INFORMS US (CASE ID 11027) CANNOT BE PROPERLY RENDERED IN TAS DUE TO SECURITY CONCERNS. HENCE, THE ANSWER BELOW AS DISPLAYED IN TAS MAY NOT RENDER THE FULL RESPONSE AS INTENDED. THEREFORE, THE FULL ANSWER TO THIS QUESTION IS ALSO ATTACHED AS A PDF FILE, ACCORDING TO SPECIFIC GUIDANCE FROM ICANN UNDER CASE ID 11027.

Answers for this question (#24) are provided directly from Afilias, the back-end provider of registry services for this TLD.

Afilias operates a state-of-the-art EPP-based Shared Registration System (SRS) that is secure, stable and reliable. The SRS is a critical component of registry operations that must balance the business requirements for the registry and its customers, such as numerous domain acquisition and management functions. The SRS meets or exceeds all ICANN requirements given that Afilias:

- Operates a secure, stable and reliable SRS which updates in real-time and in full compliance with Specification 6 of the new gTLD Registry Agreement;
- Is committed to continuously enhancing our SRS to meet existing and future needs;
- Currently exceeds contractual requirements and will perform in compliance with Specification 10 of the new gTLD Registry Agreement;
- Provides SRS functionality and staff, financial, and other resources to more than adequately meet the technical needs of this TLD, and;
- Manages the SRS with a team of experienced technical professionals who can seamlessly integrate this TLD into the Afilias registry platform and support the TLD in a secure, stable and reliable manner

#### A. Description of operation of the SRS, including diagrams

Afilias' SRS provides the same advanced functionality as that used in the ".INFO" and ".ORG" registries, as well as the fourteen other TLDs currently supported by Afilias. The Afilias registry system is standards-compliant and utilizes proven technology, ensuring global familiarity for registrars, and it is protected by our massively provisioned infrastructure that mitigates the risk of disaster.

EPP functionality is described fully in our response to question #25; please consider those answers incorporated here by reference. An abbreviated list of

Afilias SRS functionality includes:

- Domain registration: Afilias provides registration of names in the TLD, in both ASCII and IDN forms, to accredited registrars via EPP and a web-based administration tool
- Domain renewal: Afilias provides services that allow registrars the ability to renew domains under sponsorship at any time. Further, the registry performs the automated renewal of all domain names at the expiration of their term, and allows registrars to rescind automatic renewals within a specified number of days after the transaction for a full refund
- Transfer: Afilias provides efficient and automated procedures to facilitate the transfer of sponsorship of a domain name between accredited registrars. Further, the registry enables bulk transfers of domains under the provisions of the Registry-Registrar Agreement.
- RGP and restoring deleted domain registrations: Afilias provides support for the Redemption Grace Period (RGP) as needed, enabling the restoration of deleted registrations
- Other grace periods and conformance with ICANN guidelines: Afilias provides support for other grace periods that are evolving as standard practice inside the ICANN community. In addition, the Afilias registry system supports the evolving ICANN guidelines on IDNs

Afilias also supports the basic check, delete, and modify commands.

As required for all new gTLDs, Afilias provides "thick" registry system functionality. In this model, all key contact details for each domain are stored in the registry. This allows better access to domain data and provides uniformity in storing the information.

Afilias' SRS complies today and will continue to comply with global best practices including relevant RFCs, ICANN requirements, and this TLD's respective domain policies. With over a decade of experience, Afilias has fully documented and tested policies and procedures, and our highly skilled team members are active participants of the major relevant technology and standards organizations, so ICANN can be assured that SRS performance and compliance are met. Full details regarding the SRS system and network architecture are provided in responses to questions #31 and #32; please consider those answers incorporated here by reference.

#### A.1 SRS servers and software

All applications and databases for this TLD will run in a virtual environment currently hosted by a cluster of servers equipped with the latest Intel Westmere multi-core processors. (It is possible that by the time this application is evaluated and systems deployed, Westmere processors may no longer be the "latest"; the Afilias policy is to use the most advanced, stable technology available at the time of deployment.) The data for the registry will be stored on storage arrays of solid state drives shared over a fast storage area network. The virtual environment allows the infrastructure to easily scale both vertically and horizontally to cater to changing demand. It also facilitates effective utilization of system resources, thus reducing energy consumption and carbon footprint.

The network firewalls, routers and switches support all applications and servers. Hardware traffic shapers are used to enforce an equitable access policy for connections coming from registrars. The registry system accommodates both IPv4 and IPv6 addresses. Hardware load balancers accelerate TLS/SSL handshaking and distribute load among a pool of application servers.

Each of the servers and network devices are equipped with redundant, hot-swappable components and multiple connections to ancillary systems. Additionally, 24x7 support agreements with a four-hour response time at all our data centers guarantee replacement of failed parts in the shortest time possible.

Examples of current system and network devices used are:

- Servers: Cisco UCS B230 blade servers
- SAN storage arrays: IBM Storwize V7000 with Solid State Drives
- SAN switches: Brocade 5100
- Firewalls: Cisco ASA 5585-X
- Load balancers: F5 Big-IP 6900
- Traffic shapers: Procera PacketLogic PL8720
- Routers: Juniper MX40 3D
- Network switches: Cisco Nexus 7010, Nexus 5548, Nexus 2232

These system components are upgraded and updated as required, and have usage and performance thresholds which trigger upgrade review points. In each data center, there is a minimum of two of each network component, a minimum of 25 servers, and a minimum of two storage arrays.

Technical components of the SRS include the following items, continually checked and upgraded as needed: SRS, WHOIS, web admin tool, DNS, DNS distributor, reporting, invoicing tools, and deferred revenue system (as needed).

All hardware is massively provisioned to ensure stability under all forecast volumes from launch through "normal" operations of average daily and peak capacities. Each and every system application, server, storage and network device is continuously monitored by the Afilias Network Operations Center for performance and availability. The data gathered is used by dynamic predictive analysis tools in real-time to raise alerts for unusual resource demands. Should any volumes exceed established thresholds, a capacity planning review is instituted which will address the need for additions well in advance of their actual need.

#### B. SRS diagram and interconnectivity description

As with all core registry services, the SRS is run from a global cluster of registry system data centers, located in geographic centers with high Internet bandwidth, power, redundancy and availability. All of the registry systems will be run in a <n+1> setup, with a primary data center and a secondary data center. For detailed site information, please see our responses to questions #32 and #35. Registrars access the SRS in real-time using EPP.

A sample of the Afilias SRS technical and operational capabilities (displayed in Figure 24-a) include:

- Geographically diverse redundant registry systems;
- Load balancing implemented for all registry services (e.g. EPP, WHOIS, web admin) ensuring equal experience for all customers and easy horizontal scalability;
- Disaster Recovery Point objective for the registry is within one minute of the loss of the primary system;
- Detailed and tested contingency plan, in case of primary site failure, and;
- Daily reports, with secure access for confidentiality protection.

As evidenced in Figure 24-a, the SRS contains several components of the registry system. The interconnectivity ensures near-real-time distribution of the data throughout the registry infrastructure, timely backups, and up-to-date billing information.

The WHOIS servers are directly connected to the registry database and provide real-time responses to queries using the most up-to-date information present in the registry.

Committed DNS-related EPP objects in the database are made available to the DNS Distributor via a dedicated set of connections. The DNS Distributor extracts committed DNS-related EPP objects in real time and immediately inserts them

into the zone for dissemination.

The Afiliias system is architected such that read-only database connections are executed on database replicas and connections to the database master (where write-access is executed) are carefully protected to ensure high availability.

This interconnectivity is monitored, as is the entire registry system, according to the plans detailed in our response to question #42.

#### C. Synchronization scheme

Registry databases are synchronized both within the same data center and in the backup data center using a database application called Slony. For further details, please see the responses to questions #33 and #37. Slony replication of transactions from the publisher (master) database to its subscribers (replicas) works continuously to ensure the publisher and its subscribers remain synchronized. When the publisher database completes a transaction the Slony replication system ensures that each replica also processes the transaction. When there are no transactions to process, Slony "sleeps" until a transaction arrives or for one minute, whichever comes first. Slony "wakes up" each minute to confirm with the publisher that there has not been a transaction and thus ensures subscribers are synchronized and the replication time lag is minimized. The typical replication time lag between the publisher and subscribers depends on the topology of the replication cluster, specifically the location of the subscribers relative to the publisher. Subscribers located in the same data center as the publisher are typically updated within a couple of seconds, and subscribers located in a secondary data center are typically updated in less than ten seconds. This ensures real-time or near-real-time synchronization between all databases, and in the case where the secondary data center needs to be activated, it can be done with minimal disruption to registrars.

#### D. SRS SLA performance compliance

Afiliias has a ten-year record of delivering on the demanding ICANN SLAs, and will continue to provide secure, stable and reliable service in compliance with SLA requirements as specified in the new gTLD Registry Agreement, Specification 10, as presented in Figure 24-b.

The Afiliias SRS currently handles over 200 million EPP transactions per month for just ".INFO" and ".ORG." Overall, the Afiliias SRS manages over 700 million EPP transactions per month for all TLDs under management.

Given this robust functionality, and more than a decade of experience supporting a thick TLD registry with a strong performance history, Afiliias, on behalf of Merck KgaA, will meet or exceed the performance metrics in Specification 10 of the new gTLD Registry Agreement. The Afiliias services and infrastructure are designed to scale both vertically and horizontally without any downtime to provide consistent performance as this TLD grows. The Afiliias architecture is also massively provisioned to meet seasonal demands and marketing campaigns. Afiliias' experience also gives high confidence in the ability to scale and grow registry operations for this TLD in a secure, stable and reliable manner.

#### E. SRS resourcing plans

Since its founding, Afiliias is focused on delivering secure, stable and reliable registry services. Several essential management and staff who designed and launched the Afiliias registry in 2001 and expanded the number of TLDs supported, all while maintaining strict service levels over the past decade, are still in place today. This experiential continuity will endure for the

implementation and on-going maintenance of this TLD. Afiliias operates in a matrix structure, which allows its staff to be allocated to various critical functions in both a dedicated and a shared manner. With a team of specialists and generalists, the Afiliias project management methodology allows efficient and effective use of our staff in a focused way.

Over 100 Afiliias team members contribute to the management of the SRS code and network that will support this TLD. The SRS team is composed of Software Engineers, Quality Assurance Analysts, Application Administrators, System Administrators, Storage Administrators, Network Administrators, Database Administrators, and Security Analysts located at three geographically separate Afiliias facilities. The systems and services set up and administered by these team members are monitored 24x7 by skilled analysts at two NOCs located in Toronto, Ontario (Canada) and Horsham, Pennsylvania (USA). In addition to these team members, Afiliias also utilizes trained project management staff to maintain various calendars, work breakdown schedules, utilization and resource schedules and other tools to support the technical and management staff. It is this team who will both deploy this TLD on the Afiliias infrastructure, and maintain it. Together, the Afiliias team has managed 11 registry transitions and six new TLD launches, which illustrate its ability to securely and reliably deliver regularly scheduled updates as well as a secure, stable and reliable SRS service for this TLD.

#### F. Attachments

24\_figures.pdf - (24a-b)

## 25. Extensible Provisioning Protocol (EPP)

THE RESPONSE FOR THIS QUESTION USES ANGLE BRACKETS (THE “ < ” and “ > ” CHARACTERS, or ( and ) ), WHICH ICANN INFORMS US (CASE ID 11027) CANNOT BE PROPERLY RENDERED IN TAS DUE TO SECURITY CONCERNS. HENCE, THE ANSWER BELOW AS DISPLAYED IN TAS MAY NOT RENDER THE FULL RESPONSE AS INTENDED. THEREFORE, THE FULL ANSWER TO THIS QUESTION IS ALSO ATTACHED AS A PDF FILE, ACCORDING TO SPECIFIC GUIDANCE FROM ICANN UNDER CASE ID 11027.

Answers for this question (#25) are provided by Afiliias, the back-end provider of registry services for this TLD.

Afiliias has been a pioneer and innovator in the use of EPP. “.INFO” was the first EPP-based gTLD registry and launched on EPP version 02/00. Afiliias has a track record of supporting TLDs on standards-compliant versions of EPP. Afiliias will operate the EPP registrar interface as well as a web-based interface for this TLD in accordance with RFCs and global best practices. In addition, Afiliias will maintain a proper OT&E (Operational Testing and Evaluation) environment to facilitate registrar system development and testing.

Afiliias’ EPP technical performance meets or exceeds all ICANN requirements as demonstrated by:

- A completely functional, state-of-the-art, EPP-based SRS that currently meets the needs of various gTLDs and will meet this new TLD’s needs;
- A track record of success in developing extensions to meet client and registrar business requirements such as multi-script support for IDNs;
- Supporting six ICANN gTLDs on EPP: “.INFO,” “.ORG,” “.MOBI,” “.AERO,” “.ASIA” and “.XXX”
- EPP software that is operating today and has been fully tested to be standards-compliant;
- Proven interoperability of existing EPP software with ICANN-accredited



registrars, and;

- An SRS that currently processes over 200 million EPP transactions per month for both ".INFO" and ".ORG." Overall, Afilias processes over 700 million EPP transactions per month for all 16 TLDs under management.

The EPP service is offered in accordance with the performance specifications defined in the new gTLD Registry Agreement, Specification 10.

#### A. EPP Standards

The Afilias registry system complies with the following revised versions of the RFCs and operates multiple ICANN TLDs on these standards, including ".INFO," ".ORG," ".MOBI," ".ASIA" and ".XXX." The systems have been tested by our Quality Assurance ("QA") team for RFC compliance, and have been used by registrars for an extended period of time:

- 3735 - Guidelines for Extending EPP
- 3915 - Domain Registry Grace Period Mapping
- 5730 - Extensible Provisioning Protocol (EPP)
- 5731 - Domain Name Mapping
- 5732 - Host Mapping
- 5733 - Contact Mapping
- 5734 - Transport Over TCP
- 5910 - Domain Name System (DNS) Security Extensions Mapping for the Extensible Provisioning Protocol (EPP)

This TLD will support all valid EPP commands. The following EPP commands are in operation today and will be made available for this TLD. See attachment #25a for the base set of EPP commands and copies of Afilias XSD schema files, which define all the rules of valid, RFC compliant EPP commands and responses that Afilias supports. Any customized EPP extensions, if necessary, will also conform to relevant RFCs.

Afilias staff members actively participated in the Internet Engineering Task Force (IETF) process that finalized the new standards for EPP. Afilias will continue to actively participate in the IETF and will stay abreast of any updates to the EPP standards.

#### B. EPP software interface and functionality

Afilias will provide all registrars with a free open-source EPP toolkit. Afilias provides this software for use with both Microsoft Windows and Unix/Linux operating systems. This software, which includes all relevant templates and schema defined in the RFCs, is available on sourceforge.net and will be available through the registry operator's website.

Afilias' SRS EPP software complies with all relevant RFCs and includes the following functionality:

- EPP Greeting: A response to a successful connection returns a greeting to the client. Information exchanged can include: name of server, server date and time in UTC, server features, e.g., protocol versions supported, languages for the text response supported, and one or more elements which identify the objects that the server is capable of managing;
- Session management controls: <login> to establish a connection with a server, and <logout> to end a session;
- EPP Objects: Domain, Host and Contact for respective mapping functions;
- EPP Object Query Commands: Info, Check, and Transfer (query) commands to retrieve object information, and;
- EPP Object Transform Commands: five commands to transform objects: <create> to create an instance of an object, <delete> to remove an instance of an object, <renew> to extend the validity period of an object, <update>

to change information associated with an object, and <transfer> to manage changes in client sponsorship of a known object

Currently, 100% of the top domain name registrars in the world have software that has already been tested and certified to be compatible with the Afiliias SRS registry. In total, over 375 registrars, representing over 95% of all registration volume worldwide, operate software that has been certified compatible with the Afiliias SRS registry. Afiliias' EPP Registrar Acceptance Criteria are available in attachment #25b, EPP OT&E Criteria.

#### B.1 Free EPP software support

Afiliias analyzes and diagnoses registrar EPP activity log files as needed and is available to assist registrars who may require technical guidance regarding how to fix repetitive errors or exceptions caused by misconfigured client software.

Registrars are responsible for acquiring a TLS/SSL certificate from an approved certificate authority, as the registry-registrar communication channel requires mutual authentication; Afiliias will acquire and maintain the server-side TLS/SSL certificate. The registrar is responsible for developing support for TLS/SSL in their client application. Afiliias will provide free guidance for registrars unfamiliar with this requirement.

#### C. Registrar data synchronization

There are two methods available for registrars to synchronize their data with the registry:

- Automated synchronization: Registrars can, at any time, use the EPP <info> command to obtain definitive data from the registry for a known object, including domains, hosts (nameservers) and contacts
- Personalized synchronization: A registrar may contact technical support and request a data file containing all domains (and associated host (nameserver) and contact information) registered by that registrar, within a specified time interval. The data will be formatted as a comma separated values (CSV) file and made available for download using a secure server

#### D. EPP modifications

There are no unique EPP modifications planned for this TLD.

All ICANN TLDs must offer a Sunrise as part of a rights protection program. Afiliias uses EPP extensions that allow registrars to submit trademark and other intellectual property rights (IPR) data to the registry. These extensions are:

- An <ipr:name> element that indicates the name of Registered Mark.
- An <ipr:number> element that indicates the registration number of the IPR
- An <ipr:ccLocality> element that indicates the origin for which the IPR is established (a national or international trademark registry).
- An <ipr:entitlement> element that indicates whether the applicant holds the trademark as the original "OWNER", "CO-OWNER" or "ASSIGNEE"
- An <ipr:appDate> element that indicates the date the Registered Mark was applied for
- An <ipr:regDate> element that indicates the date the Registered Mark was issued and registered
- An <ipr:class> element that indicates the class of the registered mark
- An <ipr:type> element that indicates the Sunrise phase the application applies for

Note that some of these extensions might be subject to change based on ICANN-developed requirements for the Trademark Clearinghouse.

#### E. EPP resourcing plans

Since its founding, Afiliias is focused on delivering secure, stable and reliable registry services. Several essential management and staff who designed and launched the Afiliias registry in 2001 and expanded the number of TLDs supported, all while maintaining strict service levels over the past decade, are still in place today. This experiential continuity will endure for the implementation and on-going maintenance of this TLD. Afiliias operates in a matrix structure, which allows its staff to be allocated to various critical functions in both a dedicated and a shared manner. With a team of specialists and generalists, the Afiliias project management methodology allows efficient and effective use of our staff in a focused way.

108 Afiliias team members directly contribute to the management and development of the EPP based registry systems. As previously noted, Afiliias is an active member of IETF and has a long documented history developing and enhancing EPP. These contributors include 11 developers and 14 QA engineers focused on maintaining and enhancing EPP server side software. These engineers work directly with business staff to timely address existing needs and forecast registry/registrar needs to ensure the Afiliias EPP software is effective today and into the future. A team of eight data analysts work with the EPP software system to ensure that the data flowing through EPP is securely and reliably stored in replicated database systems. In addition to the EPP developers, QA engineers, and data analysts, other EPP contributors at Afiliias include: Technical Analysts, the Network Operations Center and Data Services team members.

#### F. Attachments

25a-XML\_Request\_Response.pdf - Base set of EPP commands and copies of Afiliias XSD schema files

25b-INFO\_EPP\_RFC\_OTC\_criteria\_v1-6-1 - EPP OT&E Criteria

## 26. Whois

Answers for this question (#26) are provided by Afiliias, the back-end provider of registry services for this TLD.

Afiliias operates the WHOIS (registration data directory service) infrastructure in accordance with RFCs and global best practices, as it does for the 16 TLDs it currently supports. Designed to be robust and scalable, Afiliias' WHOIS service has exceeded all contractual requirements for over a decade. It has extended search capabilities, and methods of limiting abuse.

The WHOIS service operated by Afiliias meets and exceeds ICANN's requirements. Specifically, Afiliias will:

- Offer a WHOIS service made available on port 43 that is flexible and standards-compliant;
- Comply with all ICANN policies, and meeting or exceeding WHOIS performance requirements in Specification 10 of the new gTLD Registry Agreement;
- Enable a Searchable WHOIS with extensive search capabilities that offers ease of use while enforcing measures to mitigate access abuse, and;
- Employ a team with significant experience managing a compliant WHOIS service

Such extensive knowledge and experience managing a WHOIS service enables Afiliias to offer a comprehensive plan for this TLD that meets the needs of constituents of the domain name industry and Internet users. The service has been tested by our QA team for RFC compliance, and has been used by registrars

and many other parties for an extended period of time. Afiliias' WHOIS service currently serves almost 500 million WHOIS queries per month, with the capacity already built in to handle an order of magnitude increase in WHOIS queries, and the ability to smoothly scale should greater growth be needed.

#### A. WHOIS system description and diagram

The Afiliias WHOIS system, depicted in figure 26-a, is designed with robustness, availability, compliance, and performance in mind. Additionally, the system has provisions for detecting abusive usage (e.g., excessive numbers of queries from one source). The WHOIS system is generally intended as a publicly available single object lookup system. Afiliias uses an advanced, persistent caching system to ensure extremely fast query response times.

Afiliias will develop restricted WHOIS functions based on specific domain policy and regulatory requirements as needed for operating the business (as long as they are standards compliant). It will also be possible for contact and registrant information to be returned according to regulatory requirements. The WHOIS database supports multiple string and field searching through a reliable, free, secure web-based interface.

##### A.1 Data objects, interfaces, access and lookups

Registrars can provide an input form on their public websites through which a visitor is able to perform WHOIS queries. The registry operator can also provide a Web-based search on its site. The input form must accept the string to query, along with the necessary input elements to select the object type and interpretation controls. This input form sends its data to the Afiliias port 43 WHOIS server. The results from the WHOIS query are returned by the server and displayed in the visitor's Web browser. The sole purpose of the Web interface is to provide a user-friendly interface for WHOIS queries.

Afiliias will provide WHOIS output as per Specification 4 of the new gTLD Registry Agreement. The output for domain records generally consists of the following elements:

- The name of the domain registered and the sponsoring registrar;
- The names of the primary and secondary nameserver(s) for the registered domain name;
- The creation date, registration status and expiration date of the registration;
- The name, postal address, e-mail address, and telephone and fax numbers of the domain name holder;
- The name, postal address, e-mail address, and telephone and fax numbers of the technical contact for the domain name holder;
- The name, postal address, e-mail address, and telephone and fax numbers of the administrative contact for the domain name holder, and;
- The name, postal address, e-mail address, and telephone and fax numbers of the billing contact for the domain name holder

The following additional features are also present in Afiliias' WHOIS service:

- Support for IDNs, including the language tag and the Punycode representation of the IDN in addition to Unicode Hex and Unicode HTML formats;
- Enhanced support for privacy protection relative to the display of confidential information

Afiliias will also provide sophisticated WHOIS search functionality that includes the ability to conduct multiple string and field searches.

##### A.2 Query controls

For all WHOIS queries, a user is required to enter the character string

representing the information for which they want to search. The object type and interpretation control parameters to limit the search may also be specified. If object type or interpretation control parameter is not specified, WHOIS will search for the character string in the Name field of the Domain object.

WHOIS queries are required to be either an "exact search" or a "partial search," both of which are insensitive to the case of the input string.

An exact search specifies the full string to search for in the database field. An exact match between the input string and the field value is required.

A partial search specifies the start of the string to search for in the database field. Every record with a search field that starts with the input string is considered a match. By default, if multiple matches are found for a query, then a summary containing up to 50 matching results is presented. A second query is required to retrieve the specific details of one of the matching records.

If only a single match is found, then full details will be provided. Full detail consists of the data in the matching object as well as the data in any associated objects. For example: a query that results in a domain object includes the data from the associated host and contact objects.

WHOIS query controls fall into two categories: those that specify the type of field, and those that modify the interpretation of the input or determine the level of output to provide. Each is described below.

The following keywords restrict a search to a specific object type:

- Domain: Searches only domain objects. The input string is searched in the Name field
- Host: Searches only nameserver objects. The input string is searched in the Name field and the IP Address field.
- Contact: Searches only contact objects. The input string is searched in the ID field
- Registrar: Searches only registrar objects. The input string is searched in the Name field

By default, if no object type control is specified, then the Name field of the Domain object is searched.

In addition, Afiliias WHOIS systems can perform and respond to WHOIS searches by registrant name, postal address and contact names. Deployment of these features is provided as an option to the registry operator, based upon registry policy and business decision making.

Figure 26-b presents the keywords that modify the interpretation of the input or determine the level of output to provide.

By default, if no interpretation control keywords are used, the output will include full details if a single match is found and a summary if multiple matches are found.

### A.3. Unique TLD requirements

There are no unique WHOIS requirements for this TLD.

### A.4 Sunrise WHOIS processes

All ICANN TLDs must offer a Sunrise as part of a rights protection program. Afiliias uses EPP extensions that allow registrars to submit trademark and other intellectual property rights (IPR) data to the registry. The following corresponding data will be displayed in WHOIS for relevant domains:

- Trademark Name: element that indicates the name of the Registered Mark
- Trademark Number: element that indicates the registration number of the IPR
- Trademark Locality: element that indicates the origin for which the IPR is established (a national or international trademark registry).
- Trademark Entitlement: element that indicates whether the applicant holds the trademark as the original "OWNER", "CO-OWNER" or "ASSIGNEE"
- Trademark Application Date: element that indicates the date the Registered Mark was applied for
- Trademark Registration Date: element that indicates the date the Registered Mark was issued and registered
- Trademark Class: element that indicates the class of the Registered Mark
- IPR Type: element that indicates the Sunrise phase the application applies for

#### B. IT and infrastructure resources

All the applications and databases for this TLD will run in a virtual environment hosted by a cluster of servers equipped with the latest Intel Westmere multi-core processors (or a more advanced, stable technology available at the time of deployment). The registry data will be stored on storage arrays of solid-state drives shared over a fast storage area network. The virtual environment allows the infrastructure to easily scale both vertically and horizontally to cater to changing demand. It also facilitates effective utilization of system resources thus reducing energy consumption and carbon footprint.

The applications and servers are supported by network firewalls, routers and switches.

The WHOIS system accommodates both IPv4 and IPv6 addresses.

Each of the servers and network devices are equipped with redundant hot-swappable components and multiple connections to ancillary systems. Additionally, 24x7 support agreements with our hardware vendor with a 4-hour response time at all our data centers guarantees replacement of failed parts in the shortest time possible.

Models of system and network devices used are:

- Servers: Cisco UCS B230 blade servers
- SAN storage arrays: IBM Storwize V7000 with Solid State Drives
- Firewalls: Cisco ASA 5585-X
- Load balancers: F5 Big-IP 6900
- Traffic shapers: Procera PacketLogic PL8720
- Routers: Juniper MX40 3D
- Network switches: Cisco Nexus 7010, Nexus 5548, Nexus 2232

There will be at least four virtual machines (VMs) offering WHOIS service. Each VM will run at least two WHOIS server instances - one for registrars and one for the public. All instances of the WHOIS service is made available to registrars and the public are rate limited to mitigate abusive behavior.

#### C. Frequency of synchronization between servers

Registration data records from the EPP publisher database will be replicated to the WHOIS system database on a near-real-time basis whenever an update occurs.

#### D. Specifications 4 and 10 compliance

The WHOIS service for this TLD will meet or exceed the performance requirements in the new gTLD Registry Agreement, Specification 10. Figure 26-c provides the

exact measurements and commitments. Afiliias has a 10 year track record of exceeding WHOIS performance and a skilled team to ensure this continues for all TLDs under management.

The WHOIS service for this TLD will meet or exceed the requirements in the new gTLD Registry Agreement, Specification 4.

#### E. RFC 3912 compliance

Afiliias will operate the WHOIS infrastructure in compliance with RFCs and global best practices, as it does with the 16 TLDs Afiliias currently supports.

Afiliias maintains a registry-level centralized WHOIS database that contains information for every registered domain and for all host and contact objects. The WHOIS service will be available on the Internet standard WHOIS port (port 43) in compliance with RFC 3912. The WHOIS service contains data submitted by registrars during the registration process. Changes made to the data by a registrant are submitted to Afiliias by the registrar and are reflected in the WHOIS database and service in near-real-time, by the instance running at the primary data center, and in under ten seconds by the instance running at the secondary data center, thus providing all interested parties with up-to-date information for every domain. This service is compliant with the new gTLD Registry Agreement, Specification 4.

The WHOIS service maintained by Afiliias will be authoritative and complete, as this will be a "thick" registry (detailed domain contact WHOIS is all held at the registry); users do not have to query different registrars for WHOIS information, as there is one central WHOIS system. Additionally, visibility of different types of data is configurable to meet the registry operator's needs.

#### F. Searchable WHOIS

Afiliias offers a searchable WHOIS on a web-based Directory Service. Partial match capabilities are offered on the following fields: domain name, registrar ID, and IP address. In addition, Afiliias WHOIS systems can perform and respond to WHOIS searches by registrant name, postal address and contact names.

Providing the ability to search important and high-value fields such as registrant name, address and contact names increases the probability of abusive behavior. An abusive user could script a set of queries to the WHOIS service and access contact data in order to create or sell a list of names and addresses of registrants in this TLD. Making the WHOIS machine readable, while preventing harvesting and mining of WHOIS data, is a key requirement integrated into the Afiliias WHOIS systems. For instance, Afiliias limits search returns to 50 records at a time. If bulk queries were ever necessary (e.g., to comply with any applicable laws, government rules or requirements, requests of law enforcement, or any dispute resolution process), Afiliias makes such query responses available to carefully screened and limited staff members at the registry operator (and customer support staff) via an internal data warehouse. The Afiliias WHOIS system accommodates anonymous access as well as pre-identified and profile-defined uses, with full audit and log capabilities.

The WHOIS service has the ability to tag query responses with labels such as "Do not redistribute" or "Special access granted". This may allow for tiered response and reply scenarios. Further, the WHOIS service is configurable in parameters and fields returned, which allow for flexibility in compliance with various jurisdictions, regulations or laws.

Afiliias offers exact-match capabilities on the following fields: registrar ID, nameserver name, and nameserver's IP address (only applies to IP addresses stored by the registry, i.e., glue records). Search capabilities are fully available, and results include domain names matching the search criteria

(including IDN variants). Afilias manages abuse prevention through rate limiting and CAPTCHA (described below). Queries do not require specialized transformations of internationalized domain names or internationalized data fields

Please see "Query Controls" above for details about search options and capabilities.

#### G. Deterring WHOIS abuse

Afilias has adopted two best practices to prevent abuse of the WHOIS service: rate limiting and CAPTCHA.

Abuse of WHOIS services on port 43 and via the Web is subject to an automated rate-limiting system. This ensures that uniformity of service to users is unaffected by a few parties whose activities abuse or otherwise might threaten to overload the WHOIS system.

Abuse of web-based public WHOIS services is subject to the use of CAPTCHA (Completely Automated Public Turing test to tell Computers and Humans Apart) technology. The use of CAPTCHA ensures that uniformity of service to users is unaffected by a few parties whose activities abuse or otherwise might threaten to overload the WHOIS system. The registry operator will adopt a CAPTCHA on its Web-based WHOIS.

Data mining of any sort on the WHOIS system is strictly prohibited, and this prohibition is published in WHOIS output and in terms of service.

For rate limiting on IPv4, there are configurable limits per IP and subnet. For IPv6, the traditional limitations do not apply. Whenever a unique IPv6 IP address exceeds the limit of WHOIS queries per minute, the same rate-limit for the given 64 bits of network prefix that the offending IPv6 IP address falls into will be applied. At the same time, a timer will start and rate-limit validation logic will identify if there are any other IPv6 address within the original 80-bit (<48) prefix. If another offending IPv6 address does fall into the <48 prefix then rate-limit validation logic will penalize any other IPv6 addresses that fall into that given 80-bit (<48) network. As a security precaution, Afilias will not disclose these limits.

Pre-identified and profile-driven role access allows greater granularity and configurability in both access to the WHOIS service, and in volume/frequency of responses returned for queries.

Afilias staff are key participants in the ICANN Security & Stability Advisory Committee's deliberations and outputs on WHOIS, including SAC003, SAC027, SAC033, SAC037, SAC040, and SAC051. Afilias staff are active participants in both technical and policy decision making in ICANN, aimed at restricting abusive behavior.

#### H. WHOIS staff resourcing plans

Since its founding, Afilias is focused on delivering secure, stable and reliable registry services. Several essential management and staff who designed and launched the Afilias registry in 2001 and expanded the number of TLDs supported, all while maintaining strict service levels over the past decade, are still in place today. This experiential continuity will endure for the implementation and on-going maintenance of this TLD. Afilias operates in a matrix structure, which allows its staff to be allocated to various critical functions in both a dedicated and a shared manner. With a team of specialists and generalists, the Afilias project management methodology allows efficient and effective use of our staff in a focused way.



Within Afiliias, there are 11 staff members who develop and maintain the compliant WHOIS systems. They keep pace with access requirements, thwart abuse, and continually develop software. Of these resources, approximately two staffers are typically required for WHOIS-related code customization. Other resources provide quality assurance, and operations personnel maintain the WHOIS system itself. This team will be responsible for the implementation and on-going maintenance of the new TLD WHOIS service.

#### I. Attachments

26\_figures.pdf - (26a-c)

## 27. Registration Life Cycle

THE RESPONSE FOR THIS QUESTION USES ANGLE BRACKETS (THE " <" and "> " CHARACTERS, or < and > ), WHICH ICANN INFORMS US (CASE ID 11027) CANNOT BE PROPERLY RENDERED IN TAS DUE TO SECURITY CONCERNS. HENCE, THE ANSWER BELOW AS DISPLAYED IN TAS MAY NOT RENDER THE FULL RESPONSE AS INTENDED. THEREFORE, THE FULL ANSWER TO THIS QUESTION IS ALSO ATTACHED AS A PDF FILE, ACCORDING TO SPECIFIC GUIDANCE FROM ICANN UNDER CASE ID 11027.

Answers for this question (#27) are provided by Afiliias, the back-end provider of registry services for this TLD.

Afiliias has been managing registrations for over a decade. Afiliias has had experience managing registrations for over a decade and supports comprehensive registration lifecycle services including the registration states, all standard grace periods, and can address any modifications required with the introduction of any new ICANN policies.

This TLD will follow the ICANN standard domain lifecycle, as is currently implemented in TLDs such as ".ORG" and ".INFO." The below response includes: a diagram and description of the lifecycle of a domain name in this TLD, including domain creation, transfer protocols, grace period implementation and the respective time frames for each; and the existing resources to support the complete lifecycle of a domain.

As depicted in Figure 27-a, prior to the beginning of the Trademark Claims Service or Sunrise IP protection program[s], Afiliias will support the reservation of names in accordance with the new gTLD Registry Agreement, Specification 5.

#### A. Registration period

After the IP protection programs and the general launch, eligible registrants may choose an accredited registrar to register a domain name. The registrar will check availability on the requested domain name and if available, will collect specific objects such as, the required contact and host information from the registrant. The registrar will then provision the information into the registry system using standard Extensible Provisioning Protocol ("EPP") commands through a secure connection to the registry backend service provider.

When the domain is created, the standard five day Add Grace Period begins, the domain and contact information are available in WHOIS, and normal operating EPP domain statuses will apply. Other specifics regarding registration rules for an active domain include:

- The domain must be unique;

- Restricted or reserved domains cannot be registered;
- The domain can be registered from 1-10 years;
- The domain can be renewed at any time for 1-10 years, but cannot exceed 10 years;
- The domain can be explicitly deleted at any time;
- The domain can be transferred from one registrar to another except during the first 60 days following a successful registration or within 60 days following a transfer; and,
- Contacts and hosts can be modified at any time

The following describe the domain status values recognized in WHOIS when using the EPP protocol following RFC 5731.

- OK or Active: This is the normal status for a domain that has no pending operations or restrictions
- Inactive: The domain has no delegated name servers
- Locked: No action can be taken on the domain. The domain cannot be renewed, transferred, updated, or deleted. No objects such as contacts or hosts can be associated to, or disassociated from the domain. This status includes: Delete Prohibited / Server Delete Prohibited, Update Prohibited / Server Update Prohibited, Transfer Prohibited, Server Transfer Prohibited, Renew Prohibited, Server Renew Prohibited
- Hold: The domain will not be included in the zone. This status includes: Client Hold, Server Hold
- Transfer Prohibited: The domain cannot be transferred away from the sponsoring registrar. This status includes: Client Transfer Prohibited, Server Transfer Prohibited

The following describe the registration operations that apply to the domain name during the registration period.

#### A.1 Domain modifications

This operation allows for modifications or updates to the domain attributes to include:

- Registrant Contact
- Admin Contact
- Technical Contact
- Billing Contact
- Host or nameservers
- Authorization information
- Associated status values

A domain with the EPP status of Client Update Prohibited or Server Update Prohibited may not be modified until the status is removed.

#### A.2 Domain renewals

This operation extends the registration period of a domain by changing the expiration date. The following rules apply:

- A domain can be renewed at any time during its registration term,
- The registration term cannot exceed a total of 10 years.

A domain with the EPP status of Client Renew Prohibited or Server Renew Prohibited cannot be renewed.

#### A.3 Domain deletions

This operation deletes the domain from the Shared Registry Services (SRS). The following rules apply:

- A domain can be deleted at any time during its registration term, if the

domain is deleted during the Add Grace Period or the Renew/Extend Grace Period, the sponsoring registrar will receive a credit

- A domain cannot be deleted if it has "child" nameservers that are associated to other domains

A domain with the EPP status of Client Delete Prohibited or Server Delete Prohibited cannot be deleted.

#### A.4 Domain transfers

A transfer of the domain from one registrar to another is conducted by following the steps below.

- The registrant must obtain the applicable <authInfo> code from the sponsoring (losing) registrar
  - \* Every domain name has an authInfo code as per EPP RFC 5731. The authInfo code is a six- to 16-character code assigned by the registrar at the time the name was created. Its purpose is to aid identification of the domain owner so proper authority can be established (it is the "password" to the domain)
- Under the Registry-Registrar Agreement, registrars will be required to provide a copy of the authInfo code to the domain registrant upon his or her request
  - \* The registrant must provide the authInfo code to the new (gaining) registrar, who will then initiate a domain transfer request. A transfer cannot be initiated without the authInfo code
  - \* Every EPP <transfer> command must contain the authInfo code or the request will fail. The authInfo code represents authority to the registry to initiate a transfer
- Upon receipt of a valid transfer request, the registry automatically asks the sponsoring (losing) registrar to approve the request within five calendar days
  - \* When a registry receives a transfer request the domain cannot be modified, renewed or deleted until the request has been processed. This status must not be combined with either Client Transfer Prohibited or Server Transfer Prohibited status
  - \* If the sponsoring (losing) registrar rejects the transfer within five days, the transfer request is cancelled. A new domain transfer request will be required to reinitiate the process
  - \* If the sponsoring (losing) registrar does not approve or reject the transfer within five days, the registry automatically approves the request
- After a successful transfer, it is strongly recommended that registrars change the authInfo code, so that the prior registrar or registrant cannot use it anymore
- Registrars must retain all transaction identifiers and codes associated with successful domain object transfers and protect them from disclosure
- Once a domain is successfully transferred the status of TRANSFERPERIOD is added to the domain for a period of five days
- Successful transfers will result in a one year term extension (resulting in a maximum total of 10 years), which will be charged to the gaining registrar

#### A.5 Bulk transfer

Afilias, supports bulk transfer functionality within the SRS for situations where ICANN may request the registry to perform a transfer of some or all registered objects (includes domain, contact and host objects) from one registrar to another registrar. Once a bulk transfer has been executed, expiry dates for all domain objects remain the same, and all relevant states of each object type are preserved. In some cases the gaining and the losing registrar as well as the registry must approved bulk transfers. A detailed log is captured for each bulk transfer process and is archived for audit purposes.

Merck KgaA will support ICANN's Transfer Dispute Resolution Process. Merck KgaA will work with Afilias to respond to Requests for Enforcement (law enforcement or court orders) and will follow that process.

## B. Auto-renew grace period

The Auto-Renew Grace Period displays as AUTORENEWPERIOD in WHOIS. An auto-renew must be requested by the registrant through the sponsoring registrar and occurs if a domain name registration is not explicitly renewed or deleted by the expiration date and is set to a maximum of 45 calendar days. In this circumstance the registration will be automatically renewed by the registry system the first day after the expiration date. If a Delete, Extend, or Transfer occurs within the AUTORENEWPERIOD the following rules apply:

### B.1 Delete

If a domain is deleted the sponsoring registrar at the time of the deletion receives a credit for the auto-renew fee. The domain then moves into the Redemption Grace Period with a status of PENDING DELETE RESTORABLE.

### B.2 Renew/Extend

A domain can be renewed as long as the total term does not exceed 10 years. The account of the sponsoring registrar at the time of the extension will be charged for the additional number of years the registration is renewed.

### B.3 Transfer

(other than ICANN-approved bulk transfer). If a domain is transferred, the losing registrar is credited for the auto-renew fee, and the year added by the operation is cancelled. As a result of the transfer, the expiration date of the domain is extended by minimum of one year as long as the total term does not exceed 10 years. The gaining registrar is charged for the additional transfer year(s) even in cases where a full year is not added because of the maximum 10 year registration restriction.

## C. Redemption grace period

During this period, a domain name is placed in the PENDING DELETE RESTORABLE status when a registrar requests the deletion of a domain that is not within the Add Grace Period. A domain can remain in this state for up to 30 days and will not be included in the zone file. The only action a registrar can take on a domain is to request that it be restored. Any other registrar requests to modify or otherwise update the domain will be rejected. If the domain is restored it moves into PENDING RESTORE and then OK. After 30 days if the domain is not restored it moves into PENDING DELETE SCHEDULED FOR RELEASE before the domain is released back into the pool of available domains.

## D. Pending delete

During this period, a domain name is placed in PENDING DELETE SCHEDULED FOR RELEASE status for five days, and all Internet services associated with the domain will remain disabled and domain cannot be restored. After five days the domain is released back into the pool of available domains.

## E. Other grace periods

All ICANN required grace periods will be implemented in the registry backend service provider's system including the Add Grace Period (AGP), Renew/Extend Grace Period (EGP), Transfer Grace Period (TGP), Auto-Renew Grace Period (ARGP), and Redemption Grace Period (RGP). The lengths of grace periods are configurable in the registry system. At this time, the grace periods will be implemented following other gTLDs such as ".ORG." More than one of these grace periods may be in effect at any one time. The following are accompanying grace

periods to the registration lifecycle.

#### F. Add grace period

The Add Grace Period displays as ADDPERIOD in WHOIS and is set to five calendar days following the initial registration of a domain. If the domain is deleted by the registrar during this period, the registry provides a credit to the registrar for the cost of the registration. If a Delete, Renew/Extend, or Transfer operation occurs within the five calendar days, the following rules apply.

##### F.1 Delete

If a domain is deleted within this period the sponsoring registrar at the time of the deletion is credited for the amount of the registration. The domain is deleted from the registry backend service provider's database and is released back into the pool of available domains.

##### F.2 Renew/Extend

If the domain is renewed within this period and then deleted, the sponsoring registrar will receive a credit for both the registration and the extended amounts. The account of the sponsoring registrar at the time of the renewal will be charged for the initial registration plus the number of years the registration is extended. The expiration date of the domain registration is extended by that number of years as long as the total term does not exceed 10 years.

##### F.3 Transfer

(other than ICANN-approved bulk transfer). Transfers under Part A of the ICANN Policy on Transfer of Registrations between registrars may not occur during the ADDPERIOD or at any other time within the first 60 days after the initial registration. Enforcement is the responsibility of the registrar sponsoring the domain name registration and is enforced by the SRS.

#### G. Renew / extend grace period

The Renew / Extend Grace Period displays as RENEWPERIOD in WHOIS and is set to five calendar days following an explicit renewal on the domain by the registrar. If a Delete, Extend, or Transfer occurs within the five calendar days, the following rules apply:

##### G.1 Delete

If a domain is deleted within this period the sponsoring registrar at the time of the deletion receives a credit for the renewal fee. The domain then moves into the Redemption Grace Period with a status of PENDING DELETE RESTORABLE.

##### G.2 Renew/Extend

A domain registration can be renewed within this period as long as the total term does not exceed 10 years. The account of the sponsoring registrar at the time of the extension will be charged for the additional number of years the registration is renewed.

##### G.3 Transfer

(other than ICANN-approved bulk transfer). If a domain is transferred within the Renew/Extend Grace Period, there is no credit to the losing registrar for the renewal fee. As a result of the transfer, the expiration date of the domain registration is extended by a minimum of one year as long as the total term for

the domain does not exceed 10 years.

If a domain is auto-renewed, then extended, and then deleted within the Renew/Extend Grace Period, the registrar will be credited for any auto-renew fee charged and the number of years for the extension. The years that were added to the domain's expiration as a result of the auto-renewal and extension are removed. The deleted domain is moved to the Redemption Grace Period with a status of PENDING DELETE RESTORABLE.

#### H. Transfer Grace Period

The Transfer Grace period displays as TRANSFERPERIOD in WHOIS and is set to five calendar days after the successful transfer of domain name registration from one registrar to another registrar. Transfers under Part A of the ICANN Policy on Transfer of Registrations between registrars may not occur during the TRANSFERPERIOD or within the first 60 days after the transfer. If a Delete or Renew/Extend occurs within that five calendar days, the following rules apply:

##### H.1 Delete

If the domain is deleted by the new sponsoring registrar during this period, the registry provides a credit to the registrar for the cost of the transfer. The domain then moves into the Redemption Grace Period with a status of PENDING DELETE RESTORABLE.

##### H.2 Renew/Extend

If a domain registration is renewed within the Transfer Grace Period, there is no credit for the transfer. The registrar's account will be charged for the number of years the registration is renewed. The expiration date of the domain registration is extended by the renewal years as long as the total term does not exceed 10 years.

#### I. Registration lifecycle resources

Since its founding, Afilias is focused on delivering secure, stable and reliable registry services. Several essential management and staff who designed and launched the Afilias registry in 2001 and expanded the number of TLDs supported, all while maintaining strict service levels over the past decade, are still in place today. This experiential continuity will endure for the implementation and on-going maintenance of this TLD. Afilias operates in a matrix structure, which allows its staff to be allocated to various critical functions in both a dedicated and a shared manner. With a team of specialists and generalists, the Afilias project management methodology allows efficient and effective use of our staff in a focused way. Virtually all Afilias resource are involved in the registration lifecycle of domains.

There are a few areas where registry staff devote resources to registration lifecycle issues:

- Supporting Registrar Transfer Disputes. The registry operator will have a compliance staffer handle these disputes as they arise; they are very rare in the existing gTLDs
- Afilias has its development and quality assurance departments on and to modify the grace period functionality as needed, if ICANN issues new Consensus Policies or the RFCs change.

Afilias has more than 30 staff members in these departments.

#### J. Attachments

27\_figures.pdf

## 28. Abuse Prevention and Mitigation

The Registry Operator, Merck KGaA, working with Afiliias, will take the requisite operational and technical steps to promote WHOIS data accuracy, limit domain abuse, remove outdated and inaccurate data, and other security measures to ensure the integrity of the ".EMERCK" Top-Level Domain ("TLD"). The specific measures include, but are not limited to:

- Posting a TLD Anti-Abuse Policy that clearly defines abuse, and provides point-of-contact information for reporting suspected abuse;
- Committing to rapid identification and resolution of abuse, including suspensions;
- Ensuring completeness of WHOIS information at the time of registration;
- Publishing and maintaining procedures for removing orphan glue records for names removed from the zone and;
- Establishing measures to deter WHOIS abuse, including rate-limiting, determining data syntax validity, and implementing and enforcing requirements from the Registry-Registrar Agreement

### A. Abuse policy

The Anti-Abuse Policy stated below will be enacted under the contractual authority of the registry operator through the Registry-Registrar Agreement, and the obligations will be passed on to and made binding upon registrants. This policy will be posted on the TLD web site along with contact information for registrants or users to report suspected abuse.

The policy is designed to address the malicious use of domain names. The registry operator and its registrars will make reasonable attempts to limit significant harm to Internet users. This policy is not intended to take the place of the Uniform Domain Name Dispute Resolution Policy (UDRP) or the Uniform Rapid Suspension System (URS), and it is not to be used as an alternate form of dispute resolution or as a brand protection mechanism. Its intent is not to burden law-abiding or innocent registrants and domain users; rather, the intent is to deter those who use domain names maliciously by engaging in illegal or fraudulent activity.

The below policy is a recent version of the policy that has been used by the .INFO registry since 2008, and the ".ORG" registry since 2009. It has proven to be an effective and flexible tool, and Merck KGaA anticipates adopting it in connection with the new ".EMERCK" TLD.

#### A.1 ".EMERCK" Anti-Abuse Policy

The following Anti-Abuse Policy is effective upon launch of the TLD. Malicious use of domain names will not be tolerated. The nature of such abuses creates security and stability issues for the registry, registrars, and registrants, as well as for users of the Internet in general. The registry operator definition of abusive use of a domain includes, without limitation, the following:

- Illegal or fraudulent actions;
- Spam: The use of electronic messaging systems to send unsolicited bulk messages. The term applies to email spam and similar abuses such as instant messaging spam, mobile messaging spam, and the spamming of Web sites and Internet forums;
- Phishing: The use of counterfeit Web pages that are designed to trick recipients into divulging sensitive data such as personally identifying

information, usernames, passwords, or financial data;

- Pharming: The redirecting of unknowing users to fraudulent sites or services, typically through, but not limited to, DNS (Domain Name System) hijacking or poisoning;
- Willful distribution of malware: The dissemination of software designed to infiltrate or damage a computer system without the owner's informed consent. Examples include, without limitation, computer viruses, worms, keyloggers, and Trojan horses
- Malicious fast-flux hosting: Use of fast-flux techniques with a botnet to disguise the location of web sites or other Internet services, or to avoid detection and mitigation efforts, or to host illegal activities
- Botnet command and control: Services run on a domain name that are used to control a collection of compromised computers or "zombies," or to direct distributed denial-of-service attacks (DDoS attacks);
- Illegal Access to other Computers or Networks: Illegally accessing computers, accounts, or networks belonging to another party, or attempting to penetrate security measures of another individual's system (often known as "hacking"). Also, any activity that might be used as a precursor to an attempted system penetration (e.g., port scan, stealth scan, or other information gathering activity)

Pursuant to the Registry-Registrar Agreement, the Registry Operator reserves the right at its sole discretion to deny, cancel, or transfer any registration or transaction, or place any domain name(s) on registry lock, hold, or similar status, that it deems necessary: (1) to protect the integrity and stability of the registry; (2) to comply with any applicable laws, government rules or requirements, requests of law enforcement, or any dispute resolution process; (3) to avoid any liability, civil or criminal, on the part of registry operator, as well as its affiliates, subsidiaries, officers, directors, and employees; (4) per the terms of the registration agreement and this Anti-Abuse Policy, or (5) to correct mistakes made by registry operator or any registrar in connection with a domain name registration. The Registry Operator also reserves the right to place upon registry lock, hold, or similar status a domain name during resolution of a dispute.

The policy stated above will be accompanied by notes about how to submit a report to the Registry Operator's abuse point of contact, and how to report an orphan glue record suspected of being used in connection with malicious conduct (see below).

#### B. Abuse point of contact and procedures for handling abuse complaints

The Registry Operator will establish an abuse point of contact. This contact will be a role-based e-mail address of the form "abuse@registry.emerck." This e-mail address will allow multiple staff members to monitor abuse reports on a 24x7 basis, and then work toward closure of cases as each situation calls for. This role-based approach has been used successfully by ISPs, e-mail service providers, and registrars for many years, and is considered a global best practice.

The Registry Operator's designated abuse handlers will then evaluate complaints received via the abuse system address. They will decide whether a particular issue is of concern, and decide what action, if any, is appropriate. A tracking ticket will be generated which will be used to track the report internally at the registry operator, and will also be provided to the reporter for reference and potential follow-up.

In general, the Registry Operator will find itself receiving abuse reports from a wide variety of parties, including security researchers and Internet security companies, financial institutions such as banks, ordinary Internet users, and law enforcement agencies among others. Some of these parties may provide good forensic data or supporting evidence of the malicious behavior. In other cases, the party reporting an issue may not be familiar with how to provide such data



or proof of malicious behavior. It is expected that a percentage of abuse reports to the registry operator will not be actionable, because there will not be enough evidence to support the complaint (even after investigation), and because some reports or reporters will simply not be credible.

Assessing abuse reports requires great care, and the Registry Operator will rely upon professional, trained investigators who are versed in such matters. The goals are accuracy, good record-keeping, and a zero false-positive rate so as not to harm innocent registrants.

Different types of malicious activities require different methods of investigation and documentation. Further, the Registry Operator expects to face unexpected or complex situations that call for professional advice, and will rely upon professional, trained investigators as needed.

In general, there are two types of domain abuse that must be addressed:

- Compromised domains. These domains have been hacked or otherwise compromised by criminals, and the registrant is not responsible for the malicious activity taking place on the domain. For example, the majority of domain names that host phishing sites are compromised. The goal in such cases is to get word to the registrant (usually via the registrar) that there is a problem that needs attention with the expectation that the registrant will address the problem in a timely manner. Ideally such domains do not get suspended, since suspension would disrupt legitimate activity on the domain.
- Malicious registrations. These domains are registered by malefactors for the purpose of abuse. Such domains are generally targets for suspension, since they have no legitimate use.

The standard procedure is that the Registry Operator will forward a credible alleged case of malicious domain name use to the domain's sponsoring registrar with a request that the registrar investigate the case and act appropriately. The registrar will be provided evidence collected as a result of the investigation conducted by the trained abuse handlers. The registrar is the party with a direct relationship with—and a direct contract with—the registrant. The registrar will also have vital information that the Registry Operator will not, such as:

- Details about the domain purchase, such as the payment method used (credit card, PayPal, etc.);
- The identity of a proxy-protected registrant;
- The purchaser's IP address;
- Whether there is a reseller involved and;
- The registrant's past sales history and purchases in other TLDs (insofar as the registrar can determine this)

Registrars do not share the above information with Registry Operators due to privacy and liability concerns, among others. Because they have more information with which to continue the investigation, and because they have a direct relationship with the registrant, the registrar is in the best position to evaluate alleged abuse. The registrar can determine if the use violates the registrar's legal terms of service or the registry Anti-Abuse Policy, and can decide whether or not to take any action. While the language and terms vary, registrars will be expected to include language in their registrar-registrant contracts that indemnifies the registrar if it takes action, and allows the registrar to suspend or cancel a domain name; this will be in addition to the registry Anti-Abuse Policy. Generally, registrars can act if the registrant violates the registrar's terms of service, or violates ICANN policy, or if illegal activity is involved, or if the use violates the registry's Anti-Abuse Policy.

If a registrar does not take action within a time period indicated by the Registry Operator (usually 24 hours), the Registry Operator might then decide

to take action itself. At all times, the Registry Operator reserves the right to act directly and immediately if the potential harm to Internet users seems significant or imminent, with or without notice to the sponsoring registrar.

When valid court orders or seizure warrants are received from courts or law enforcement agencies of relevant jurisdiction, the registry operator will order execution in an expedited fashion. Compliance with these will be a top priority and will be completed as soon as possible.

The Registry Operator may also engage in proactive screening of its zone for malicious use of the domains in the TLD, and report problems to the sponsoring registrars. The Registry Operator could take advantage of a combination of the following resources, among others:

- Blocklists of domain names and nameservers published by organizations such as SURBL and Spamhaus
- Anti-phishing feeds, which will provide URLs of compromised and maliciously registered domains being used for phishing
- Analysis of registration or DNS query data [DNS query data received by the TLD nameservers.]

The Registry Operator will keep records and track metrics regarding abuse and abuse reports. These will include:

- Number of abuse reports received by the registry's abuse point of contact described above;
- Number of cases and domains referred to registrars for resolution;
- Number of cases and domains where the registry took direct action;
- Resolution times;
- Number of domains in the TLD that have been blacklisted by major anti-spam blocklist providers and;
- Phishing site uptimes in the TLD

Law enforcement is only expected to be involved in a miniscule percentage of e-crime cases, due to the large number of such incidents worldwide, the limited resources available to the authorities, and the difficulties of investigating and prosecuting across jurisdictions. The Registry Operator will be prepared to call upon relevant law enforcement bodies as needed.

#### D. Removal of orphan glue records

By definition, orphan glue records used to be glue records. Glue records are related to delegations and are necessary to guide iterative resolvers to delegated nameservers. A glue record becomes an orphan when its parent nameserver record is removed without also removing the corresponding glue record. (Please reference the ICANN SSAC paper SAC048 at: <http://www.icann.org/en/committees/security/sac048.pdf>.) Orphan glue records may be created when a domain (example.tld) is placed on EPP ServerHold or ClientHold status. When placed on Hold, the domain is removed from the zone and will stop resolving. However, any child nameservers (now orphan glue) of that domain (e.g., ns1.example.tld) are left in the zone. It is important to keep these orphan glue records in the zone so that any innocent sites using that nameserver will continue to resolve. This use of Hold status is an essential tool for suspending malicious domains.

Afilias observes the following procedures, which are being followed by other registries and are generally accepted as DNS best practices. Afilias believes these procedures are also in keeping with ICANN SSAC recommendations.

When a request to delete a domain is received from a registrar, the registry first checks for the existence of glue records. If glue records exist, the registry will check to see if other domains in the registry are using the glue records. If other domains in the registry are using the glue records then the

request to delete the domain will fail until no other domains are using the glue records. If no other domains in the registry are using the glue records then the glue records will be removed before the request to delete the domain is satisfied. If no glue records exist then the request to delete the domain will be satisfied.

If a registrar cannot delete a domain because of the existence of glue records that are being used by other domains, then the registrar may refer to the zone file or the "weekly domain hosted by nameserver report" to find out which domains are using the nameserver in question and attempt to contact the corresponding registrar to request that they stop using the nameserver in the glue record. The registry operator does not plan on performing mass updates of the associated DNS records.

The registry operator will accept, evaluate, and respond appropriately to complaints that orphan glue is being used maliciously. Such reports should be made in writing to the registry operator, and may be submitted to the registry's abuse point-of-contact. If it is confirmed that an orphan glue record is being used in connection with malicious conduct, the registry operator will have the orphan glue record removed from the zone file. Afilias has the technical ability to execute such requests as needed.

#### E. Methods to promote WHOIS accuracy

The creation and maintenance of accurate WHOIS records is an important part of registry management. As described in the response to Question #26, WHOIS, the Registry Operator will manage a secure, robust and searchable WHOIS service for this TLD.

##### E.1 WHOIS data accuracy

The Registry Operator will offer a "thick" registry system. In this model, all key contact details for each domain name will be stored in a central location by the registry. This allows better access to domain data, and provides uniformity in storing the information. The Registry Operator will ensure that the required fields for WHOIS data (as per the defined policies for the TLD) are enforced at the registry level. This ensures that the registrars are providing required domain registration data. Fields defined by the registry policy to be mandatory, are documented as such and must be submitted by registrars. The Afilias registry system verifies formats for relevant individual data fields (e.g. e-mail, and phone/fax numbers). Only valid country codes are allowed as defined by the ISO 3166 code list.

##### E.2 Role of registrars

As part of the RRA (Registry Registrar Agreement), the Registry Operator will require the registrar to be responsible for ensuring the input of accurate WHOIS data by their registrants. The Registrar/Registered Name Holder Agreement will include a specific clause to ensure accuracy of WHOIS data, and to give the registrar rights to cancel or suspend registrations if the Registered Name Holder fails to respond to the registrar's query regarding accuracy of data. ICANN's WHOIS Data Problem Reporting System (WDPRS) will be available to those who wish to file WHOIS inaccuracy reports, as per ICANN policy (<http://wdprs.internic.net/>).

##### E.3 Privacy services

In order to promote transparency and accuracy within the WhoIs records for the space, privacy registration services shall not be permitted within the ".EMERCK" TLD.

#### F. Controls to ensure proper access to domain functions

Several measures are in place in the Afiliast registry system to ensure proper access to domain functions, including authentication provisions in the RRA relative to notification and contact updates via use of AUTH-INFO codes.

IP address access control lists, TLS/SSL certificates and proper authentication are used to control access to the registry system. Registrars are only given access to perform operations on the objects they sponsor.

Every domain will have a unique AUTH-INFO code. The AUTH-INFO code is a 6- to 16-character code assigned by the registrar at the time the name is created. Its purpose is to aid identification of the domain owner so proper authority can be established. It is the "password" to the domain name. Registrars must use the domain's password in order to initiate a registrar-to-registrar transfer. It is used to ensure that domain updates (update contact information, transfer, or deletion) are undertaken by the proper registrant, and that this registrant is adequately notified of domain update activity. Only the sponsoring registrar of a domain has access to the domain's AUTH-INFO code stored in the registry, and this is accessible only via encrypted, password-protected channels.

Information about other registry security measures such as encryption and security of registrar channels are confidential to ensure the security of the registry system. The details can be found in the response to Question #30b.

#### G. Registration Approval System

The ".EMERCK" domain space will follow a single-registrant model, wherein all registrations will be held by the Registry Operator Merck KGaA. Such registration restriction is indicated in the Domain Name Registration and Use Policy for ".EMERCK", will be incorporated into each registry-registrar agreement for the space, and will be enforced through a validation mechanism provided by the Registry Service Provider.

When a prospective registrant applies for a ".EMERCK" domain name, the relevant domain name registrar will first verify that the name and contact details for the prospective applicant match those of the authorized contact at Merck KGaA. If such credentials appear valid, the registrar may accept the application and forward it on to the Registry Service Provider in the form of a "Domain Create" request.

Once the Domain Create request has been received at the registry, the domain record will be placed on a "Pending Create" status. This status includes an EPP ServerHold status, placed on the domain record so that the domain cannot resolve. The Registry Operator will then have the opportunity to view the pending domain name, and will be able to either approve the "Pending Create" (thus releasing the Hold status and enabling the use of the requested domain, or to reject the Create (which will delete the application for the domain name). The Merck KGaA Corporate Trademark Department will review all of the Pending Creates, to ensure that no ".EMERCK" domains are registered by unauthorized entities.

Merck KGaA, as the Registry Operator for ".EMERCK", and Afiliast Limited have developed the necessary mechanism to ensure that the ".EMERCK" TLD remains a tightly-controlled space, in a manner that is easy for all concerned actors to use, including for the domain name registrars.

##### G.1 Licensed Domain Names

The Registry Operator may, from time to time and in its sole discretion, elect to license the use of certain ".EMERCK" domain names to authorized affiliated entities. The licensees of such domain names shall at all times be bound to the terms and conditions set forward in the applicable gTLD Registration Agreement provided by the concerned registrar, in addition to the specific terms and

conditions set out for the ".EMERCK" space. Such additional terms and conditions shall, inter alia, incorporate the Domain Name Registration and Use Policy for ".EMERCK", as well as the applicable dispute resolution mechanisms. Further information concerning the Domain Name Registration and Use Policy for ".EMERCK" can be found in the answer to Question 18(c) above.

The use of all licensed ".EMERCK" domain names will be monitored by Merck KGaA on an ongoing basis, and compliance with the contractual restrictions and guidelines will be enforced. Violations of any restrictions, guidelines or other contractual conditions may result in suspension or non-resolution of the domain name, and/or termination of the relevant license to use the domain name. As the Registry Operator, authorized Merck KGaA personnel will have access to registry systems that will allow them to suspend domain names and revoke license agreements as needed.

The Registrant of record for all ".EMERCK" domain names will remain Merck KGaA, the Registry Operator, whose details will be public and available via the WHOIS.

#### H. Validation and abuse mitigation mechanisms

Afilias has developed advanced validation and abuse mitigation mechanisms. These capabilities and mechanisms are described below. These services and capabilities are discretionary and may be utilized by the Registry Operator based on their policy and business needs.

Afilias has the ability to analyze the registration data for known patterns at the time of registration. A database of these known patterns is developed from domains and other associated objects (e.g., contact information) which have been previously detected and suspended after being flagged as abusive. Any domains matching the defined criteria can be flagged for investigation by the domain anti-abuse team members. Once analyzed and confirmed, these domains may be suspended. This provides proactive detection of abusive domains.

Provisions are available to enable the Registry Operator to only allow registrations by pre-authorized contacts. Only Merck KGaA will be authorized to apply for and register ".EMERCK" domains. As indicated above, each individual registration request for a second-level ".EMERCK" domain name will be subject to approval by the Registry Operator, as Merck KGaA will have the opportunity to review (and either accept or reject) each "Pending Create" application for a domain within the TLD space.

#### I. Registrant pre-verification and authentication

One of the systems that could be used for validity and identity authentication is VAULT (Validation and Authentication Universal Lookup). It utilizes information obtained from a series of trusted data sources with access to billions of records containing data about individuals for the purpose of providing independent age and ID verification as well as the ability to incorporate additional public or private data sources as required. At present it has the following: US Residential Coverage - 90% of Adult Population and also International Coverage - Varies from Country to Country with a minimum of 80% coverage (24 countries, mostly European).

Various verification elements can be used. Examples might include applicant data such as name, address, phone, etc. Multiple methods could be used for verification include integrated solutions utilizing API (XML Application Programming Interface) or sending batches of requests.

- Verification and Authentication requirements would be based on TLD operator requirements or specific criteria
- Based on required WHOIS Data; registrant contact details (name, address,

phone)

- If address/ZIP can be validated by VAULT, the validation process can continue (N. America +25 International countries)
- If in-line processing and registration and EPP/API call would go to the verification clearinghouse and return up to 4 challenge questions
- If two-step registration is required, then registrants would get a link to complete the verification at a separate time. The link could be specific to a domain registration and pre-populated with data about the registrant
- If Whois data is validated a token would be generated and could be given back to the registrar which registered the domain
- Whois data would reflect the Validated Data or some subset, i.e., fields displayed could be first initial and last name, country of registrant and date validated. Other fields could be generic validation fields much like a "privacy service"
- A "Validation Icon" customized script would be sent to the registrants email address. This could be displayed on the website and would be dynamically generated to avoid unauthorized use of the Icon. When clicked on the Icon would should limited WHOIS details i.e. Registrant: jdoe, Country: USA, Date Validated: March 29, 2011, as well as legal disclaimers
- Validation would be annually renewed, and validation date displayed in the WHOIS

#### J. Abuse prevention resourcing plans

The Registry Operator, Merck KGaA, will maintain resources to:

- Evaluate incoming reports to the abuse point of contact, and either act upon them or refer them to registrars as per the above-described procedures
- Evaluate incoming reports from other sources and either act upon them or refer them to registrars as per the above-described procedures
- Analyze the registry and TLD DNS zone activity for malicious and suspicious activity and either act upon them or refer them to registrars as per the above-described procedures

These resources may be a combination of internal staff and outside specialty contractors, who can provide the registry operator with extra expertise when needed. In any case, these responders will be specially trained in the investigation of abuse complaints, and will have the latitude to act expeditiously to suspend domain names (or apply other remedies) when called for.

Abuse prevention and detection is a function that is staffed across the various groups inside Afiliias, and requires a team effort when abuse is either well hidden or widespread, or both. All of Afiliias' 200+ employees are charged with responsibility to report any detected abuse. The engineering and analysis teams, numbering over 30, provide specific support based on the type of abuse and volume and frequency of analysis required. The Afiliias security and support teams have the authority to initiate mitigation.

## 29. Rights Protection Mechanisms

Rights protection is a core responsibility of the Top-Level Domain ("TLD") operator, and is supported by a well-developed plan for rights protection that includes:

- Establishing mechanisms to prevent unqualified registrations (e.g., registrations made in violation of the registry's eligibility restrictions or policies);
- Implementing a robust Sunrise program, utilizing the Trademark Clearinghouse, the services of one of ICANN's approved dispute resolution providers, a

trademark validation agent, and drawing upon sunrise policies and rules used successfully in previous gTLD launches;

- Implementing a professional trademark claims program that utilizes the Trademark Clearinghouse, and drawing upon models of similar programs used successfully in previous TLD launches;
- Complying with the requirements of the Uniform Rapid Suspension System ("URS");
- Complying with the Uniform Domain Name Dispute Resolution Policy ("UDRP");
- Complying with the Trademark Post-Delegation Dispute Resolution Policy ("PDDRP"), and;
- Complying with all ICANN-mandated and independently developed rights protection mechanisms ("RPMs") in the registry-registrar agreement entered into by ICANN-accredited registrars authorized to register names in the TLD

The response below details the rights protection mechanisms at the launch of the TLD (Sunrise and Trademark Claims Service) which comply with rights protection policies (URS, UDRP, PDDRP, and other ICANN RPMs), outlines additional provisions made for rights protection, and provides the resourcing plans.

#### A. Safeguards for rights protection at the launch of the TLD

This TLD will satisfy the rights protection mechanisms described in the New gTLD Registry Agreement.

Merck KGaA will implement a Sunrise period of 30 days for the purpose of complying with ICANN requirements. Because the Registry Operator will be the sole registrant within this space, there will be no other registrants eligible to reserve or register domain names during this period.

Notice will be provided to all relevant trademark holders in the Clearinghouse if someone is seeking a Sunrise registration. This notice will be provided to holders of marks in the Clearinghouse that are an Identical Match to the name to be registered during Sunrise.

The Registry Operator will develop and implement an appropriate Sunrise Dispute Resolution Policy (SDRP), containing the elements specified by ICANN, for the resolution of any disputes which might in theory arise during this period. The proposed Sunrise Eligibility Requirements (SERs) will include: (i) ownership of a mark (that satisfies the criteria in section 7.2), (ii) optional registry elected requirements re: international class of goods or services covered by registration; (iii) representation that all provided information is true and correct; and (iv) provision of data sufficient to document rights in the trademark. The proposed SDRP will allow challenges based on the four grounds specified in the New gTLD Registry Agreement: (i) at time the challenged domain name was registered, the registrant did not hold a trademark registration of national effect (or regional effect) or the trademark had not been court-validated or protected by statute or treaty; (ii) the domain name is not identical to the mark on which the registrant based its Sunrise registration; (iii) the trademark registration on which the registrant based its Sunrise registration is not of national effect (or regional effect) or the trademark had not been court-validated or protected by statute or treaty; or (iv) the trademark registration on which the domain name registrant based its Sunrise registration did not issue on or before the effective date of the Registry Agreement and was not applied for on or before ICANN announced the applications received.

The launch of this TLD will include the operation of a Trademark Claims Service according to the defined ICANN processes for checking a registration request and alerting trademark holders of potential rights infringement. The Trademark Claims Service will operate for at least the first 60 days that the registry is open for general registration. We will use the Trademark Claims Notice provided in the Applicant Guidebook. We will provide the prospective registrant access

to the Trademark Clearinghouse Database information referenced in the Trademark Claims Notice to enhance understanding of the Trademark rights being claimed by the trademark holder. These links shall be provided in real time without cost to the prospective registrant.

## B. Ongoing rights protection mechanisms

Several mechanisms will be in place to protect rights in this TLD. As described in responses #27 and #28, measures are in place to ensure domain transfers and updates are only initiated by the appropriate domain holder, and an experienced team is available to respond to legal actions by law enforcement or court orders. This TLD will conform to all ICANN RPMs including URS (defined below), UDRP, PDDRP and all measures defined in Specification 7 of the new TLD agreement.

### B.1 Uniform Rapid Suspension (URS)

The Registry Operator will implement decisions rendered under the URS on an ongoing basis. Per the URS policy posted on ICANN's Web site as of this writing, the registry operator will receive notice of URS actions from the ICANN-approved URS providers. These emails will be directed immediately to the Registry Operator's support staff, which is on duty 24x7. The support staff will be responsible for creating a ticket for each case, and for executing the directives from the URS provider. All support staff will receive pertinent training.

As per ICANN's URS guidelines, within 24 hours of receipt of the notice of complaint from the URS provider, the registry operator shall "lock" the domain, meaning the registry shall restrict all changes to the registration data, including transfer and deletion of the domain names, but the name will remain in the TLD DNS zone file and will thus continue to resolve. The support staff will "lock" the domain by associating the following EPP statuses with the domain and relevant contact objects:

- ServerUpdateProhibited, with an EPP reason code of "URS"
- ServerDeleteProhibited, with an EPP reason code of "URS"
- ServerTransferProhibited, with an EPP reason code of "URS"
- The Registry Operator's support staff will then notify the URS provider immediately upon locking the domain name, via email.

The Registry Operator's support staff will retain all copies of emails from the URS providers, assign them a tracking or ticket number, and will track the status of each opened URS case through to resolution via spreadsheet or database.

The Registry Operator's support staff will execute further operations upon notice from the URS providers. The URS provider is required to specify the remedy and required actions of the Registry Operator, with notification to the registrant, the complainant, and the registrar.

As per the URS guidelines, if the complainant prevails, the "registry operator shall suspend the domain name, which shall remain suspended for the balance of the registration period and would not resolve to the original web site. The nameservers shall be redirected to an informational web page provided by the URS provider about the URS. The WHOIS for the domain name shall continue to display all of the information of the original registrant except for the redirection of the nameservers. In addition, the WHOIS shall reflect that the domain name will not be able to be transferred, deleted or modified for the life of the registration."

### B.2 Registration Safeguards

As outlined in the above answers to questions 18 and 28, the Registry Operator



will work to ensure that no unauthorized entity is able to register a domain in the ".EMERCK" space. Only the Registry Operator, Merck KGaA, will have the authority to register domains within ".EMERCK," which will be clearly indicated in all registry-registrar agreements for the space. Additionally, the Registry Operator will have the opportunity to review all "Pending Create" domain name requests initiated through registrars, in order to ensure that only the authorized applications of Merck KGaA are granted.

### B.3 Rights protection via the Registry-Registrar and Registrar-Registrant Agreements

The following will be memorialized and be made binding via the Registry-Registrar and Registrar-Registrant Agreements (RRAs):

- The registry may reject a registration request or a reservation request, or may delete, revoke, suspend, cancel, or transfer a registration or reservation under the following criteria:
  - \* to enforce registry policies and ICANN requirements; each as amended from time to time;
  - \* that is not accompanied by complete and accurate information as required by ICANN requirements and/or registry policies or where required information is not updated and/or corrected as required by ICANN requirements and/or registry policies;
  - \* to protect the integrity and stability of the registry, its operations, and the TLD system;
  - \* to comply with any applicable law, regulation, holding, order, or decision issued by a court, administrative authority, or dispute resolution service provider with jurisdiction over the registry;
  - \* to establish, assert, or defend the legal rights of the registry or a third party or to avoid any civil or criminal liability on the part of the registry and/or its affiliates, subsidiaries, officers, directors, representatives, employees, contractors, and stockholders;
  - \* to correct mistakes made by the registry or any accredited registrar in connection with a registration; or
  - \* as otherwise provided in the Registry-Registrar Agreement and/or the Registrar-Registrant Agreement

### C. Reducing opportunities for behaviors such as phishing or pharming

In our response to question #28, the Registry Operator has described its anti-abuse program designed to address phishing and pharming. This program is designed to actively discover, verify, and mitigate problems without infringing upon the rights of legitimate registrants. This program is designed for use in the open registration period and includes an optional system for monitoring the TLD for phishing attacks and policies and procedures for verifying and mitigating phishing attacks. These procedures include the reporting of compromised websites/domains to registrars for cleanup by the registrants and their hosting providers, and rapid takedown procedures for maliciously registered phishing domains. Additionally, in order to reduce the risk of malicious activity no registrations within the space will be permitted through the use of privacy services.

Rather than repeating the policies and procedures here, please see our response to question #28 for full details.

Since all ".EMERCK" domain name registration requests will be reviewed and approved, there is an exceptionally low chance that ".EMERCK" domain names will be registered by bad actors, for purposes such as phishing or pharming. There is a chance that authentic ".EMERCK" websites may be compromised by bad actors or cybersquatters, in which case any incidents will be reported to the Registry Operator and Registry Service Provider for mitigation and cleanup.

#### D. Rights protection resourcing plans

Merck KGaA will provide members of its Corporate Trademark Department's staff to review "Pending Create" domain name registration requests and oversee the day-to-day tasks related to the operation of the TLD space. During the start-up/roll-out period, this function may require the equivalent of one full-time staff member. The responsibilities may be split among several existing staff members, including a staff attorney or attorneys, and an administrator/manager. On an ongoing basis, these RPM functions will require the equivalent of one half-time staff member.

Supporting RPMs will also require the assistance of several departments within the registry operator as well as within Afiliias. The implementation of Sunrise and the Trademark Claims service and on-going RPM activities will pull from the 102 Afiliias staff members of the engineering, product management, development, security and policy teams at Afiliias and staff at the Registry Operator. No additional hardware or software resources are required to support this as Afiliias has fully-operational capabilities to manage abuse today.

### **30(a). Security Policy: Summary of the security policy for the proposed registry**

The answer to question #30a is provided by Afiliias, the back-end provider of registry services for this TLD.

Afiliias aggressively and actively protects the registry system from known threats and vulnerabilities, and has deployed an extensive set of security protocols, policies and procedures to thwart compromise. Afiliias' robust and detailed plans are continually updated and tested to ensure new threats are mitigated prior to becoming issues. Afiliias will continue these rigorous security measures, which include:

- Multiple layers of security and access controls throughout registry and support systems;
- 24x7 monitoring of all registry and DNS systems, support systems and facilities;
- Unique, proven registry design that ensures data integrity by granting only authorized access to the registry system, all while meeting performance requirements;
- Detailed incident and problem management processes for rapid review, communications, and problem resolution, and;
- Yearly external audits by independent, industry-leading firms, as well as twice-yearly internal audits

#### A. Security policies and protocols

Afiliias has included security in every element of its service, including facilities, hardware, equipment, connectivity/Internet services, systems, computer systems, organizational security, outage prevention, monitoring, disaster mitigation, and escrow/insurance, from the original design, through development, and finally as part of production deployment. Examples of threats and the confidential and proprietary mitigation procedures are detailed in our response to question #30(b).

There are several important aspects of the security policies and procedures to note:

- Afiliias hosts domains in data centers around the world that meet or exceed global best practices
- Afiliias' DNS infrastructure is massively provisioned as part of its DDoS

mitigation strategy, thus ensuring sufficient capacity and redundancy to support new gTLDs

- Diversity is an integral part of all of our software and hardware stability and robustness plan, thus avoiding any single points of failure in our infrastructure
- Access to any element of our service (applications, infrastructure and data) is only provided on an as-needed basis to employees and a limited set of others to fulfill their job functions. The principle of least privilege is applied
- All registry components - critical and non-critical - are monitored 24x7 by staff at our NOCs, and the technical staff has detailed plans and procedures that have stood the test of time for addressing even the smallest anomaly. Well-documented incident management procedures are in place to quickly involve the on-call technical and management staff members to address any issues

Afilias follows the guidelines from the ISO 27001 Information Security Standard (Reference:

[http://www.iso.org/iso/iso\\_catalogue/catalogue\\_tc/catalogue\\_detail.htm?csnumber=42103](http://www.iso.org/iso/iso_catalogue/catalogue_tc/catalogue_detail.htm?csnumber=42103) ) for the management and implementation of its Information Security Management System. Afilias also utilizes the COBIT IT governance framework to facilitate policy development and enable controls for appropriate management of risk (Reference: <http://www.isaca.org/cobit>). Best practices defined in ISO 27002 are followed for defining the security controls within the organization. Afilias continually looks to improve the efficiency and effectiveness of our processes, and follows industry best practices as defined by the IT Infrastructure Library, or ITIL (Reference: <http://www.itil-officialsite.com/>).

The Afilias registry system is located within secure data centers that implement a multitude of security measures both to minimize any potential points of vulnerability and to limit any damage should there be a breach. The characteristics of these data centers are described fully in our response to question #30(b).

The Afilias registry system employs a number of multi-layered measures to prevent unauthorized access to its network and internal systems. Before reaching the registry network, all traffic is required to pass through a firewall system. Packets passing to and from the Internet are inspected, and unauthorized or unexpected attempts to connect to the registry servers are both logged and denied. Management processes are in place to ensure each request is tracked and documented, and regular firewall audits are performed to ensure proper operation. 24x7 monitoring is in place and, if potential malicious activity is detected, appropriate personnel are notified immediately.

Afilias employs a set of security procedures to ensure maximum security on each of its servers, including disabling all unnecessary services and processes and regular application of security-related patches to the operating system and critical system applications. Regular external vulnerability scans are performed to verify that only services intended to be available are accessible.

Regular detailed audits of the server configuration are performed to verify that the configurations comply with current best security practices. Passwords and other access means are changed on a regular schedule and are revoked whenever a staff member's employment is terminated.

#### A.1 Access to registry system

Access to all production systems and software is strictly limited to authorized operations staff members. Access to technical support and network operations teams where necessary are read only and limited only to components required to help troubleshoot customer issues and perform routine checks. Strict change control procedures are in place and are followed each time a change is required to the production hardware/application. User rights are kept to a minimum at all times. In the event of a staff member's employment termination, all access is removed immediately.

Afilias applications use encrypted network communications. Access to the registry server is controlled. Afilias allows access to an authorized registrar only if each of the authentication factors matches the specific requirements of the requested authorization. These mechanisms are also used to secure any web-based tools that allow authorized registrars to access the registry. Additionally, all write transactions in the registry (whether conducted by authorized registrars or the registry's own personnel) are logged.

EPP connections are encrypted using TLS/SSL, and mutually authenticated using both certificate checks and login/password combinations. Web connections are encrypted using TLS/SSL for an encrypted tunnel to the browser, and authenticated to the EPP server using login/password combinations.

All systems are monitored for security breaches from within the data center and without, using both system-based and network-based testing tools. Operations staff also monitor systems for security-related performance anomalies. Triple-redundant continual monitoring ensures multiple detection paths for any potential incident or problem. Details are provided in our response to questions #30(b) and #42. Network Operations and Security Operations teams perform regular audits in search of any potential vulnerability.

To ensure that registrar hosts configured erroneously or maliciously cannot deny service to other registrars, Afilias uses traffic shaping technologies to prevent attacks from any single registrar account, IP address, or subnet. This additional layer of security reduces the likelihood of performance degradation for all registrars, even in the case of a security compromise at a subset of registrars.

There is a clear accountability policy that defines what behaviors are acceptable and unacceptable on the part of non-staff users, staff users, and management. Periodic audits of policies and procedures are performed to ensure that any weaknesses are discovered and addressed. Aggressive escalation procedures and well-defined Incident Response management procedures ensure that decision makers are involved at early stages of any event.

In short, security is a consideration in every aspect of business at Afilias, and this is evidenced in a track record of a decade of secure, stable and reliable service.

#### B. Independent assessment

Supporting operational excellence as an example of security practices, Afilias performs a number of internal and external security audits each year of the existing policies, procedures and practices for:

- Access control;
- Security policies;
- Production change control;
- Backups and restores;
- Batch monitoring;
- Intrusion detection, and
- Physical security

Afilias has an annual Type 2 SSAE 16 audit performed by PricewaterhouseCoopers (PwC). Further, PwC performs testing of the general information technology controls in support of the financial statement audit. A Type 2 report opinion under SSAE 16 covers whether the controls were properly designed, were in place, and operating effectively during the audit period (calendar year). This SSAE 16 audit includes testing of internal controls relevant to Afilias' domain registry system and processes. The report includes testing of key controls related to the following control objectives:

- Controls provide reasonable assurance that registrar account balances and changes to the registrar account balances are authorized, complete, accurate and timely
- Controls provide reasonable assurance that billable transactions are recorded in the Shared Registry System (SRS) in a complete, accurate and timely manner
- Controls provide reasonable assurance that revenue is systemically calculated by the Deferred Revenue System (DRS) in a complete, accurate and timely manner
- Controls provide reasonable assurance that the summary and detail reports, invoices, statements, registrar and registry billing data files, and ICANN transactional reports provided to registry operator(s) are complete, accurate and timely
- Controls provide reasonable assurance that new applications and changes to existing applications are authorized, tested, approved, properly implemented and documented
- Controls provide reasonable assurance that changes to existing system software and implementation of new system software are authorized, tested, approved, properly implemented and documented
- Controls provide reasonable assurance that physical access to data centers is restricted to properly authorized individuals
- Controls provide reasonable assurance that logical access to system resources is restricted to properly authorized individuals
- Controls provide reasonable assurance that processing and backups are appropriately authorized and scheduled and that deviations from scheduled processing and backups are identified and resolved

The last Type 2 report issued was for the year 2010, and it was unqualified, i.e., all systems were evaluated with no material problems found.

During each year, Afilias monitors the key controls related to the SSAE controls. Changes or additions to the control objectives or activities can result due to deployment of new services, software enhancements, infrastructure changes or process enhancements. These are noted and after internal review and approval, adjustments are made for the next review.

In addition to the PricewaterhouseCoopers engagement, Afilias performs internal security audits twice a year. These assessments are constantly being expanded based on risk assessments and changes in business or technology.

Additionally, Afilias engages an independent third-party security organization, PivotPoint Security, to perform external vulnerability assessments and penetration tests on the sites hosting and managing the Registry infrastructure. These assessments are performed with major infrastructure changes, release of new services or major software enhancements. These independent assessments are performed at least annually. A report from a recent assessment is attached with our response to question #30(b).

Afilias has engaged with security companies specializing in application and web security testing to ensure the security of web-based applications offered by Afilias, such as the Web Admin Tool (WAT) for registrars and registry operators.

Finally, Afilias has engaged IBM's Security services division to perform ISO 27002 gap assessment studies so as to review alignment of Afilias' procedures and policies with the ISO 27002 standard. Afilias has since made adjustments to its security procedures and policies based on the recommendations by IBM.

#### C. Special TLD considerations

Afilias' rigorous security practices are regularly reviewed; if there is a need to alter or augment procedures for this TLD, they will be done so in a planned and deliberate manner.

#### D. Commitments to registrant protection

With over a decade of experience protecting domain registration data, Afiliias understands registrant security concerns. Afiliias supports a "thick" registry system in which data for all objects are stored in the registry database that is the centralized authoritative source of information. As an active member of IETF (Internet Engineering Task Force), ICANN's SSAC (Security & Stability Advisory Committee), APWG (Anti-Phishing Working Group), MAAWG (Messaging Anti-Abuse Working Group), USENIX, and ISACA (Information Systems Audits and Controls Association), the Afiliias team is highly attuned to the potential threats and leading tools and procedures for mitigating threats. As such, registrants should be confident that:

- Any confidential information stored within the registry will remain confidential;
- The interaction between their registrar and Afiliias is secure;
- The Afiliias DNS system will be reliable and accessible from any location;
- The registry system will abide by all polices, including those that address registrant data;
- Afiliias will not introduce any features or implement technologies that compromise access to the registry system or that compromise registrant security

Afiliias has directly contributed to the development of the documents listed below and we have implemented them where appropriate. All of these have helped improve registrants' ability to protect their domains name(s) during the domain name lifecycle.

- [SAC049]: SSAC Report on DNS Zone Risk Assessment and Management (03 June 2011)
- [SAC044]: A Registrant's Guide to Protecting Domain Name Registration Accounts (05 November 2010)
- [SAC040]: Measures to Protect Domain Registration Services Against Exploitation or Misuse (19 August 2009)
- [SAC028]: SSAC Advisory on Registrar Impersonation Phishing Attacks (26 May 2008)
- [SAC024]: Report on Domain Name Front Running (February 2008)
- [SAC022]: Domain Name Front Running (SAC022, SAC024) (20 October 2007)
- [SAC011]: Problems caused by the non-renewal of a domain name associated with a DNS Name Server (7 July 2006)
- [SAC010]: Renewal Considerations for Domain Name Registrants (29 June 2006)
- [SAC007]: Domain Name Hijacking Report (SAC007) (12 July 2005)

To protect any unauthorized modification of registrant data, Afiliias mandates TLS/SSL transport (per RFC 5246) and authentication methodologies for access to the registry applications. Authorized registrars are required to supply a list of specific individuals (five to ten people) who are authorized to contact the registry. Each such individual is assigned a pass phrase. Any support requests made by an authorized registrar to registry customer service are authenticated by registry customer service. All failed authentications are logged and reviewed regularly for potential malicious activity. This prevents unauthorized changes or access to registrant data by individuals posing to be registrars or their authorized contacts.

These items reflect an understanding of the importance of balancing data privacy and access for registrants, both individually and as a collective, worldwide user base.

The Afiliias 24/7 Customer Service Center consists of highly trained staff who collectively are proficient in 15 languages, and who are capable of responding to queries from registrants whose domain name security has been compromised - for example, a victim of domain name hijacking. Afiliias provides specialized registrant assistance guides, including specific hand-holding and follow-through in these kinds of commonly occurring circumstances, which can be highly distressing to registrants

E. Security resourcing plans

Please refer to our response to question #30b for security resourcing plans.

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# **ANNEX 25**





## **New gTLD Application Submitted to ICANN by: Merck KGaA**

**String: merck**

**Originally Posted: 13 June 2012**

**Application ID: 1-980-7217**

### **Applicant Information**

#### **1. Full legal name**

Merck KGaA

#### **2. Address of the principal place of business**

Frankfurter Strasse 250  
Darmstadt 64293  
DE

#### **3. Phone number**

+496151720

#### **4. Fax number**

+496151722000

## 5. If applicable, website or URL

<http://www.merckgroup.com>

## Primary Contact

### 6(a). Name

Mr. Torsten Bettinger

### 6(b). Title

Partner

### 6(c). Address

### 6(d). Phone Number

+49 89988275

### 6(e). Fax Number

### 6(f). Email Address

[bettinger@bettinger.de](mailto:bettinger@bettinger.de)

## Secondary Contact

### 7(a). Name

Mr. Michael Schramm

**7(b). Title**

Partner

**7(c). Address****7(d). Phone Number**

+49 8999209103

**7(e). Fax Number****7(f). Email Address**

schramm@bettinger.de

**Proof of Legal Establishment****8(a). Legal form of the Applicant**

Corporation with general partners (in German: "Kommanditgesellschaft auf Aktien", abbreviated KGaA)

**8(b). State the specific national or other jurisdiction that defines the type of entity identified in 8(a).**

German Law

**8(c). Attach evidence of the applicant's establishment.**

Attachments are not displayed on this form.

**9(a). If applying company is publicly traded, provide the exchange and symbol.**

Frankfurt\_Stock\_Exchange;MRK

**9(b). If the applying entity is a subsidiary, provide the parent company.**

**9(c). If the applying entity is a joint venture, list all joint venture partners.**

## Applicant Background

**11(a). Name(s) and position(s) of all directors**

Dr. Bernd Reckmann	Member of the Board
Dr. Kai Beckmann	Member of the Board
Dr. Karl Ludwig Kley	Chairman of the Board
Dr. Stefan Oschmann	Member of the Board
Matthias Zachert	Member of the Board

**11(b). Name(s) and position(s) of all officers and partners**

Dr. Bernd Reckmann	Head of Chemicals Business Sector
Dr. Kai Beckmann	Head of Human Resources
Dr. Karl Ludwig Kley	Chief Executive Officer
Dr. Stefan Oschmann	Head of the Pharmaceuticals Business Sector
Matthias Zachert	Chief Financial Officer

**11(c). Name(s) and position(s) of all shareholders holding at least 15% of shares**

E. Merck KG	Not Applicable
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**11(d). For an applying entity that does not have directors, officers, partners, or shareholders: Name(s) and position(s) of all individuals having legal or executive responsibility**

## Applied-for gTLD string

**13. Provide the applied-for gTLD string. If an IDN, provide the U-label.**

merck

**14(a). If an IDN, provide the A-label (beginning with "xn--").**

**14(b). If an IDN, provide the meaning or restatement of the string in English, that is, a description of the literal meaning of the string in the opinion of the applicant.**

**14(c). If an IDN, provide the language of the label (in English).**

**14(c). If an IDN, provide the language of the label (as referenced by ISO-639-1).**

**14(d). If an IDN, provide the script of the label (in English).**

**14(d). If an IDN, provide the script of the label (as referenced by ISO 15924).**

**14(e). If an IDN, list all code points contained in the U-label according to Unicode form.**

**15(a). If an IDN, Attach IDN Tables for the proposed registry.**

Attachments are not displayed on this form.

**15(b). Describe the process used for development of the IDN tables submitted, including consultations and sources used.**

**15(c). List any variant strings to the applied-for gTLD string according to the relevant IDN tables.**

**16. Describe the applicant's efforts to ensure that there are no known operational or rendering problems concerning the applied-for gTLD string. If such issues are known, describe steps that will be taken to mitigate these issues in software and other applications.**

We have examined the applied-for string "MERCK" and found that deployment of it would not cause adverse operational, rendering, or general user-confusion. We performed a S.W.O.R.D test, and have not found visual similarity to any existing TLDs, names on ISO3166 lists, or the ICANN reserved list of names and list of ineligible strings. As the string consists entirely of ASCII letters and is a valid hostname having at least three and less than 63 characters, the ASCII label is therefore in compliance with the string requirements set forth in the Applicant Guidebook (AGB, p. 64, section: 2.2.1.3.2 "String Requirements"), and with all technical standards including but not limited to RFC 1035, RFC 2181, RFC 952, RFC 1123, and RFC 3696. It is possible that, in general, some software applicants may have difficulty dealing with new TLD strings. The applicant is aware of its responsibility to seek to mitigate and solve, inter alia, such issues as discussed at the "TLD Universal Acceptance" session at the ICANN Meeting on March 14, 2012 (<http://costarica43.icann.org/meetings/sanjose2012/presentation-tld-universal-acceptance-14mar12-en.pdf>). We are aware of the following issues:

- Validity checks of TLDs based on either a hard coded list or on a length check (i.e. max. three characters)
- Name conversion in various applications and browsers. Based on wrong definitions or outdated lists of TLDs, some applications may not convert this new gTLD to links
- User acceptance. Some websites/applications may refuse user acceptance of users entering a new gTLD not accepted by the website/application
- Email clients validating on length on TLDs on by applying an outdated list of TLDs may also cause problems for this new gTLD, as valid email addresses may not be accepted
- Websites and search engines such as Google and Yahoo! may refuse to offer services such as advertising, if they validate email addresses and valid domain names based on outdated definitions of TLDs, or simply refuse to add new gTLDs to their lists
- Mobile browsers may also not be updating their lists of valid TLDs, as live DNS look ups may be considered costly or inadequate by the providers

Actions to mitigate or solve these issues:

As the TLD is longer than 3 characters, it is understood that some issues concerning usage of the TLD in online forms will exist. We will take full responsibility for any such issues and will work to ensure that this TLD receives global acceptance. We will contact websites should we notice acceptance issues, and we will monitor acceptance of the TLD by the major search engines and major social networking sites, and so on. We will ensure that all our own available online forms will be able to accept all TLDs per the IANA list. We will work with ICANN in our on-going effort on this subject both

for IDN and ASCII TLDs.

For second-level IDN issues see response to Q44.

## **17. (OPTIONAL) Provide a representation of the label according to the International Phonetic Alphabet (<http://www.langsci.ucl.ac.uk/ipa/>).**

## **Mission/Purpose**

### **18(a). Describe the mission/purpose of your proposed gTLD.**

Merck KGaA is a global pharmaceutical, chemical and life science company with approximately 40,000 employees in over 70 countries. In 2010 Merck realized total revenues of EUR 9.3 Billion.

#### **A. MERCK Businesses**

The pharmaceutical, chemical and life science businesses of Merck are organized into four divisions.

Merck Serono specializes in innovative pharmaceuticals and focuses on indications mainly treated by specialists, as well as on diseases with high unmet medical needs.

Merck Consumer Healthcare offers high-quality over-the-counter products to enhance the quality of life of consumers all over the world. Its brands are available in many countries throughout Europe, North and South America, Asia and Africa.

The Merck Millipore division offers solutions that enable scientists to conduct life science research easily, efficiently and economically. With a range of more than 40,000 products, Merck Millipore is one of the top three suppliers of tools to the life science industry. This division comprises three business units: Bioscience, Lab Solutions and Process Solutions.

Merck's Performance Materials division offers highly innovative materials, advanced technologies, and high-tech chemicals to clients in the consumer electronics, lighting, printing, plastics, and cosmetics industries. Merck's market leading products include liquid crystals for LCD displays, new lighting technologies, and functional and effect pigments.

Merck KGaA operates its worldwide business through over 250 companies which (1) are fully owned subsidiaries of Merck KGaA, (2) use Merck as the sole element or as a component of their company name, and (3) use the German figurative trademark No. 30130670, "MERCK", as their umbrella brand. The nexus of these companies, together with the parent company Merck KGaA, constitutes the "Merck Community".

Today there are over 250 companies in the Merck Group, with roughly 40,000 employees located in over 70 countries worldwide, which represent the Merck Community, working together to bring innovative healthcare, life science and high-tech chemical solutions to the world at large.

Only members of the Merck Community, as defined above and further discussed below under Question 20, shall be eligible to register domain names within the ".MERCK" TLD. Merck KGaA, or its express assignee, shall periodically monitor the registration status of all domain names in the ".MERCK" space to ensure ongoing compliance with this eligibility requirement. As the Registry Operator, Merck KGaA shall maintain the space for the benefit of the Merck Community at large.

#### B. The name and brand MERCK

Since Friedrich Jacob Merck laid the foundation stone in 1668, the name Merck has stood for medicines and chemical products that have proved invaluable to people and have created inestimable value for the company.

Today Merck KGaA holds rights in the name and the trademark "Merck" in more than 180 countries worldwide. The trademark "Merck" is considered to be well known pursuant to the Paris Convention for the Protection of Industrial Property in various countries including, for example, Bulgaria, the Czech Republic, Egypt, Germany, Japan, Mexico, South Korea, and through the Madrid System of WIPO. Merck is further regularly listed among the global Top 500 companies as published through the famous Forbes magazine.

The Merck Group has established detailed branding guidelines to ensure a globally visible corporate identity for the Merck Community. Such guidelines define the use of the umbrella logo MERCK and other design elements. They provide detailed instructions for the branding of, for example, letterheads, business cards, signage, marketing materials, brochures, products, working clothes, car fleets and trade fairs. Further, Internet and social media guidelines have been developed to ensure a harmonised appearance of the Merck group in online media. These combined efforts result in an easy recognition of the Community members as part of the Merck family.

The ".MERCK" top-level domain will enable the Merck Community to communicate with all stakeholders as one group, and to communicate information about the Merck brand in a unified and global manner. The ".MERCK" space will further help Merck unite all members of the Merck Community under one single name online, and provide the Merck Community with a universal, comprehensive forum through which to present its information to the public.

The TLD ".MERCK" is intended to benefit Internet users by enabling the Merck Community to communicate under the unique branded TLD which corresponds to Merck KGaA's globally famous trademark. The ".MERCK" TLD will allow the Merck Community to more easily and effectively interact with all Internet users, and particularly with the Merck Group's many customers, employees and affiliates.

The ".MERCK" TLD will be operated for the benefit of the entire Merck Community. This will allow the distribution and exchange of information between Merck KGaA, the companies of the Merck Group, and their relevant stakeholders by means of, but not limited to, websites, social networks, email and other technologies that will reside within the ".MERCK" domain name space.

Merck KGaA intends to limit eligibility for registration to itself and companies which are members of the Merck Community, and to primarily use all such domain names for promotional and navigational purposes relating to Merck's, and the companies of the Merck Group's, online presences and/or the provision of Merck's goods and services.

The ".MERCK" domain space will further be used to communicate the global initiatives of the Merck Community, which are focused on innovation. Targeted expansion of its extensive product range is crucial for the Merck Community. Merck employees' work and creativity provide Merck with the keys to new products for the most important markets, and Merck strives to ensure that its employees are provided with the best prerequisites and state-of-the-art



resources to enable such activities. Merck continuously expands its research capabilities through acquisitions, partnerships and strategic alliances across the borders of industries and countries, thereby stretching the boundaries to make new solutions possible.

State of the art technologies combined with a modern, safe and trustworthy Internet presence within the ".MERCK" space underline Merck's mission to deliver first class products, treatments and solutions in the business areas of chemical, pharmaceutical and life science.

## **18(b). How do you expect that your proposed gTLD will benefit registrants, Internet users, and others?**

A. How do you expect that your proposed gTLD will benefit registrants, Internet users, and others?

The TLD is intended to benefit internet users by enabling the Merck Community to communicate more easily and effectively with interested visitors, and particularly with the Merck Community's customers, employees and business associates. Internet users will benefit from a more distinctive and trustworthy Internet experience in dealing with the members of the Merck Community, thus supporting Merck KGaA's goal of communicating a message of reliability and trust.

The Merck Community expects to benefit from the TLD by increased and more effective brand recognition in their marketing and communications, and by having an ample supply of relevant domain names to use in their businesses. In addition, the TLD will permit the members of the Merck Community to have greater control over their online brand and services, including but not limited to robust trust and security features, especially for Merck's online sales portals. In turn, these benefits are certain to result in a better Internet user experience.

The ".MERCK" space will bring the additional benefit of Internet user security. The Merck Community offers innovative products and solutions in the business fields of pharmaceuticals, chemicals and life sciences. Interested customers, e.g. scientists, laboratory staff, patients, healthcare professionals and industrial centers which process Merck goods, need to rely on the constant quality of the Merck Group's products. No matter where they are located across the globe, individuals seeking information concerning their medications, prescriptions, or laboratory devices will have heightened assurance that what they find in ".MERCK" will be trustworthy and safe. They will know that Merck is diligent in its efforts to eliminate counterfeit medications, harmful substances or dangerous advice via the ".MERCK" TLD. This peace of mind cannot currently exist within the landscape of today's DNS, where it is impossible for a corporate community to monitor the content of every typosquatted gTLD or ccTLD domain name. Only through the operation of the clean space found within ".MERCK" can the Merck Community's customers, and the wider Internet public, intuitively rely on the information they find about Merck online.

A.1 What is the goal of your proposed gTLD in terms of areas of specialty, service levels, or reputation?

The TLD ultimately is intended to serve as the Merck Community's online branding and services platform. It is intended to function with leading-edge technologies and business practices, ensuring a trustworthy and positive user experience for Internet users seeking to interact online with the Merck Community. The Merck Community anticipates having an ample supply of relevant domain names available for its use, which will assist in the marketing of Merck products, the delivery of Merck products and services, and the development of new services.

All ".MERCK" domain name registrations will incorporate the ".MERCK" Registration Restrictions and Use Policy ("the Policy"), which limits the use of ".MERCK" domain names to the purposes supported by the Merck Community (outlined in the answer to Question 18(c) below). The terms of this agreement will be enforced via monitoring. The registration of a domain may be revoked by Merck KGaA at any time if the registrant does not comply with the Acceptable Use Guidelines contained in Section P of the Policy. A full text version of the draft ".MERCK" Registration Restrictions and Use Policy is provided in the answer to Question 28.

Once registered, individual domain names within the ".MERCK" space may be used to provide specific information relevant to particular geographic locations, product lines or research activities. For instance, patients seeking information about a particular medication might search for the name of the drug at PRODUCTNAME.MERCK, or research professionals inquiring about new laboratory equipment might begin their search at EQUIPMENTNAME.MERCK. Thus, ".MERCK" domains will indicate clearly to consumers the content available at the corresponding websites, providing users with an enhanced Internet experience.

This user-friendly, specialized approach to domain name registration and content display will greatly benefit consumers and Internet users, thus enhancing the reputation of Merck KGaA and the Merck Community, and instilling a high level of trust in those who visit ".MERCK."

A.2 What do you anticipate your proposed gTLD will add to the current space, in terms of competition, differentiation, or innovation?

The TLD will provide an alternative for the companies of the Merck Community to the current TLDs. The branded, differentiating nature of the TLD will provide a distinctive name space that simplifies users' choice to interact with the Merck Community. Internet users will be able to directly navigate to intuitive domains and subdomains, saving the time of a search engine. It is expected that consumers will soon learn to distinguish branded spaces from the existing TLDs and from generic, geographical or cultural TLDs. The use of a specialized TLD by the Merck Community will impact competition by clarifying for users the source identity of the websites which they choose to visit.

Moreover, in order to avoid trademark-related concerns within North America, the Applicant will use geo-targeting tools to prevent any Internet traffic originating from the US or Canada from accessing websites within the .MERCK space. As defined above, all members of the Merck Community maintain their principal places of business outside of North America, and thus no domain names within the space shall be registered by entities headquartered within this geographic locale.

This streamlining of information will provide a great benefit to the virtual marketplace. Consumers will know where to look for authentic Merck Community products and information, and can select appropriate websites. The new ".MERCK" TLD space will therefore express the Merck Community's core competencies - its innovative strength and strong customer focus - while providing users with an intuitive, easy-to-use and secure location.

Additionally, the use of the ".MERCK" TLD will have the added benefit of reducing the number of domain name registrations that the companies of the Merck Community will need to maintain. This effect, multiplied across the many companies who will own and operate their own TLDs, may result in increased competition among existing registration providers. The logical effect should be lower pricing and better service for all Internet users.

The ".MERCK" TLD will allow the companies of the Merck Community to develop uses for domain names which today are too complicated or completely unforeseen. Today, it is often difficult to find a relevant domain name for the launch of a new product or campaign from existing registration providers. Even if one is

found, pricing is often prohibitive because the domain is only available on the secondary market. New domains must be purchased from third parties and managed as corporate assets. These expenses and complications which can hinder companies and, in some cases, delay the release of innovative new products and services to the public, can be dramatically reduced. Furthermore, an ample supply of immediately available domain names, relevant to the companies of the Merck Community, is likely to pay dividends in additional, unforeseen ways.

The ".MERCK" TLD will enable the Merck Community to provide their innovative goods and solutions within a distinctive and reliable Internet space. The Merck Community's TLD will offer the most recent innovations in the field of chemicals, pharmaceuticals and life sciences. Furthermore, the proposed ".MERCK" TLD will be a "clean space" for consumers seeking information about the Merck Community's research, innovation and community activities. Since Merck KGaA will have control over all of the registrations in the space, there is minimal risk of abusive use of these domain names. There will be far less opportunity for bad actors to sell dangerous counterfeit medications or provide harmful misinformation to consumers. The Merck Community intends that internet users will find only authentic, Merck-authorized content within this space, providing them with a level of comfort and safety which the current gTLD landscape cannot give them. The ".MERCK" pages will connect Internet users to the worldwide Merck Community, helping users to find the resources and information relevant to their geographic regions and individual needs.

### **18(c). What operating rules will you adopt to eliminate or minimize social costs?**

The TLD ultimately is intended to function as the Merck Community's online branding and services platform. It is intended to function with leading-edge technologies and business practices, ensuring a trustworthy and positive user experience. The goal is to use Merck's online infrastructure, services and marketing to encourage Internet users to interact online with the members of the Merck Community. Precise details are set forth in the answers to Questions 26, 28 and 29.

In general, Merck KGaA intends for users to perceive the TLD as a trustworthy and intuitive indicator of the source of the Merck Community's online information and services. The Merck Community intends to use advanced technical and policy measures to ensure the security and reliability of online transactions and communications taking place on domains within the TLD, and to ensure that domain names in the TLD are only used for purposes authorized by Merck KGaA. The Merck Community intends to provide a safe and trustworthy Internet space, enhancing user experience by mitigating security-associated risks.

The TLD is designed to reinforce the ideals of the Merck Community, and to provide an online forum for the collective benefit of the entire Merck Community. Therefore, domain usage guidelines will be implemented and enforced to constantly ensure the integrity of users' ".MERCK" experience and the reputation of the TLD.

As all registrants of ".MERCK" domain names will be members of the Merck Community, and as such have a strong vested interest in the proper management of the space in line with their common goals, registrants agree through the ".MERCK" Registration Restrictions and Use Policy that Merck KGaA shall have discretion to monitor and manage the new TLD for the benefit of the Merck Community at large. The ".MERCK" Registration Restrictions and Use Policy (a draft version of which is supplied with this application, in the answer to Question 28, for illustration purposes only) provides the Acceptable Usage Guidelines (in Section P of the Policy) applicable to all ".MERCK" domain names. All ".MERCK" domain names shall be used:

- to further the mission and purpose of the Merck Community;
- to display only content related to the Merck Community's activities

Furthermore, ".MERCK" domain names shall not be used in any way that:

- infringes any other third party's rights
- is in breach of any applicable laws, government rules or requirements

or for the purposes of:

- undertaking any illegal or fraudulent actions, including spam or phishing activities,
- defaming Merck KGaA or the Merck Community, its businesses, employees, etc.;
- displaying pay-per-click links through a "parked" page; or
- "warehousing" or otherwise failing to use the domain name to link to active content

The ".MERCK" domain space shall be used for the benefit of the Merck Community at large, and all registrants shall cooperate to achieve this common goal. Merck KGaA will have the right to revoke any domain name registration or re-allocate any domain name registration to a different Community member should Merck KGaA deem such action appropriate for the benefit of the Community.

The registrations and use of all registered ".MERCK" domain names will be monitored by Merck KGaA on an ongoing basis, and compliance with the contractual restrictions and guidelines will be enforced. Violations of any restrictions, guidelines or other contractual conditions may result in termination of the relevant domain name registration or, in appropriate circumstances, the revocation of the Merck Community Membership ID.

In addition, the TLD will provide an easily navigable and predictable domain name space. This is due to the anticipated intuitive navigation approach to be adopted within the TLD. For example, domain names in the format "FUNCTION.MERCK" may be utilized for websites related to particular company functions, or "PRODUCT.MERCK" for websites related to specific products. All of this will lessen users' confusion when interacting online with the Merck Community, and make it easy for them to find the resources and information they seek.

Merck KGaA will implement a Sunrise period of 30 days for the purpose of complying with ICANN requirements. However, because the Registry Operator and the other Merck Community members will be the sole registrants within this space, there will be no other registrants eligible to reserve or register domain names during this period. The Registry Operator will develop and implement an appropriate Sunrise Dispute Resolution Policy (SDRP), containing the elements specified by ICANN, for the resolution of any disputes which might in theory arise during this period.

During the initial launch period, for no less than 60 days, a Trademark Claims Services system will be in place as required by ICANN. During this period there will be a notice sent to the prospective registrant of any ".MERCK" domain name, prior to its registration, should such domain name constitute an identical match of a mark registered in the Trademark Clearinghouse. Moreover the right owner or owners, as recorded in the Trademark Clearinghouse, will be informed once any such domain name has been registered following this event.

A. How will multiple applications for a particular domain name be resolved, for example, by auction or on a first-come-first-serve basis?

As described in detail above under section 18(b), prospective registrants in the ".MERCK" space must contact Merck KGaA to request a Merck Community Membership ID and an Approval Statement authorizing the registration of each

specific second-level domain name. Every domain name registration will require a new Approval Statement, and thus Merck KGaA will have the opportunity to review each registration to ensure that it meets the relevant requirements. Additionally, once a request to register any ".MERCK" domain name is received by an accredited Registrar, the Registry Operator shall have the opportunity to review the "Pending Create" record in the registry, to determine whether the application meets all required criteria and to ensure that each registration issued will be in the best interests of the Merck Community at large.

Merck KGaA does not anticipate there to be multiple applications for a particular domain name. If, however, two registration requests for the same second-level string were to be received by Merck KGaA simultaneously, Merck KGaA would evaluate both requests on the basis of the specified criteria and determine which registrant, if either, should be granted the registration.

Under the ".MERCK" Registration Restrictions and Use Policy, registrants will agree that Merck KGaA shall operate the space to ensure maximum benefit to all members of the Merck Community and the Internet users of the Merck websites. Therefore, Merck KGaA will have discretion to make necessary changes to domain name registrations within the space, and to monitor the use of such domain names to ensure compliance with the Acceptable Use guidelines (as outlined in Section P of the Policy). The ".MERCK" Eligibility and Functionality Reconsideration Policy, discussed further below under Question 20, would provide any registrant with recourse should they disagree with a decision by Merck KGaA concerning a registration within the space.

This system of strong oversight by Merck KGaA will ensure that the TLD remains a tightly controlled, safe space for Internet users, and will ensure that the network of registrations remains well-organized. These protections will naturally inure to the benefit of Internet users who wish to interact or communicate with the Merck Community.

B. Explain any cost benefits for registrants you intend to implement (e.g., advantageous pricing, introductory discounts, bulk registration discounts).

As outlined above, all domain name registrations in the ".MERCK" space will be held by members of the Merck Community, and pricing (if any) of domain registrations will be a matter of Merck KGaA policy.

C. Do you intend to make contractual commitments to registrants regarding the magnitude of price escalation?

The companies of the Merck Community will be the sole registrants of all domains in the TLD, in the interests of Internet users who wish to interact or communicate with the Merck Community online. There will be time and cost benefits to those users, via easier navigation and more trustworthy interaction with the Merck Community.

To the extent the members of the Merck Community are eligible to register domain names, it is likely that the domain name registration will be a small part of a larger relationship, and thus 'price' of the domain registration would be relatively insignificant. The importance of domain name pricing is further minimized since the domains would have no value if registered or used in any manner unauthorized by Merck KGaA.

The cost of domain registration to members of the Merck Community will naturally be minimal in light of the greater relationship between the Community members.

## Community-based Designation

### 19. Is the application for a community-based TLD?

Yes

### 20(a). Provide the name and full description of the community that the applicant is committing to serve.

The community served by the ".MERCK" TLD space is the collection of corporate entities, their affiliates and subsidiaries which together comprise the Merck Community. Membership in the Merck Community is clearly defined in the following manner.

Members of the Merck Community are the companies which are part of the Merck Group (as also discussed above in the answer to Question 18). To be recognized as a member of the Merck Community, a registrant must meet the Eligibility Requirements, which are as follows:

- the registrant is Merck KGaA or a company which is a fully owned subsidiary of Merck KGaA,
- the registrant uses "Merck" as the sole element or as a component of its company name, and
- the registrant uses as its umbrella brand the German figurative trademark No. 30130670, "MERCK"

Merck KGaA keeps an up-to-date, comprehensive list of the members of the Merck Community at all times. Thus, the Merck Community is very clearly defined.

The structure of the Merck Community is thus identical with the intra-corporational hierarchy of the Merck Group, discussed in detail above in the answer to Question 11. Merck KGaA, the Applicant for the ".MERCK" TLD, is the parent company of the Merck Group, and thus the representative and leader of the Merck Community. All members of the Merck Community are engaged in activities concerning the manufacture, research, development, marketing or distribution of Merck-branded pharmaceuticals and laboratory equipment. Merck KGaA shall maintain the space for the benefit of the Merck Community at large.

As the parent company, Merck KGaA oversees over 250 corporate entities working together towards a common goal. In practice, these over 250 companies provide goods and services within the Group's four divisions, detailed above, which comprise: Merck Serono, Merck Consumer Healthcare, Merck Millipore, and Merck Performance Materials. Additional information about each of these divisions may be found in the answers to Question 18(a).

The Merck Community was affirmatively established in 1968, the year which marked the 300th anniversary of Merck. In 1968, the individual companies comprising the Merck Group realized that a common identity was paramount to successful communication and effective worldwide branding. At that time, the Merck Group published its first consolidated financial report including information from the territories outside Germany. A new corporate logo was adopted, which came to define the Merck Community, which has grown both in breadth and strength over the past four decades. In 1996, following on some additional internal re-positioning, a single, unified corporate brand was introduced, which solidified the identity of the Merck Community on a global basis. Today there are over 250 companies, with roughly 40,000 employees, which represent the Community, working together to bring innovative healthcare

solutions, cutting edge pharmaceuticals, world-class laboratory equipment, and high-tech chemical and material solutions to the world at large.

The Merck Community is further globally engaged in various social projects. Taking on responsibility has been a characteristic element of its culture and actions for many generations. The Merck Community sees itself as part of society - at its individual locations and globally. The Merck Community takes responsibility for all of its activities regardless of whether they relate to products or employees, the environment or the community.

The Merck Community views its corporate responsibility toward society not only in terms of paying taxes and creating or maintaining jobs. Rather, the Merck Community is convinced that it can make an important contribution to society with its knowledge, its skills and its products.

Merck manufactures more than 50,000 different products at 70 production sites. Merck aims to prevent negative environmental impact caused by the production of pharmaceuticals, chemicals and laboratory products, and to provide its employees with a safe work environment.

Merck has further committed itself to the Responsible Care® principles of the chemical industry and to the Responsible Care Global Charter.

Additionally, Merck is taking steps to advance the objective of making our health solutions accessible and affordable for patients in developing countries.

A detailed report about the activities within the Merck Community can be found on Merck KGaA's website, in the document entitled Corporate Responsibility Report 2011.

It is reasonable and natural to think of this collection of corporate entities as a community due to the common goals and activities shared among the group, its unitary nature as distinct from competitors or other organizations, and its international representation. The Merck Group is located in over 70 countries worldwide, yet all of its individual members share the same mission statement and common purpose.

## **20(b). Explain the applicant's relationship to the community identified in 20(a).**

The applicant for the ".MERCK" gTLD is Merck KGaA, the parent company of the Merck Group and thereby the leader of the Merck Community. As their corporate parent, Merck KGaA is accountable to its subsidiaries and affiliates for successful governance, guidance and leadership. With respect to the new ".MERCK" space, Merck KGaA will be responsible for providing a common vision for the TLD, and for implementing and maintaining the applicable registration restrictions and use guidelines established for the space. Merck KGaA will be responsible for reviewing applications for Merck Community Membership IDs, and thereby ensuring that only Merck Community members will have access to ".MERCK" registrations. Merck KGaA will also be responsible for communicating with its designated Registry Service Provider Afiliias Limited, and overseeing the monitoring process to ensure that all ".MERCK" websites are properly maintained.

## **20(c). Provide a description of the community-based purpose of the applied-for gTLD.**

The purpose of the ".MERCK" TLD is to enhance communication within, and to raise awareness, heighten confidence, and ensure integrity of information concerning the activities and products of the Merck Community worldwide. This specialized TLD will be an invaluable asset to the Merck Community, will enable secure communication between members of the Community, and will provide a common platform for all of the constituent participants to showcase their achievements together. Additionally, it will provide a secure, trustworthy network of information for end-users seeking to interact with the members of the Merck Community worldwide.

The intended registrants of the ".MERCK" space are limited to members of the Merck Community, meaning that only companies which are a part of the Merck Group may apply.

Moreover, in order to avoid trademark-related concerns within North America, the Applicant will use geo-targeting tools to prevent any Internet traffic originating from the US or Canada from accessing websites within the .MERCK space. As defined above, all members of the Merck Community maintain their principal places of business outside of North America, and thus no domain names within the space shall be registered by entities headquartered within this geographic locale.

The intended end-users of the TLD will be Internet users across the globe who are seeking information about the Merck Community and its varied activities. This would naturally include patients, consumers, laboratory researchers, physicians, pharmacists, hospitals, medical conglomerates, investors, current and future employees, as well as any interested members of the general public. An additional benefit to end users is the increased safety of the controlled TLD space, as the Community's stakeholders will have heightened assurance they are viewing only authorized content and authentic products when accessing ".MERCK" websites.

Merck KGaA has been in the pharmaceutical business since 1668, and is the oldest business of its kind in the world. The Merck Group has been working together, and has collectively branded tens of thousands of products and services on a worldwide scale, since 1968. Therefore, it is clear to see that this Community has withstood the test of time. The Merck Community intends to remain a leader well into the future, and to provide the best possible information and products to its consumers through the continued use of the ".MERCK" platform.

## **20(d). Explain the relationship between the applied-for gTLD string and the community identified in 20(a).**

The applied-for ".MERCK" string is identical to the Merck Community's distinctive corporate name and globally famous trademark. The individual companies which comprise the Merck Community actively self-identify as members of the Merck Community, and utilize the Merck name within their own corporate titles. Members of the public recognize the name Merck as corresponding to the Merck Community and its constituent members.

The word "Merck" has no dictionary or generic meaning, but denotes the Merck Community's products and worldwide identity.

## **20(e). Provide a description of the applicant's intended registration policies in support of the community-based purpose of the applied-for gTLD.**



The registration criteria for the ".MERCK" space will be tailored to serve the Merck Community and to provide clarity for Internet users. Specifically, the process will contain four components, consisting of: 1) registration restriction, including the prohibition of Reserved or Geographic second-level strings, 2) content restriction, ensuring that the ".MERCK" space is used only for Community purposes and for the benefit of the Community, 3) an ongoing monitoring and verification process, and 4) dispute resolution procedures. For the full text, see the ".MERCK" Registration Restrictions and Use Policy in Question 28.

#### A. Registration

- Eligibility Requirements. To be recognized as a member of the Merck Community, a Registrant must meet the Eligibility Requirements, which are:

- the Registrant is either Merck KGaA, the Registry Operator of the gTLD ".MERCK," or is a company which is a fully owned subsidiary of Merck KGaA,
- the Registrant uses "Merck" as the sole element or as a component of its company name, and
- the Registrant uses as its umbrella brand the German figurative trademark No. 30130670, "MERCK"

If a member of the Merck Community wishes to register a ".MERCK" domain name it must first request, and receive, a Merck Community Membership ID from Merck KGaA. Additionally, it must request and receive an Approval Statement for the specific second level string, as detailed above under Question 18(b). The registrant must provide its Merck Community Membership ID in any application for a ".MERCK" domain name through an accredited registrar.

- Registration Process. Registration of a ".MERCK" domain name is done in 3 steps: Identification of the Registrant, Approval of the Domain Name, and Registration. A detailed outline of this process is provided above in section 18(b). After Registration, the holder of a ".MERCK" domain name must comply with the Acceptable Use Guidelines (see Question 18(c)).

- Application for a Merck Community Membership ID. A prospective registrant must request a Merck Community Membership ID from Merck KGaA prior to submitting a registration request to a registrar. Such request for a Merck Community Membership ID must provide evidence of the applicant's Community Member status and an express agreement to the requirements set out in the ".MERCK" Registration Restrictions and Use Policy.

If Merck KGaA determines that the prospective registrant is a member of the Merck Community, Merck KGaA will issue a Merck Community Membership ID. If Merck KGaA declines to issue a Merck Community Membership ID, the prospective applicant may pursue a review of this decision through the ".MERCK" Eligibility and Functionality Reconsideration Policy ("MEFRP") (see Question 29).

##### A.1 String Requirements

Second-Level Domain names within the ".MERCK" TLD must only include hyphens in the third and fourth position if they represent valid internationalized domain names in their ASCII encoding (for example "xn--ndk061n"), and must otherwise comply with any other applicable ICANN requirements.

##### A.2 Reserved Names

- The label "EXAMPLE" shall be reserved at the second level and at all other levels within the TLD at which Registry Operator makes registrations

- Two-character labels. All two-character labels shall be initially reserved. The reservation of a two-character label string may be released to the extent that Registry Operator reaches agreement with the government and country-code

manager. The Registry Operator may also propose release of these reservations based on its implementation of measures to avoid confusion with the corresponding country codes

- Second-Level Reservations for Registry Operations. The following names are reserved for use in connection with the operation of the registry for the TLD: NIC, WWW, IRIS and WHOIS

- The List of Reserved Names shall be compiled by Merck KGaA and will be publicly posted online at [website to be determined]. Merck KGaA reserves the right to include new names in the list of reserved names, and to later add names to such list as it deems reasonably necessary for the benefit of the Merck Community

### A.3 Country and Territory Names

The country and territory names contained in the following lists shall be initially reserved: the English short form of names on the ISO 3166-1 list; the UN's Technical Reference Manual for the Standardization of Geographical Names, Part III; and the list of UN member states in 6 official languages, provided that specific names may be released to the extent that the Registry Operator reaches an agreement with the applicable government(s), and further provided that the Registry Operator may also propose release of these reservations, subject to ICANN review (full version at Q28).

## B. Regulated second-level names within the ".MERCK" TLD

### B.3 Eligibility

A registrant will be allowed to register any second-level name which follows the string requirements and common rules described above, and which has been previously approved by the Corporate Trademark Department at Merck KGaA in an Approval Statement issued to the registrant (outlined in 18(b)).

### B.4 Allocation

Domain names will be allocated on a "first come, first served" basis, subject to Merck KGaA Corporate Trademark Department's prior approval. Registrations must further the mission and purpose of the Merck Community, not infringe any third-party rights, and comply with any applicable laws, government rules or requirements.

Merck KGaA has the authority to make changes to any domain name registration in the ".MERCK" space for the benefit of the Merck Community at large. Any registrant who disputes an action taken by Merck KGaA regarding a registration will have recourse under the MEFRRP.

### B.5 Registration Rules

Registration period and renewals. A ".MERCK" domain name may be registered or renewed subject to the current terms and conditions offered by the concerned Registrar.

Continuing eligibility. If a ".MERCK" registrant ceases to be a member of the Merck Community, then its ".MERCK" domain names may immediately be revoked and/or transferred at the discretion of Merck KGaA. Additionally, Merck KGaA will undertake ongoing monitoring activities to ensure that all registrants of ".MERCK" domain names remain bona fide members of the Merck Community. Additionally, if a registrant fails to comply with the terms and conditions set out in the ".MERCK" Registration Restrictions and Use Policy, Merck KGaA may in its sole discretion elect to transfer, cancel or revoke any relevant domain name registration(s) held by said registrant.

Transfers. A ".MERCK" domain name registrations may be transferred where: a)

the company to whom the ".MERCK" domain name is to be transferred to meets the criteria set out in the ".MERCK" Registration Restrictions and Use Policy, b) the prescribed fee is paid, and c) Merck KGaA has previously approved the transfer of the domain name registration from the Transferor to the Transferee.

#### C. Content and Acceptable Use

Acceptable Use of ".MERCK". All registrants will agree to abide by the Acceptable Use Guidelines established in the ".MERCK" Registration Restrictions and Use Policy. At a minimum, all ".MERCK" domain names shall be used to further the mission and purpose of the Merck Community, and to display only content related to the Community's activities.

Furthermore, ".MERCK" domains shall not be used in any way that infringes third parties' rights, is in breach of any applicable laws, government rules or requirements, to undertake any illegal or fraudulent actions (including spam or phishing activities), to defame the Merck Community, its businesses, employees, etc., to display pay-per-click links through a "parked" page; or to "warehouse" or otherwise fail to use the domain name to link to active content.

The ".MERCK" domain space shall be used for the benefit of the Merck Community at large. Merck KGaA will monitor the space and shall have the right to revoke any domain name registration or re-allocate any domain name registration to a different Community member should Merck KGaA deem such action appropriate for the benefit of the Community. Any registrant who disagrees with a decision taken by Merck KGaA regarding a domain name it has registered will have recourse under the MEFRP.

#### D. Ongoing Monitoring and Verification

Merck KGaA will "police" the Merck Community's online space, which will reduce the risk of abuse. Merck KGaA will operate a verification system to prevent the misuse of Membership IDs and to ensure compliance with the ".MERCK" Registration Restrictions and Use Policy. Verification may be conducted by Merck KGaA directly or an assignee.

The verification process will ensure that each registrant still qualifies as a member of the Merck Community, and that domain names link to appropriate content.

Merck KGaA, as the Registry Operator, is responsible to the members of the Merck Community for the effective management of the ".MERCK" space, and accordingly will reserve the right in the ".MERCK" Registration Restrictions and Use Policy to make changes to domain name registrations (including their cancellation or transfer) as deemed necessary in the best interests of the Community at large. Any registrant who disagrees with a decision taken by Merck KGaA regarding a registration will have recourse under the MEFRP.

#### E. Dispute Resolution

A number of dispute resolution mechanisms will be available to third parties and/or Merck Community members including the: Trademark Post-Delegation Dispute Resolution Procedure, Registry Restrictions Dispute Resolution Procedure, Uniform Domain Name Dispute Resolution Policy, Uniform Rapid Suspension System, Charter Eligibility Dispute Resolution Policy, and the .MERCK Eligibility and Functionality Reconsideration Policy (see Question 29).

**20(f). Attach any written endorsements from institutions/groups representative of the community identified in 20(a).**

Attachments are not displayed on this form.

## Geographic Names

**21(a). Is the application for a geographic name?**

No

## Protection of Geographic Names

**22. Describe proposed measures for protection of geographic names at the second and other levels in the applied-for gTLD.**

This response describes protection of geographic names as implemented in the managed TLD registry service.

A. Protection of geographic names

In accordance with Specification 5 of the New gTLD Registry Agreement, the Registry Operator must initially reserve certain geographic names at the second level and at all other levels within the TLD at which the Registry Operator provides for registrations. We will satisfy this requirement by using the following internationally recognized lists to develop a comprehensive master list of all geographic names that will be initially reserved:

- The 2-letter alpha-2 code of all country and territory names contained on the ISO 3166-1 list, including all reserved and unassigned codes [[http://www.iso.org/iso/support/country\\_codes/iso\\_3166\\_code\\_lists/iso-31661\\_decoding\\_table.htm](http://www.iso.org/iso/support/country_codes/iso_3166_code_lists/iso-31661_decoding_table.htm)];
- The short form (in English) of all country and territory names contained on the ISO 3166-1 list, including the European Union, which is exceptionally reserved on the ISO 3166-1 List, and its scope extended in August 1999 to any application needing to represent the name European Union [[http://www.iso.org/iso/support/country\\_codes/iso\\_3166\\_code\\_lists/iso-31661\\_decoding\\_table.htm#EU](http://www.iso.org/iso/support/country_codes/iso_3166_code_lists/iso-31661_decoding_table.htm#EU)];
- The United Nations Group of Experts on Geographical Names, Technical Reference Manual for the Standardization of Geographical Names, Part III Names of Countries of the World. This lists the names of 193 independent States generally recognised by the international community in the language or languages used in an official capacity within each country [[http://unstats.un.org/unsd/geoinfo/ungegn%20tech%20ref%20manual\\_M87\\_combined.pdf](http://unstats.un.org/unsd/geoinfo/ungegn%20tech%20ref%20manual_M87_combined.pdf)]; and
- The list of UN member states in six official UN languages prepared by the Working Group on Country Names of the United Nations Conference on the standardization of Geographical Names

[[http://unstats.un.org/unsd/geoinfo/UNGEGN/docs/9th-uncsgndocs/econf/9th\\_UNCSGN\\_e-conf-98-89-add1.pdf](http://unstats.un.org/unsd/geoinfo/UNGEGN/docs/9th-uncsgndocs/econf/9th_UNCSGN_e-conf-98-89-add1.pdf)]

Names on this reserved list in the TLD registry will be prevented from registration, unless and until any such names are released from reservation per our release procedures generally described below. We do not plan on offering internationalized domain names (IDNs) upon launch, but if we ever do offer IDNs, we will reserve relevant IDN versions of country names.

Before the Sunrise opens, the list of reserved geographic names will be made available to the public via the Registry Operator's website in order to inform Registrars and potential Registrants of the reserved status of such names. The lists previously noted, will be regularly monitored for revisions and the reserved list, both within the registry and publicly facing, will continually be updated to reflect any changes.

In addition to these requirements, our services provider Afilias is able to support our wishes in regards to the reservation of additional terms on a case-by-case basis. The managed TLD registry allows such additions to the reserved list to be made by appropriately authorized staff, with no further system development changes required.

The following applies to all domain names contained within the managed TLD registry reserved list:

- Attempts to register reserved domain names will be rejected;
- WHOIS queries for listed domain names will receive responses indicating their reserved status;
- Reserved names will not appear in the TLD zone file; and
- DNS queries for reserved domain names will result in an NXDOMAIN response.

#### B. Procedures for release

Specification 5 says that "the reservation of specific country and territory names may be released to the extent that Registry Operator reaches agreement with the applicable government(s), provided, further, that Registry Operator may also propose release of these reservations subject to review by ICANN's Governmental Advisory Committee and approval by ICANN."

In order to satisfy this requirement, we will have in place a special release mechanism, described below.

If a country wishes to use one of the relevant ".MERCK" domain names, its GAC representative may make a written request to us, the Registry Operator, and we will immediately consider the release request.

If a member of our community wishes to use a reserved country name, we will obtain approval from that country's GAC representative.

We will formally present the GAC with an option, at no charge, of objecting to the release and use of any initially reserved names at the second level. However, as further detailed below, since such names will be used for the purposes of the representation of our company, it is almost impossible to anticipate any abuse or misconduct. Thus we reasonably believe that very few GAC Representatives, if any, would exercise this option. Nevertheless, the at-no-charge objection will remain an option for the GAC Representatives, in compliance with current ICANN requirements regarding geographic reserved names.

Generally, it is extremely unlikely that our authorized use of any "countryname.MERCK" or "cc.MERCK" domain name could be confusing to users, or otherwise offensive to any country. To the extent that use of any ".MERCK" domain was ever deemed confusing or offensive, we will have a strong desire to resolve the situation quickly and respectfully to any affected country's

sovereign interests. At minimum, we will ensure that its designated abuse contact is aware of the additional sensitivities that may potentially arise with respect to use of "cc.MERCK" or "countryname.MERCK" domains, such that any complaints of this nature are prioritized accordingly.

## Registry Services

### 23. Provide name and full description of all the Registry Services to be provided.

Throughout the technical portion (#23 - #44) of this application, answers are provided directly from Afiliias, the back-end provider of registry services for this TLD. Merck KgaA chose Afiliias as its back-end provider because Afiliias has more experience successfully applying to ICANN and launching new TLDs than any other provider. Afiliias is the ICANN-contracted registry operator of the ".INFO" and ".MOBI" TLDs, and Afiliias is the back-end registry services provider for other ICANN TLDs including ".ORG," ".ASIA," ".AERO," and ".XXX."

Registry services for this TLD will be performed by Afiliias in the same responsible manner used to support 16 top level domains today. Afiliias supports more ICANN-contracted TLDs (6) than any other provider currently. Afiliias' primary corporate mission is to deliver secure, stable and reliable registry services. This TLD will utilize an existing, proven team and platform for registry services with:

- A stable and secure, state-of-the-art, EPP-based SRS with ample storage capacity, data security provisions and scalability that is proven with registrars who account for over 95% of all gTLD domain name registration activity (over 375 registrars);
- A reliable, 100% available DNS service (zone file generation, publication and dissemination) tested to withstand severe DDoS attacks and dramatic growth in Internet use;
- A WHOIS service that is flexible and standards compliant, with search capabilities to address both registrar and end-user needs; includes consideration for evolving standards, such as RESTful, or draft-kucherawy-wierds;
- Experience introducing IDNs in the following languages: German (DE), Spanish (ES), Polish (PL), Swedish (SV), Danish (DA), Hungarian (HU), Icelandic (IS), Latvian (LV), Lithuanian (LT), Korean (KO), Simplified and Traditional Chinese (CN), Devanagari (HI-DEVA), Russian (RU), Belarusian (BE), Ukrainian (UK), Bosnian (BS), Serbian (SR), Macedonian (MK) and Bulgarian (BG) across the TLDs it serves;
- A registry platform that is both IPv6 and DNSSEC enabled;
- An experienced, respected team of professionals active in standards development of innovative services such as DNSSEC and IDN support;
- Methods to limit domain abuse, remove outdated and inaccurate data, and ensure the integrity of the SRS, and;
- Customer support and reporting capabilities to meet financial and administrative needs, e.g., 24x7 call center support, integration support, billing, and daily, weekly, and monthly reporting

Afiliias will support this TLD in accordance with the specific policies and procedures of Merck KgaA (the "registry operator"), leveraging a proven registry infrastructure that is fully operational, staffed with professionals, massively provisioned, and immediately ready to launch and maintain this TLD.

The below response includes a description of the registry services to be

provided for this TLD, additional services provided to support registry operations, and an overview of Afilias' approach to registry management.

#### A. Registry services to be provided

To support this TLD, Merck KgaA and Afilias will offer the following registry services, all in accordance with relevant technical standards and policies:

- Receipt of data from registrars concerning registration for domain names and nameservers, and provision to registrars of status information relating to the EPP-based domain services for registration, queries, updates, transfers, renewals, and other domain management functions. Please see our responses to questions #24, #25, and #27 for full details, which we request be incorporated here by reference
- Operation of the registry DNS servers: The Afilias DNS system, run and managed by Afilias, is a massively provisioned DNS infrastructure that utilizes among the most sophisticated DNS architecture, hardware, software and redundant design created. Afilias' industry-leading system works in a seamless way to incorporate nameservers from any number of other secondary DNS service vendors. Please see our response to question #35 for full details, which we request be incorporated here by reference
- Dissemination of TLD zone files: Afilias' distinctive architecture allows for real-time updates and maximum stability for zone file generation, publication and dissemination. Please see our response to question #34 for full details, which we request be incorporated here by reference.
- Dissemination of contact or other information concerning domain registrations: A port 43 WHOIS service with basic and expanded search capabilities with requisite measures to prevent abuse. Please see our response to question #26 for full details, which we request be incorporated here by reference
- Internationalized Domain Names (IDNs): Ability to support all protocol valid Unicode characters at every level of the TLD, including alphabetic, ideographic and right-to-left scripts, in conformance with the ICANN IDN Guidelines Please see our response to question #44 for full details, which we request be incorporated here by reference
- DNS Security Extensions (DNSSEC): A fully DNSSEC-enabled registry, with a stable and efficient means of signing and managing zones. This includes the ability to safeguard keys and manage keys completely. Please see our response to question #43 for full details, which we request be incorporated here by reference

Each service will meet or exceed the contract service level agreement. All registry services for this TLD will be provided in a standards-compliant manner.

##### A.1 Security

Afilias addresses security in every significant aspect - physical, data and network as well as process. Afilias' approach to security permeates every aspect of the registry services provided. A dedicated security function exists within the company to continually identify existing and potential threats, and to put in place comprehensive mitigation plans for each identified threat. In addition, a rapid security response plan exists to respond comprehensively to unknown or unidentified threats. The specific threats and Afilias mitigation plans are defined in our response to question #30(b); please see that response for complete information. In short, Afilias is committed to ensuring the confidentiality, integrity, and availability of all information.

#### B. New registry services

No new registry services are planned for the launch of this TLD.

### C. Additional services to support registry operation

Numerous supporting services and functions facilitate effective management of the TLD. These support services are also supported by Afilias, including:

- Customer support: 24x7 live phone and e-mail support for customers to address any access, update or other issues they may encounter This includes assisting the customer identification of the problem as well as solving it. Customers include registrars and the registry operator, but not registrants except in unusual circumstances. Customers have access to a web-based portal for a rapid and transparent view of the status of pending issues
- Financial services: billing and account reconciliation for all registry services according to pricing established in respective agreements

Reporting is an important component of supporting registry operations. Afilias will provide reporting to the registry operator and registrars, and financial reporting.

#### C.1 Reporting provided to registry operator

Afilias provides an extensive suite of reports to the registry operator, including daily, weekly and monthly reports with data at the transaction level that enable the registry operator to track and reconcile at whatever level of detail preferred. Afilias provides the exact data required by ICANN in the required format to enable the registry operator to meet its technical reporting requirements to ICANN.

In addition, Afilias offers access to a data warehouse capability that will enable near real-time data to be available 24x7. This can be arranged by informing the Afilias Account Manager regarding who should have access. Afilias' data warehouse capability enables drill-down analytics all the way to the transaction level.

#### C.2 Reporting available to registrars

Afilias provides an extensive suite of reporting to registrars and has been doing so in an exemplary manner for more than ten years. Specifically, Afilias provides daily, weekly and monthly reports with detail at the transaction level to enable registrars to track and reconcile at whatever level of detail they prefer.

Reports are provided in standard formats, facilitating import for use by virtually any registrar analytical tool. Registrar reports are available for download via a secure administrative interface. A given registrar will only have access to its own reports. These include the following:

- Daily Reports: Transaction Report, Billable Transactions Report, and Transfer Reports;
- Weekly: Domain Status and Nameserver Report, Weekly Nameserver Report, Domains Hosted by Nameserver Weekly Report, and;
- Monthly: Billing Report and Monthly Expiring Domains Report

Weekly registrar reports are maintained for each registrar for four weeks. Weekly reports older than four weeks will be archived for a period of six months, after which they will be deleted.

#### C.3 Financial reporting

Registrar account balances are updated real-time when payments and withdrawals are posted to the registrars' accounts. In addition, the registrar account balances are updated as and when they perform billable transactions at the registry level.



Afilias provides Deposit/Withdrawal Reports that are updated periodically to reflect payments received or credits and withdrawals posted to the registrar accounts.

The following reports are also available: a) Daily Billable Transaction Report, containing details of all the billable transactions performed by all the registrars in the SRS, b) daily e-mail reports containing the number of domains in the registry and a summary of the number and types of billable transactions performed by the registrars, and c) registry operator versions of most registrar reports (for example, a daily Transfer Report that details all transfer activity between all of the registrars in the SRS).

#### D. Afilias approach to registry support

Afilias, the back end registry services provider for this TLD, is dedicated to managing the technical operations and support of this TLD in a secure, stable and reliable manner. Afilias has worked closely with Merck KgaA to review specific needs and objectives of this TLD. The resulting comprehensive plans are illustrated in technical responses #24-44, drafted by Afilias given Merck KgaA requirements. Afilias and Merck KgaA also worked together to provide financial responses for this application which demonstrate cost and technology consistent with the size and objectives of this TLD.

Afilias is the registry services provider for this and several other TLD applications. Over the past 11 years of providing services for gTLD and ccTLDs, Afilias has accumulated experience about resourcing levels necessary to provide high quality services with conformance to strict service requirements. Afilias currently supports over 20 million domain names, spread across 16 TLDs, with over 400 accredited registrars.

Since its founding, Afilias is focused on delivering secure, stable and reliable registry services. Several essential management and staff who designed and launched the Afilias registry in 2001 and expanded the number of TLDs supported, all while maintaining strict service levels over the past decade, are still in place today. This experiential continuity will endure for the implementation and on-going maintenance of this TLD. Afilias operates in a matrix structure, which allows its staff to be allocated to various critical functions in both a dedicated and a shared manner. With a team of specialists and generalists, the Afilias project management methodology allows efficient and effective use of our staff in a focused way.

With over a decade of registry experience, Afilias has the depth and breadth of experience that ensure existing and new needs are addressed, all while meeting or exceeding service level requirements and customer expectations. This is evident in Afilias' participation in business, policy and technical organizations supporting registry and Internet technology within ICANN and related organizations. This allows Afilias to be at the forefront of security initiatives such as: DNSSEC, wherein Afilias worked with Public Interest Registry (PIR) to make the ".ORG" registry the first DNSSEC enabled gTLD and the largest TLD enabled at the time; in enhancing the Internet experience for users across the globe by leading development of IDNs; in pioneering the use of open-source technologies by its usage of PostgreSQL, and; being the first to offer near-real-time dissemination of DNS zone data.

The ability to observe tightening resources for critical functions and the capacity to add extra resources ahead of a threshold event are factors that Afilias is well versed in. Afilias' human resources team, along with well-established relationships with external organizations, enables it to fill both long-term and short-term resource needs expediently.

Afilias' growth from a few domains to serving 20 million domain names across 16 TLDs and 400 accredited registrars indicates that the relationship between the number of people required and the volume of domains supported is not linear. In

other words, servicing 100 TLDs does not automatically require 6 times more staff than servicing 16 TLDs. Similarly, an increase in the number of domains under management does not require in a linear increase in resources. Afiliias carefully tracks the relationship between resources deployed and domains to be serviced, and pro-actively reviews this metric in order to retain a safe margin of error. This enables Afiliias to add, train and prepare new staff well in advance of the need, allowing consistent delivery of high quality services.

With over a decade of registry experience, Afiliias has the depth and breadth of experience that ensure existing and new needs are addressed, all while meeting or exceeding service level requirements and customer expectations. This is evident in Afiliias' participation in business, policy and technical organizations supporting registry and Internet technology within ICANN and related organizations. This allows Afiliias to be at the forefront of security initiatives such as: DNSSEC, wherein Afiliias worked with Public Interest Registry (PIR) to make the ".ORG" registry the first DNSSEC enabled gTLD and the largest TLD enabled at the time; in enhancing the Internet experience for users across the globe by leading development of IDNs; in pioneering the use of open-source technologies by its usage of PostgreSQL, and; being the first to offer near-real-time dissemination of DNS zone data.

## Demonstration of Technical & Operational Capability

### 24. Shared Registration System (SRS) Performance

THE RESPONSE FOR THIS QUESTION USES ANGLE BRACKETS (THE " <" and "> " CHARACTERS, or < and > ), WHICH ICANN INFORMS US (CASE ID 11027) CANNOT BE PROPERLY RENDERED IN TAS DUE TO SECURITY CONCERNS. HENCE, THE ANSWER BELOW AS DISPLAYED IN TAS MAY NOT RENDER THE FULL RESPONSE AS INTENDED. THEREFORE, THE FULL ANSWER TO THIS QUESTION IS ALSO ATTACHED AS A PDF FILE, ACCORDING TO SPECIFIC GUIDANCE FROM ICANN UNDER CASE ID 11027.

Answers for this question (#24) are provided directly from Afiliias, the back-end provider of registry services for this TLD.

Afiliias operates a state-of-the-art EPP-based Shared Registration System (SRS) that is secure, stable and reliable. The SRS is a critical component of registry operations that must balance the business requirements for the registry and its customers, such as numerous domain acquisition and management functions. The SRS meets or exceeds all ICANN requirements given that Afiliias:

- Operates a secure, stable and reliable SRS which updates in real-time and in full compliance with Specification 6 of the new gTLD Registry Agreement;
- Is committed to continuously enhancing our SRS to meet existing and future needs;
- Currently exceeds contractual requirements and will perform in compliance with Specification 10 of the new gTLD Registry Agreement;
- Provides SRS functionality and staff, financial, and other resources to more than adequately meet the technical needs of this TLD, and;
- Manages the SRS with a team of experienced technical professionals who can seamlessly integrate this TLD into the Afiliias registry platform and support the TLD in a secure, stable and reliable manner

A. Description of operation of the SRS, including diagrams

Afiliias' SRS provides the same advanced functionality as that used in the

".INFO" and ".ORG" registries, as well as the fourteen other TLDs currently supported by Afilias. The Afilias registry system is standards-compliant and utilizes proven technology, ensuring global familiarity for registrars, and it is protected by our massively provisioned infrastructure that mitigates the risk of disaster.

EPP functionality is described fully in our response to question #25; please consider those answers incorporated here by reference. An abbreviated list of Afilias SRS functionality includes:

- Domain registration: Afilias provides registration of names in the TLD, in both ASCII and IDN forms, to accredited registrars via EPP and a web-based administration tool
- Domain renewal: Afilias provides services that allow registrars the ability to renew domains under sponsorship at any time. Further, the registry performs the automated renewal of all domain names at the expiration of their term, and allows registrars to rescind automatic renewals within a specified number of days after the transaction for a full refund
- Transfer: Afilias provides efficient and automated procedures to facilitate the transfer of sponsorship of a domain name between accredited registrars. Further, the registry enables bulk transfers of domains under the provisions of the Registry-Registrar Agreement
- RGP and restoring deleted domain registrations: Afilias provides support for the Redemption Grace Period (RGP) as needed, enabling the restoration of deleted registrations
- Other grace periods and conformance with ICANN guidelines: Afilias provides support for other grace periods that are evolving as standard practice inside the ICANN community. In addition, the Afilias registry system supports the evolving ICANN guidelines on IDNs

Afilias also supports the basic check, delete, and modify commands.

As required for all new gTLDs, Afilias provides "thick" registry system functionality. In this model, all key contact details for each domain are stored in the registry. This allows better access to domain data and provides uniformity in storing the information.

Afilias' SRS complies today and will continue to comply with global best practices including relevant RFCs, ICANN requirements, and this TLD's respective domain policies. With over a decade of experience, Afilias has fully documented and tested policies and procedures, and our highly skilled team members are active participants of the major relevant technology and standards organizations, so ICANN can be assured that SRS performance and compliance are met. Full details regarding the SRS system and network architecture are provided in responses to questions #31 and #32; please consider those answers incorporated here by reference.

#### A.1 SRS servers and software

All applications and databases for this TLD will run in a virtual environment currently hosted by a cluster of servers equipped with the latest Intel Westmere multi-core processors. (It is possible that by the time this application is evaluated and systems deployed, Westmere processors may no longer be the "latest"; the Afilias policy is to use the most advanced, stable technology available at the time of deployment.) The data for the registry will be stored on storage arrays of solid state drives shared over a fast storage area network. The virtual environment allows the infrastructure to easily scale both vertically and horizontally to cater to changing demand. It also facilitates effective utilization of system resources, thus reducing energy consumption and carbon footprint.

The network firewalls, routers and switches support all applications and servers. Hardware traffic shapers are used to enforce an equitable access policy for connections coming from registrars. The registry system accommodates

both IPv4 and IPv6 addresses. Hardware load balancers accelerate TLS/SSL handshaking and distribute load among a pool of application servers.

Each of the servers and network devices are equipped with redundant, hot-swappable components and multiple connections to ancillary systems. Additionally, 24x7 support agreements with a four-hour response time at all our data centers guarantee replacement of failed parts in the shortest time possible.

Examples of current system and network devices used are:

- Servers: Cisco UCS B230 blade servers
- SAN storage arrays: IBM Storwize V7000 with Solid State Drives
- SAN switches: Brocade 5100
- Firewalls: Cisco ASA 5585-X
- Load balancers: F5 Big-IP 6900
- Traffic shapers: Procera PacketLogic PL8720
- Routers: Juniper MX40 3D
- Network switches: Cisco Nexus 7010, Nexus 5548, Nexus 2232

These system components are upgraded and updated as required, and have usage and performance thresholds which trigger upgrade review points. In each data center, there is a minimum of two of each network component, a minimum of 25 servers, and a minimum of two storage arrays.

Technical components of the SRS include the following items, continually checked and upgraded as needed: SRS, WHOIS, web admin tool, DNS, DNS distributor, reporting, invoicing tools, and deferred revenue system (as needed).

All hardware is massively provisioned to ensure stability under all forecast volumes from launch through "normal" operations of average daily and peak capacities. Each and every system application, server, storage and network device is continuously monitored by the Afilias Network Operations Center for performance and availability. The data gathered is used by dynamic predictive analysis tools in real-time to raise alerts for unusual resource demands. Should any volumes exceed established thresholds, a capacity planning review is instituted which will address the need for additions well in advance of their actual need.

#### B. SRS diagram and interconnectivity description

As with all core registry services, the SRS is run from a global cluster of registry system data centers, located in geographic centers with high Internet bandwidth, power, redundancy and availability. All of the registry systems will be run in a <n+1> setup, with a primary data center and a secondary data center. For detailed site information, please see our responses to questions #32 and #35. Registrars access the SRS in real-time using EPP.

A sample of the Afilias SRS technical and operational capabilities (displayed in Figure 24-a) include:

- Geographically diverse redundant registry systems;
- Load balancing implemented for all registry services (e.g. EPP, WHOIS, web admin) ensuring equal experience for all customers and easy horizontal scalability;
- Disaster Recovery Point objective for the registry is within one minute of the loss of the primary system;
- Detailed and tested contingency plan, in case of primary site failure, and;
- Daily reports, with secure access for confidentiality protection

As evidenced in Figure 24-a, the SRS contains several components of the registry system. The interconnectivity ensures near-real-time distribution of

the data throughout the registry infrastructure, timely backups, and up-to-date billing information.

The WHOIS servers are directly connected to the registry database and provide real-time responses to queries using the most up-to-date information present in the registry.

Committed DNS-related EPP objects in the database are made available to the DNS Distributor via a dedicated set of connections. The DNS Distributor extracts committed DNS-related EPP objects in real time and immediately inserts them into the zone for dissemination.

The Afilias system is architected such that read-only database connections are executed on database replicas and connections to the database master (where write-access is executed) are carefully protected to ensure high availability.

This interconnectivity is monitored, as is the entire registry system, according to the plans detailed in our response to question #42.

#### C. Synchronization scheme

Registry databases are synchronized both within the same data center and in the backup data center using a database application called Slony. For further details, please see the responses to questions #33 and #37. Slony replication of transactions from the publisher (master) database to its subscribers (replicas) works continuously to ensure the publisher and its subscribers remain synchronized. When the publisher database completes a transaction the Slony replication system ensures that each replica also processes the transaction. When there are no transactions to process, Slony "sleeps" until a transaction arrives or for one minute, whichever comes first. Slony "wakes up" each minute to confirm with the publisher that there has not been a transaction and thus ensures subscribers are synchronized and the replication time lag is minimized. The typical replication time lag between the publisher and subscribers depends on the topology of the replication cluster, specifically the location of the subscribers relative to the publisher. Subscribers located in the same data center as the publisher are typically updated within a couple of seconds, and subscribers located in a secondary data center are typically updated in less than ten seconds. This ensures real-time or near-real-time synchronization between all databases, and in the case where the secondary data center needs to be activated, it can be done with minimal disruption to registrars.

#### D. SRS SLA performance compliance

Afilias has a ten-year record of delivering on the demanding ICANN SLAs, and will continue to provide secure, stable and reliable service in compliance with SLA requirements as specified in the new gTLD Registry Agreement, Specification 10, as presented in Figure 24-b.

The Afilias SRS currently handles over 200 million EPP transactions per month for just ".INFO" and ".ORG." Overall, the Afilias SRS manages over 700 million EPP transactions per month for all TLDs under management.

Given this robust functionality, and more than a decade of experience supporting a thick TLD registry with a strong performance history, Afilias, on behalf of Merck KgaA, will meet or exceed the performance metrics in Specification 10 of the new gTLD Registry Agreement. The Afilias services and infrastructure are designed to scale both vertically and horizontally without any downtime to provide consistent performance as this TLD grows. The Afilias architecture is also massively provisioned to meet seasonal demands and marketing campaigns. Afilias' experience also gives high confidence in the ability to scale and grow registry operations for this TLD in a secure, stable

and reliable manner.

#### E. SRS resourcing plans

Since its founding, Afiliias is focused on delivering secure, stable and reliable registry services. Several essential management and staff who designed and launched the Afiliias registry in 2001 and expanded the number of TLDs supported, all while maintaining strict service levels over the past decade, are still in place today. This experiential continuity will endure for the implementation and on-going maintenance of this TLD. Afiliias operates in a matrix structure, which allows its staff to be allocated to various critical functions in both a dedicated and a shared manner. With a team of specialists and generalists, the Afiliias project management methodology allows efficient and effective use of our staff in a focused way.

Over 100 Afiliias team members contribute to the management of the SRS code and network that will support this TLD. The SRS team is composed of Software Engineers, Quality Assurance Analysts, Application Administrators, System Administrators, Storage Administrators, Network Administrators, Database Administrators, and Security Analysts located at three geographically separate Afiliias facilities. The systems and services set up and administered by these team members are monitored 24x7 by skilled analysts at two NOCs located in Toronto, Ontario (Canada) and Horsham, Pennsylvania (USA). In addition to these team members, Afiliias also utilizes trained project management staff to maintain various calendars, work breakdown schedules, utilization and resource schedules and other tools to support the technical and management staff. It is this team who will both deploy this TLD on the Afiliias infrastructure, and maintain it. Together, the Afiliias team has managed 11 registry transitions and six new TLD launches, which illustrate its ability to securely and reliably deliver regularly scheduled updates as well as a secure, stable and reliable SRS service for this TLD.

#### F. Attachments

24\_figures.pdf - Sample of the Afiliias SRS technical and operational capabilities

## 25. Extensible Provisioning Protocol (EPP)

THE RESPONSE FOR THIS QUESTION USES ANGLE BRACKETS (THE " <" and "> " CHARACTERS, or < and > ), WHICH ICANN INFORMS US (CASE ID 11027) CANNOT BE PROPERLY RENDERED IN TAS DUE TO SECURITY CONCERNS. HENCE, THE ANSWER BELOW AS DISPLAYED IN TAS MAY NOT RENDER THE FULL RESPONSE AS INTENDED. THEREFORE, THE FULL ANSWER TO THIS QUESTION IS ALSO ATTACHED AS A PDF FILE, ACCORDING TO SPECIFIC GUIDANCE FROM ICANN UNDER CASE ID 11027.

Answers for this question (#25) are provided by Afiliias, the back-end provider of registry services for this TLD.

Afiliias has been a pioneer and innovator in the use of EPP. ".INFO" was the first EPP-based gTLD registry and launched on EPP version 02/00. Afiliias has a track record of supporting TLDs on standards-compliant versions of EPP. Afiliias will operate the EPP registrar interface as well as a web-based interface for this TLD in accordance with RFCs and global best practices. In addition, Afiliias will maintain a proper OT&E (Operational Testing and Evaluation) environment to facilitate registrar system development and testing.

Afiliias' EPP technical performance meets or exceeds all ICANN requirements as

demonstrated by:

- A completely functional, state-of-the-art, EPP-based SRS that currently meets the needs of various gTLDs and will meet this new TLD's needs;
- A track record of success in developing extensions to meet client and registrar business requirements such as multi-script support for IDNs;
- Supporting six ICANN gTLDs on EPP: ".INFO," ".ORG," ".MOBI," ".AERO," ".ASIA" and ".XXX"
- EPP software that is operating today and has been fully tested to be standards-compliant;
- Proven interoperability of existing EPP software with ICANN-accredited registrars, and;
- An SRS that currently processes over 200 million EPP transactions per month for both ".INFO" and ".ORG." Overall, Afiliias processes over 700 million EPP transactions per month for all 16 TLDs under management

The EPP service is offered in accordance with the performance specifications defined in the new gTLD Registry Agreement, Specification 10.

#### A. EPP Standards

The Afiliias registry system complies with the following revised versions of the RFCs and operates multiple ICANN TLDs on these standards, including ".INFO," ".ORG," ".MOBI," ".ASIA" and ".XXX." The systems have been tested by our Quality Assurance ("QA") team for RFC compliance, and have been used by registrars for an extended period of time:

- 3735 - Guidelines for Extending EPP
- 3915 - Domain Registry Grace Period Mapping
- 5730 - Extensible Provisioning Protocol (EPP)
- 5731 - Domain Name Mapping
- 5732 - Host Mapping
- 5733 - Contact Mapping
- 5734 - Transport Over TCP
- 5910 - Domain Name System (DNS) Security Extensions Mapping for the Extensible Provisioning Protocol (EPP)

This TLD will support all valid EPP commands. The following EPP commands are in operation today and will be made available for this TLD. See attachment #25a for the base set of EPP commands and copies of Afiliias XSD schema files, which define all the rules of valid, RFC compliant EPP commands and responses that Afiliias supports. Any customized EPP extensions, if necessary, will also conform to relevant RFCs.

Afiliias staff members actively participated in the Internet Engineering Task Force (IETF) process that finalized the new standards for EPP. Afiliias will continue to actively participate in the IETF and will stay abreast of any updates to the EPP standards.

#### B. EPP software interface and functionality

Afiliias will provide all registrars with a free open-source EPP toolkit. Afiliias provides this software for use with both Microsoft Windows and Unix/Linux operating systems. This software, which includes all relevant templates and schema defined in the RFCs, is available on sourceforge.net and will be available through the registry operator's website.

Afiliias' SRS EPP software complies with all relevant RFCs and includes the following functionality:

- EPP Greeting: A response to a successful connection returns a greeting to the client. Information exchanged can include: name of server, server date and time

in UTC, server features, e.g., protocol versions supported, languages for the text response supported, and one or more elements which identify the objects that the server is capable of managing;

- Session management controls: <login> to establish a connection with a server, and <logout> to end a session;
- EPP Objects: Domain, Host and Contact for respective mapping functions;
- EPP Object Query Commands: Info, Check, and Transfer (query) commands to retrieve object information, and;
- EPP Object Transform Commands: five commands to transform objects: <create> to create an instance of an object, <delete> to remove an instance of an object, <renew> to extend the validity period of an object, <update> to change information associated with an object, and <transfer> to manage changes in client sponsorship of a known object

Currently, 100% of the top domain name registrars in the world have software that has already been tested and certified to be compatible with the Afiliias SRS registry. In total, over 375 registrars, representing over 95% of all registration volume worldwide, operate software that has been certified compatible with the Afiliias SRS registry. Afiliias' EPP Registrar Acceptance Criteria are available in attachment #25b, EPP OT&E Criteria.

#### B.1 Free EPP software support

Afiliias analyzes and diagnoses registrar EPP activity log files as needed and is available to assist registrars who may require technical guidance regarding how to fix repetitive errors or exceptions caused by misconfigured client software.

Registrars are responsible for acquiring a TLS/SSL certificate from an approved certificate authority, as the registry-registrar communication channel requires mutual authentication; Afiliias will acquire and maintain the server-side TLS/SSL certificate. The registrar is responsible for developing support for TLS/SSL in their client application. Afiliias will provide free guidance for registrars unfamiliar with this requirement.

#### C. Registrar data synchronization

There are two methods available for registrars to synchronize their data with the registry:

- Automated synchronization: Registrars can, at any time, use the EPP <info> command to obtain definitive data from the registry for a known object, including domains, hosts (nameservers) and contacts
- Personalized synchronization: A registrar may contact technical support and request a data file containing all domains (and associated host (nameserver) and contact information) registered by that registrar, within a specified time interval. The data will be formatted as a comma separated values (CSV) file and made available for download using a secure server

#### D. EPP modifications

There are no unique EPP modifications planned for this TLD.

All ICANN TLDs must offer a Sunrise as part of a rights protection program. Afiliias uses EPP extensions that allow registrars to submit trademark and other intellectual property rights (IPR) data to the registry. These extensions are:

- An <ipr:name> element that indicates the name of Registered Mark.
- An <ipr:number> element that indicates the registration number of the IPR
- An <ipr:ccLocality> element that indicates the origin for which the IPR is established (a national or international trademark registry).
- An <ipr:entitlement> element that indicates whether the applicant holds the



trademark as the original "OWNER", "CO-OWNER" or "ASSIGNEE"

- An <ipr:appDate> element that indicates the date the Registered Mark was applied for
- An <ipr:regDate> element that indicates the date the Registered Mark was issued and registered
- An <ipr:class> element that indicates the class of the registered mark
- An <ipr:type> element that indicates the Sunrise phase the application applies for

Note that some of these extensions might be subject to change based on ICANN-developed requirements for the Trademark Clearinghouse.

#### E. EPP resourcing plans

Since its founding, Afilias is focused on delivering secure, stable and reliable registry services. Several essential management and staff who designed and launched the Afilias registry in 2001 and expanded the number of TLDs supported, all while maintaining strict service levels over the past decade, are still in place today. This experiential continuity will endure for the implementation and on-going maintenance of this TLD. Afilias operates in a matrix structure, which allows its staff to be allocated to various critical functions in both a dedicated and a shared manner. With a team of specialists and generalists, the Afilias project management methodology allows efficient and effective use of our staff in a focused way.

108 Afilias team members directly contribute to the management and development of the EPP based registry systems. As previously noted, Afilias is an active member of IETF and has a long documented history developing and enhancing EPP. These contributors include 11 developers and 14 QA engineers focused on maintaining and enhancing EPP server side software. These engineers work directly with business staff to timely address existing needs and forecast registry/registrar needs to ensure the Afilias EPP software is effective today and into the future. A team of eight data analysts work with the EPP software system to ensure that the data flowing through EPP is securely and reliably stored in replicated database systems. In addition to the EPP developers, QA engineers, and data analysts, other EPP contributors at Afilias include: Technical Analysts, the Network Operations Center and Data Services team members.

#### F. Attachments

25a\_XML\_Request\_Response.pdf - Base set of EPP commands and copies of Afilias XSD schema files

25b-Info\_EPP\_RFC\_OTC\_criteria\_v1-6-1 - EPP OT&E Criteria

## 26. Whois

Answers for this question (#26) are provided by Afilias, the back-end provider of registry services for this TLD.

Afilias operates the WHOIS (registration data directory service) infrastructure in accordance with RFCs and global best practices, as it does for the 16 TLDs it currently supports. Designed to be robust and scalable, Afilias' WHOIS service has exceeded all contractual requirements for over a decade. It has extended search capabilities, and methods of limiting abuse.

The WHOIS service operated by Afilias meets and exceeds ICANN's requirements. Specifically, Afilias will:

- Offer a WHOIS service made available on port 43 that is flexible and standards-compliant;
- Comply with all ICANN policies, and meeting or exceeding WHOIS performance requirements in Specification 10 of the new gTLD Registry Agreement;
- Enable a Searchable WHOIS with extensive search capabilities that offers ease of use while enforcing measures to mitigate access abuse, and;
- Employ a team with significant experience managing a compliant WHOIS service

Such extensive knowledge and experience managing a WHOIS service enables Afiliias to offer a comprehensive plan for this TLD that meets the needs of constituents of the domain name industry and Internet users. The service has been tested by our QA team for RFC compliance, and has been used by registrars and many other parties for an extended period of time. Afiliias' WHOIS service currently serves almost 500 million WHOIS queries per month, with the capacity already built in to handle an order of magnitude increase in WHOIS queries, and the ability to smoothly scale should greater growth be needed.

#### A. WHOIS system description and diagram

The Afiliias WHOIS system, depicted in figure 26-a, is designed with robustness, availability, compliance, and performance in mind. Additionally, the system has provisions for detecting abusive usage (e.g., excessive numbers of queries from one source). The WHOIS system is generally intended as a publicly available single object lookup system. Afiliias uses an advanced, persistent caching system to ensure extremely fast query response times.

Afiliias will develop restricted WHOIS functions based on specific domain policy and regulatory requirements as needed for operating the business (as long as they are standards compliant). It will also be possible for contact and registrant information to be returned according to regulatory requirements. The WHOIS database supports multiple string and field searching through a reliable, free, secure web-based interface.

##### A.1 Data objects, interfaces, access and lookups

Registrars can provide an input form on their public websites through which a visitor is able to perform WHOIS queries. The registry operator can also provide a Web-based search on its site. The input form must accept the string to query, along with the necessary input elements to select the object type and interpretation controls. This input form sends its data to the Afiliias port 43 WHOIS server. The results from the WHOIS query are returned by the server and displayed in the visitor's Web browser. The sole purpose of the Web interface is to provide a user-friendly interface for WHOIS queries.

Afiliias will provide WHOIS output as per Specification 4 of the new gTLD Registry Agreement. The output for domain records generally consists of the following elements:

- The name of the domain registered and the sponsoring registrar;
- The names of the primary and secondary nameserver(s) for the registered domain name;
- The creation date, registration status and expiration date of the registration;
- The name, postal address, e-mail address, and telephone and fax numbers of the domain name holder;
- The name, postal address, e-mail address, and telephone and fax numbers of the technical contact for the domain name holder;
- The name, postal address, e-mail address, and telephone and fax numbers of the administrative contact for the domain name holder, and;
- The name, postal address, e-mail address, and telephone and fax numbers of the billing contact for the domain name holder

The following additional features are also present in Afilias' WHOIS service:

- Support for IDNs, including the language tag and the Punycode representation of the IDN in addition to Unicode Hex and Unicode HTML formats;
- Enhanced support for privacy protection relative to the display of confidential information

Afilias will also provide sophisticated WHOIS search functionality that includes the ability to conduct multiple string and field searches.

## A.2 Query controls

For all WHOIS queries, a user is required to enter the character string representing the information for which they want to search. The object type and interpretation control parameters to limit the search may also be specified. If object type or interpretation control parameter is not specified, WHOIS will search for the character string in the Name field of the Domain object.

WHOIS queries are required to be either an "exact search" or a "partial search," both of which are insensitive to the case of the input string.

An exact search specifies the full string to search for in the database field. An exact match between the input string and the field value is required.

A partial search specifies the start of the string to search for in the database field. Every record with a search field that starts with the input string is considered a match. By default, if multiple matches are found for a query, then a summary containing up to 50 matching results is presented. A second query is required to retrieve the specific details of one of the matching records.

If only a single match is found, then full details will be provided. Full detail consists of the data in the matching object as well as the data in any associated objects. For example: a query that results in a domain object includes the data from the associated host and contact objects.

WHOIS query controls fall into two categories: those that specify the type of field, and those that modify the interpretation of the input or determine the level of output to provide. Each is described below.

The following keywords restrict a search to a specific object type:

- Domain: Searches only domain objects. The input string is searched in the Name field
  - Host: Searches only nameserver objects. The input string is searched in the Name field and the IP Address field
  - Contact: Searches only contact objects. The input string is searched in the ID field
  - Registrar: Searches only registrar objects. The input string is searched in the Name field
- By default, if no object type control is specified, then the Name field of the Domain object is searched

In addition, Afilias WHOIS systems can perform and respond to WHOIS searches by registrant name, postal address and contact names. Deployment of these features is provided as an option to the registry operator, based upon registry policy and business decision making.

Figure 26-b presents the keywords that modify the interpretation of the input or determine the level of output to provide.

By default, if no interpretation control keywords are used, the output will include full details if a single match is found and a summary if multiple matches are found.

### A.3 Unique TLD requirements

There are no unique WHOIS requirements for this TLD.

### A.4 Sunrise WHOIS processes

All ICANN TLDs must offer a Sunrise as part of a rights protection program. Afiliias uses EPP extensions that allow registrars to submit trademark and other intellectual property rights (IPR) data to the registry. The following corresponding data will be displayed in WHOIS for relevant domains:

- Trademark Name: element that indicates the name of the Registered Mark
- Trademark Number: element that indicates the registration number of the IPR
- Trademark Locality: element that indicates the origin for which the IPR is established (a national or international trademark registry).
- Trademark Entitlement: element that indicates whether the applicant holds the trademark as the original "OWNER", "CO-OWNER" or "ASSIGNEE"
- Trademark Application Date: element that indicates the date the Registered Mark was applied for
- Trademark Registration Date: element that indicates the date the Registered Mark was issued and registered
- Trademark Class: element that indicates the class of the Registered Mark
- IPR Type: element that indicates the Sunrise phase the application applies for

### B. IT and infrastructure resources

All the applications and databases for this TLD will run in a virtual environment hosted by a cluster of servers equipped with the latest Intel Westmere multi-core processors (or a more advanced, stable technology available at the time of deployment). The registry data will be stored on storage arrays of solid-state drives shared over a fast storage area network. The virtual environment allows the infrastructure to easily scale both vertically and horizontally to cater to changing demand. It also facilitates effective utilization of system resources thus reducing energy consumption and carbon footprint.

The applications and servers are supported by network firewalls, routers and switches.

The WHOIS system accommodates both IPv4 and IPv6 addresses.

Each of the servers and network devices are equipped with redundant hot-swappable components and multiple connections to ancillary systems. Additionally, 24x7 support agreements with our hardware vendor with a 4-hour response time at all our data centers guarantees replacement of failed parts in the shortest time possible.

Models of system and network devices used are:

- Servers: Cisco UCS B230 blade servers
- SAN storage arrays: IBM Storwize V7000 with Solid State Drives
- Firewalls: Cisco ASA 5585-X
- Load balancers: F5 Big-IP 6900
- Traffic shapers: Procera PacketLogic PL8720
- Routers: Juniper MX40 3D
- Network switches: Cisco Nexus 7010, Nexus 5548, Nexus 2232

There will be at least four virtual machines (VMs) offering WHOIS service. Each VM will run at least two WHOIS server instances - one for registrars and one for the public. All instances of the WHOIS service is made available to registrars and the public are rate limited to mitigate abusive behavior.

#### C. Frequency of synchronization between servers

Registration data records from the EPP publisher database will be replicated to the WHOIS system database on a near-real-time basis whenever an update occurs.

#### D. Specifications 4 and 10 compliance

The WHOIS service for this TLD will meet or exceed the performance requirements in the new gTLD Registry Agreement, Specification 10. Figure 26-c provides the exact measurements and commitments. Afiliias has a 10 year track record of exceeding WHOIS performance and a skilled team to ensure this continues for all TLDs under management.

The WHOIS service for this TLD will meet or exceed the requirements in the new gTLD Registry Agreement, Specification 4.

#### E. RFC 3912 compliance

Afiliias will operate the WHOIS infrastructure in compliance with RFCs and global best practices, as it does with the 16 TLDs Afiliias currently supports.

Afiliias maintains a registry-level centralized WHOIS database that contains information for every registered domain and for all host and contact objects. The WHOIS service will be available on the Internet standard WHOIS port (port 43) in compliance with RFC 3912. The WHOIS service contains data submitted by registrars during the registration process. Changes made to the data by a registrant are submitted to Afiliias by the registrar and are reflected in the WHOIS database and service in near-real-time, by the instance running at the primary data center, and in under ten seconds by the instance running at the secondary data center, thus providing all interested parties with up-to-date information for every domain. This service is compliant with the new gTLD Registry Agreement, Specification 4.

The WHOIS service maintained by Afiliias will be authoritative and complete, as this will be a "thick" registry (detailed domain contact WHOIS is all held at the registry); users do not have to query different registrars for WHOIS information, as there is one central WHOIS system. Additionally, visibility of different types of data is configurable to meet the registry operator's needs.

#### F. Searchable WHOIS

Afiliias offers a searchable WHOIS on a web-based Directory Service. Partial match capabilities are offered on the following fields: domain name, registrar ID, and IP address. In addition, Afiliias WHOIS systems can perform and respond to WHOIS searches by registrant name, postal address and contact names.

Providing the ability to search important and high-value fields such as registrant name, address and contact names increases the probability of abusive behavior. An abusive user could script a set of queries to the WHOIS service and access contact data in order to create or sell a list of names and addresses of registrants in this TLD. Making the WHOIS machine readable, while preventing harvesting and mining of WHOIS data, is a key requirement integrated into the Afiliias WHOIS systems. For instance, Afiliias limits search returns to 50 records at a time. If bulk queries were ever necessary (e.g., to comply with any applicable laws, government rules or requirements, requests of law enforcement, or any dispute resolution process), Afiliias makes such query responses available to carefully screened and limited staff members at the registry operator (and customer support staff) via an internal data warehouse. The Afiliias WHOIS system accommodates anonymous access as well as pre-

identified and profile-defined uses, with full audit and log capabilities.

The WHOIS service has the ability to tag query responses with labels such as "Do not redistribute" or "Special access granted". This may allow for tiered response and reply scenarios. Further, the WHOIS service is configurable in parameters and fields returned, which allow for flexibility in compliance with various jurisdictions, regulations or laws.

Afilias offers exact-match capabilities on the following fields: registrar ID, nameserver name, and nameserver's IP address (only applies to IP addresses stored by the registry, i.e., glue records). Search capabilities are fully available, and results include domain names matching the search criteria (including IDN variants). Afilias manages abuse prevention through rate limiting and CAPTCHA (described below). Queries do not require specialized transformations of internationalized domain names or internationalized data fields

Please see "Query Controls" above for details about search options and capabilities.

#### G. Deterring WHOIS abuse

Afilias has adopted two best practices to prevent abuse of the WHOIS service: rate limiting and CAPTCHA.

Abuse of WHOIS services on port 43 and via the Web is subject to an automated rate-limiting system. This ensures that uniformity of service to users is unaffected by a few parties whose activities abuse or otherwise might threaten to overload the WHOIS system.

Abuse of web-based public WHOIS services is subject to the use of CAPTCHA (Completely Automated Public Turing test to tell Computers and Humans Apart) technology. The use of CAPTCHA ensures that uniformity of service to users is unaffected by a few parties whose activities abuse or otherwise might threaten to overload the WHOIS system. The registry operator will adopt a CAPTCHA on its Web-based WHOIS.

Data mining of any sort on the WHOIS system is strictly prohibited, and this prohibition is published in WHOIS output and in terms of service.

For rate limiting on IPv4, there are configurable limits per IP and subnet. For IPv6, the traditional limitations do not apply. Whenever a unique IPv6 IP address exceeds the limit of WHOIS queries per minute, the same rate-limit for the given 64 bits of network prefix that the offending IPv6 IP address falls into will be applied. At the same time, a timer will start and rate-limit validation logic will identify if there are any other IPv6 address within the original 80-bit (<48) prefix. If another offending IPv6 address does fall into the <48 prefix then rate-limit validation logic will penalize any other IPv6 addresses that fall into that given 80-bit (<48) network. As a security precaution, Afilias will not disclose these limits.

Pre-identified and profile-driven role access allows greater granularity and configurability in both access to the WHOIS service, and in volume/frequency of responses returned for queries.

Afilias staff are key participants in the ICANN Security & Stability Advisory Committee's deliberations and outputs on WHOIS, including SAC003, SAC027, SAC033, SAC037, SAC040, and SAC051. Afilias staff are active participants in both technical and policy decision making in ICANN, aimed at restricting abusive behavior.

#### H. WHOIS staff resourcing plans

Since its founding, Afilias is focused on delivering secure, stable and reliable registry services. Several essential management and staff who designed and launched the Afilias registry in 2001 and expanded the number of TLDs supported, all while maintaining strict service levels over the past decade, are still in place today. This experiential continuity will endure for the implementation and on-going maintenance of this TLD. Afilias operates in a matrix structure, which allows its staff to be allocated to various critical functions in both a dedicated and a shared manner. With a team of specialists and generalists, the Afilias project management methodology allows efficient and effective use of our staff in a focused way.

Within Afilias, there are 11 staff members who develop and maintain the compliant WHOIS systems. They keep pace with access requirements, thwart abuse, and continually develop software. Of these resources, approximately two staffers are typically required for WHOIS-related code customization. Other resources provide quality assurance, and operations personnel maintain the WHOIS system itself. This team will be responsible for the implementation and on-going maintenance of the new TLD WHOIS service.

#### I. Attachments

26-figures.pdf - Afilias WHOIS system

## 27. Registration Life Cycle

THE RESPONSE FOR THIS QUESTION USES ANGLE BRACKETS (THE " < " and " > " CHARACTERS, or < and > ), WHICH ICANN INFORMS US (CASE ID 11027) CANNOT BE PROPERLY RENDERED IN TAS DUE TO SECURITY CONCERNS. HENCE, THE ANSWER BELOW AS DISPLAYED IN TAS MAY NOT RENDER THE FULL RESPONSE AS INTENDED. THEREFORE, THE FULL ANSWER TO THIS QUESTION IS ALSO ATTACHED AS A PDF FILE, ACCORDING TO SPECIFIC GUIDANCE FROM ICANN UNDER CASE ID 11027.

Answers for this question (#27) are provided by Afilias, the back-end provider of registry services for this TLD.

Afilias has been managing registrations for over a decade. Afilias has had experience managing registrations for over a decade and supports comprehensive registration lifecycle services including the registration states, all standard grace periods, and can address any modifications required with the introduction of any new ICANN policies.

This TLD will follow the ICANN standard domain lifecycle, as is currently implemented in TLDs such as ".ORG" and ".INFO." The below response includes: a diagram and description of the lifecycle of a domain name in this TLD, including domain creation, transfer protocols, grace period implementation and the respective time frames for each; and the existing resources to support the complete lifecycle of a domain.

As depicted in Figure 27-a, prior to the beginning of the Trademark Claims Service or Sunrise IP protection program[s], Afilias will support the reservation of names in accordance with the new gTLD Registry Agreement, Specification 5.

#### A. Registration period

After the IP protection programs and the general launch, eligible registrants may choose an accredited registrar to register a domain name. The registrar

will check availability on the requested domain name and if available, will collect specific objects such as, the required contact and host information from the registrant. The registrar will then provision the information into the registry system using standard Extensible Provisioning Protocol ("EPP") commands through a secure connection to the registry backend service provider.

When the domain is created, the standard five day Add Grace Period begins, the domain and contact information are available in WHOIS, and normal operating EPP domain statuses will apply. Other specifics regarding registration rules for an active domain include:

- The domain must be unique;
- Restricted or reserved domains cannot be registered;
- The domain can be registered from 1-10 years;
- The domain can be renewed at any time for 1-10 years, but cannot exceed 10 years;
- The domain can be explicitly deleted at any time;
- The domain can be transferred from one registrar to another except during the first 60 days following a successful registration or within 60 days following a transfer; and,
- Contacts and hosts can be modified at any time

The following describe the domain status values recognized in WHOIS when using the EPP protocol following RFC 5731.

- OK or Active: This is the normal status for a domain that has no pending operations or restrictions.
- Inactive: The domain has no delegated name servers.
- Locked: No action can be taken on the domain. The domain cannot be renewed, transferred, updated, or deleted. No objects such as contacts or hosts can be associated to, or disassociated from the domain. This status includes: Delete Prohibited / Server Delete Prohibited, Update Prohibited / Server Update Prohibited, Transfer Prohibited, Server Transfer Prohibited, Renew Prohibited, Server Renew Prohibited.
- Hold: The domain will not be included in the zone. This status includes: Client Hold, Server Hold.
- Transfer Prohibited: The domain cannot be transferred away from the sponsoring registrar. This status includes: Client Transfer Prohibited, Server Transfer Prohibited.

The following describe the registration operations that apply to the domain name during the registration period.

#### A.1 Domain modifications:

This operation allows for modifications or updates to the domain attributes to include:

- Registrant Contact
- Admin Contact
- Technical Contact
- Billing Contact
- Host or nameservers
- Authorization information
- Associated status values

A domain with the EPP status of Client Update Prohibited or Server Update Prohibited may not be modified until the status is removed.

#### A.2 Domain renewals

This operation extends the registration period of a domain by changing the expiration date. The following rules apply:



- i. A domain can be renewed at any time during its registration term,
- ii. The registration term cannot exceed a total of 10 years.

A domain with the EPP status of Client Renew Prohibited or Server Renew Prohibited cannot be renewed.

### A.3 Domain deletions

This operation deletes the domain from the Shared Registry Services (SRS). The following rules apply:

- A domain can be deleted at any time during its registration term, if the domain is deleted during the Add Grace Period or the Renew/Extend Grace Period, the sponsoring registrar will receive a credit,
- A domain cannot be deleted if it has "child" nameservers that are associated to other domains

A domain with the EPP status of Client Delete Prohibited or Server Delete Prohibited cannot be deleted.

### A.4 Domain transfers

A transfer of the domain from one registrar to another is conducted by following the steps below.

- The registrant must obtain the applicable <authInfo> code from the sponsoring (losing) registrar
- Every domain name has an authInfo code as per EPP RFC 5731. The authInfo code is a six- to 16-character code assigned by the registrar at the time the name was created. Its purpose is to aid identification of the domain owner so proper authority can be established (it is the "password" to the domain)
- Under the Registry-Registrar Agreement, registrars will be required to provide a copy of the authInfo code to the domain registrant upon his or her request
- The registrant must provide the authInfo code to the new (gaining) registrar, who will then initiate a domain transfer request. A transfer cannot be initiated without the authInfo code
- Every EPP <transfer> command must contain the authInfo code or the request will fail. The authInfo code represents authority to the registry to initiate a transfer

iii. Upon receipt of a valid transfer request, the registry automatically asks the sponsoring (losing) registrar to approve the request within five calendar days

- When a registry receives a transfer request the domain cannot be modified, renewed or deleted until the request has been processed. This status must not be combined with either Client Transfer Prohibited or Server Transfer Prohibited status
- If the sponsoring (losing) registrar rejects the transfer within five days, the transfer request is cancelled. A new domain transfer request will be required to reinitiate the process
- If the sponsoring (losing) registrar does not approve or reject the transfer within five days, the registry automatically approves the request
- After a successful transfer, it is strongly recommended that registrars change the authInfo code, so that the prior registrar or registrant cannot use it anymore
- Registrars must retain all transaction identifiers and codes associated with successful domain object transfers and protect them from disclosure
- Once a domain is successfully transferred the status of TRANSFERPERIOD is added to the domain for a period of five days
- Successful transfers will result in a one year term extension (resulting in a maximum total of 10 years), which will be charged to the gaining registrar

#### A.5 Bulk transfer

Afilias, supports bulk transfer functionality within the SRS for situations where ICANN may request the registry to perform a transfer of some or all registered objects (includes domain, contact and host objects) from one registrar to another registrar. Once a bulk transfer has been executed, expiry dates for all domain objects remain the same, and all relevant states of each object type are preserved. In some cases the gaining and the losing registrar as well as the registry must approved bulk transfers. A detailed log is captured for each bulk transfer process and is archived for audit purposes. Merck KgaA will support ICANN's Transfer Dispute Resolution Process. Merck KgaA will work with Afilias to respond to Requests for Enforcement (law enforcement or court orders) and will follow that process.

#### B. Auto-renew grace period

The Auto-Renew Grace Period displays as AUTORENEWPERIOD in WHOIS. An auto-renew must be requested by the registrant through the sponsoring registrar and occurs if a domain name registration is not explicitly renewed or deleted by the expiration date and is set to a maximum of 45 calendar days. In this circumstance the registration will be automatically renewed by the registry system the first day after the expiration date. If a Delete, Extend, or Transfer occurs within the AUTORENEWPERIOD the following rules apply:

- Delete. If a domain is deleted the sponsoring registrar at the time of the deletion receives a credit for the auto-renew fee. The domain then moves into the Redemption Grace Period with a status of PENDING DELETE RESTORABLE
- Renew/Extend. A domain can be renewed as long as the total term does not exceed 10 years. The account of the sponsoring registrar at the time of the extension will be charged for the additional number of years the registration is renewed
- Transfer (other than ICANN-approved bulk transfer). If a domain is transferred, the losing registrar is credited for the auto-renew fee, and the year added by the operation is cancelled. As a result of the transfer, the expiration date of the domain is extended by minimum of one year as long as the total term does not exceed 10 years. The gaining registrar is charged for the additional transfer year(s) even in cases where a full year is not added because of the maximum 10 year registration restriction

#### C. Redemption grace period

During this period, a domain name is placed in the PENDING DELETE RESTORABLE status when a registrar requests the deletion of a domain that is not within the Add Grace Period. A domain can remain in this state for up to 30 days and will not be included in the zone file. The only action a registrar can take on a domain is to request that it be restored. Any other registrar requests to modify or otherwise update the domain will be rejected. If the domain is restored it moves into PENDING RESTORE and then OK. After 30 days if the domain is not restored it moves into PENDING DELETE SCHEDULED FOR RELEASE before the domain is released back into the pool of available domains.

#### D. Pending delete

During this period, a domain name is placed in PENDING DELETE SCHEDULED FOR RELEASE status for five days, and all Internet services associated with the domain will remain disabled and domain cannot be restored. After five days the domain is released back into the pool of available domains.

#### E. Other grace periods

All ICANN required grace periods will be implemented in the registry backend service provider's system including the Add Grace Period (AGP), Renew/Extend Grace Period (EGP), Transfer Grace Period (TGP), Auto-Renew Grace Period (ARGP), and Redemption Grace Period (RGP). The lengths of grace periods are configurable in the registry system. At this time, the grace periods will be implemented following other gTLDs such as ".ORG." More than one of these grace periods may be in effect at any one time. The following are accompanying grace periods to the registration lifecycle.

#### F. Add grace period

The Add Grace Period displays as ADDPERIOD in WHOIS and is set to five calendar days following the initial registration of a domain. If the domain is deleted by the registrar during this period, the registry provides a credit to the registrar for the cost of the registration. If a Delete, Renew/Extend, or Transfer operation occurs within the five calendar days, the following rules apply.

- Delete. If a domain is deleted within this period the sponsoring registrar at the time of the deletion is credited for the amount of the registration. The domain is deleted from the registry backend service provider's database and is released back into the pool of available domains
- Renew/Extend. If the domain is renewed within this period and then deleted, the sponsoring registrar will receive a credit for both the registration and the extended amounts. The account of the sponsoring registrar at the time of the renewal will be charged for the initial registration plus the number of years the registration is extended. The expiration date of the domain registration is extended by that number of years as long as the total term does not exceed 10 years
- Transfer (other than ICANN-approved bulk transfer). Transfers under Part A of the ICANN Policy on Transfer of Registrations between registrars may not occur during the ADDPERIOD or at any other time within the first 60 days after the initial registration. Enforcement is the responsibility of the registrar sponsoring the domain name registration and is enforced by the SRS

#### G. Renew / extend grace period

The Renew / Extend Grace Period displays as RENEWPERIOD in WHOIS and is set to five calendar days following an explicit renewal on the domain by the registrar. If a Delete, Extend, or Transfer occurs within the five calendar days, the following rules apply:

- Delete. If a domain is deleted within this period the sponsoring registrar at the time of the deletion receives a credit for the renewal fee. The domain then moves into the Redemption Grace Period
- Renew/Extend. A domain registration can be renewed within this period as long as the total term does not exceed 10 years. The account of the sponsoring registrar at the time of the extension will be charged for the additional number of years the registration is renewed
- Transfer (other than ICANN-approved bulk transfer). If a domain is transferred within the Renew/Extend Grace Period, there is no credit to the losing registrar for the renewal fee. As a result of the transfer, the expiration date of the domain registration is extended by a minimum of one year as long as the total term for the domain does not exceed 10 years

If a domain is auto-renewed, then extended, and then deleted within the Renew/Extend Grace Period, the registrar will be credited for any auto-renew fee charged and the number of years for the extension. The years that were added to the domain's expiration as a result of the auto-renewal and extension are removed. The deleted domain is moved to the Redemption Grace Period with a status of PENDING DELETE RESTORABLE.

#### H. Transfer Grace Period

The Transfer Grace period displays as TRANSFERPERIOD in WHOIS and is set to five calendar days after the successful transfer of domain name registration from one registrar to another registrar. Transfers under Part A of the ICANN Policy on Transfer of Registrations between registrars may not occur during the TRANSFERPERIOD or within the first 60 days after the transfer. If a Delete or Renew/Extend occurs within that five calendar days, the following rules apply:

- Delete. If the domain is deleted by the new sponsoring registrar during this period, the registry provides a credit to the registrar for the cost of the transfer. The domain then moves into the Redemption Grace Period with a status of PENDING DELETE RESTORABLE
- Renew/Extend. If a domain registration is renewed within the Transfer Grace Period, there is no credit for the transfer. The registrar's account will be charged for the number of years the registration is renewed. The expiration date of the domain registration is extended by the renewal years as long as the total term does not exceed 10 years

#### I. Registration lifecycle resources

Since its founding, Afilias is focused on delivering secure, stable and reliable registry services. Several essential management and staff who designed and launched the Afilias registry in 2001 and expanded the number of TLDs supported, all while maintaining strict service levels over the past decade, are still in place today. This experiential continuity will endure for the implementation and on-going maintenance of this TLD. Afilias operates in a matrix structure, which allows its staff to be allocated to various critical functions in both a dedicated and a shared manner. With a team of specialists and generalists, the Afilias project management methodology allows efficient and effective use of our staff in a focused way. Virtually all Afilias resource are involved in the registration lifecycle of domains.

There are a few areas where registry staff devote resources to registration lifecycle issues:

- Supporting Registrar Transfer Disputes. The registry operator will have a compliance staffer handle these disputes as they arise; they are very rare in the existing gTLDs
- Afilias has its development and quality assurance departments on hand to modify the grace period functionality as needed, if ICANN issues new Consensus Policies or the RFCs change

Afilias has more than 30 staff members in these departments.

#### J. Attachments

27\_figures.pdf

## 28. Abuse Prevention and Mitigation

The Registry Operator, Merck KGaA, working with Afilias, will take the requisite operational and technical steps to promote WHOIS data accuracy, limit domain abuse, remove outdated and inaccurate data, and other security measures to ensure the integrity of the ".MERCK" Top-Level Domain ("TLD"). The specific measures include, but are not limited to:

- Posting a TLD Anti-Abuse Policy that clearly defines abuse, and provide

point-of-contact information for reporting suspected abuse;

- Committing to rapid identification and resolution of abuse, including suspensions;
- Ensuring completeness of WHOIS information at the time of registration;
- Publishing and maintaining procedures for removing orphan glue records for names removed from the zone; and,
- Establishing measures to deter WHOIS abuse, including rate-limiting, determining data syntax validity, and implementing and enforcing requirements from the Registry-Registrar Agreement

#### A. Abuse policy

The Anti-Abuse Policy stated below will be enacted under the contractual authority of the registry operator through the Registry-Registrar Agreement, and the obligations will be passed on to and made binding upon registrants. This policy will be posted on the TLD web site along with contact information for registrants or users to report suspected abuse.

The policy is designed to address the malicious use of domain names. The registry operator and its registrars will make reasonable attempts to limit significant harm to Internet users. This policy is not intended to take the place of the Uniform Domain Name Dispute Resolution Policy (UDRP) or the Uniform Rapid Suspension System (URS), and it is not to be used as an alternate form of dispute resolution or as a brand protection mechanism. Its intent is not to burden law-abiding or innocent registrants and domain users; rather, the intent is to deter those who use domain names maliciously by engaging in illegal or fraudulent activity.

The below policy is a recent version of the policy that has been used by the ".INFO" registry since 2008, and the ".ORG" registry since 2009. It has proven to be an effective and flexible tool, and Merck KGaA anticipates adopting it in connection with the new ".MERCK" TLD.

##### A.1 ".MERCK" Anti-Abuse Policy

The following Anti-Abuse Policy is effective upon launch of the TLD. Malicious use of domain names will not be tolerated. The nature of such abuses creates security and stability issues for the registry, registrars, and registrants, as well as for users of the Internet in general. The registry operator definition of abusive use of a domain includes, without limitation, the following:

- Illegal or fraudulent actions;
- Spam: The use of electronic messaging systems to send unsolicited bulk messages. The term applies to email spam and similar abuses such as instant messaging spam, mobile messaging spam, and the spamming of Web sites and Internet forums;
- Phishing: The use of counterfeit Web pages that are designed to trick recipients into divulging sensitive data such as personally identifying information, usernames, passwords, or financial data;
- Pharming: The redirecting of unknowing users to fraudulent sites or services, typically through, but not limited to, DNS (Domain Name System) hijacking or poisoning;
- Willful distribution of malware: The dissemination of software designed to infiltrate or damage a computer system without the owner's informed consent. Examples include, without limitation, computer viruses, worms, keyloggers, and Trojan horses;
- Malicious fast-flux hosting: Use of fast-flux techniques with a botnet to disguise the location of web sites or other Internet services, or to avoid detection and mitigation efforts, or to host illegal activities;
- Botnet command and control: Services run on a domain name that are used to control a collection of compromised computers or "zombies," or to direct distributed denial-of-service attacks (DDoS attacks);
- Illegal Access to Other Computers or Networks: Illegally accessing computers,

accounts, or networks belonging to another party, or attempting to penetrate security measures of another individual's system (often known as "hacking"). This also includes any activity that might be used as a precursor to an attempted system penetration (e.g., port scan, stealth scan, or other information gathering activity)

Pursuant to the Registry-Registrar Agreement, the Registry Operator reserves the right at its sole discretion to deny, cancel, or transfer any registration or transaction, or place any domain name(s) on registry lock, hold, or similar status, that it deems necessary: (1) to protect the integrity and stability of the registry; (2) to comply with any applicable laws, government rules or requirements, requests of law enforcement, or any dispute resolution process; (3) to avoid any liability, civil or criminal, on the part of registry operator, as well as its affiliates, subsidiaries, officers, directors, and employees; (4) per the terms of the registration agreement and this Anti-Abuse Policy, or (5) to correct mistakes made by registry operator or any registrar in connection with a domain name registration. The Registry Operator also reserves the right to place upon registry lock, hold, or similar status a domain name during resolution of a dispute.

The policy stated above will be accompanied by notes about how to submit a report to the Registry Operator's abuse point of contact, and how to report an orphan glue record suspected of being used in connection with malicious conduct (see below).

#### B. Abuse point of contact and procedures for handling abuse complaints

The Registry Operator will establish an abuse point of contact. This contact will be a role-based e-mail address of the form "abuse@registry.merck". This e-mail address will allow multiple staff members to monitor abuse reports on a 24x7 basis, and then work toward closure of cases as each situation calls for. This role-based approach has been used successfully by ISPs, e-mail service providers, and registrars for many years, and is considered a global best practice.

The Registry Operator's designated abuse handlers will then evaluate complaints received via the abuse system address. They will decide whether a particular issue is of concern, and decide what action, if any, is appropriate. A tracking ticket will be generated which will be used to track the report internally at the Registry Operator, and will also be provided to the reporter for reference and potential follow-up.

In general, the Registry Operator will find itself receiving abuse reports from a wide variety of parties, including security researchers and Internet security companies, financial institutions such as banks, ordinary Internet users, and law enforcement agencies among others. Some of these parties may provide good forensic data or supporting evidence of the malicious behavior. In other cases, the party reporting an issue may not be familiar with how to provide such data or proof of malicious behavior. It is expected that a percentage of abuse reports to the registry operator will not be actionable, because there will not be enough evidence to support the complaint (even after investigation), and because some reports or reporters will simply not be credible.

Assessing abuse reports requires great care, and the Registry Operator will rely upon professional, trained investigators who are versed in such matters. The goals are accuracy, good record-keeping, and a zero false-positive rate so as not to harm innocent registrants.

Different types of malicious activities require different methods of investigation and documentation. Further, the Registry Operator expects to face unexpected or complex situations that call for professional advice, and will rely upon professional, trained investigators as needed.

In general, there are two types of domain abuse that must be addressed:

- Compromised domains. These domains have been hacked or otherwise compromised by criminals, and the registrant is not responsible for the malicious activity taking place on the domain. For example, the majority of domain names that host phishing sites are compromised. The goal in such cases is to get word to the registrant (usually via the registrar) that there is a problem that needs attention with the expectation that the registrant will address the problem in a timely manner. Ideally such domains do not get suspended, since suspension would disrupt legitimate activity on the domain
- Malicious registrations. These domains are registered by malefactors for the purpose of abuse. Such domains are generally targets for suspension, since they have no legitimate use

The standard procedure is that the Registry Operator will forward a credible alleged case of malicious domain name use to the domain's sponsoring registrar with a request that the registrar investigate the case and act appropriately. The registrar will be provided evidence collected as a result of the investigation conducted by the trained abuse handlers. The registrar is the party with a direct relationship with—and a direct contract with—the registrant. The registrar will also have vital information that the Registry Operator will not, such as:

- Details about the domain purchase, such as the payment method used (credit card, PayPal, etc.);
- The identity of a proxy-protected registrant;
- The purchaser's IP address;
- Whether there is a reseller involved; and,
- The registrant's past sales history and purchases in other TLDs (insofar as the registrar can determine this)

Registrars do not share the above information with Registry Operators due to privacy and liability concerns, among others. Because they have more information with which to continue the investigation, and because they have a direct relationship with the registrant, the registrar is in the best position to evaluate alleged abuse. The registrar can determine if the use violates the registrar's legal terms of service or the registry Anti-Abuse Policy, and can decide whether or not to take any action. While the language and terms vary, registrars will be expected to include language in their registrar-registrant contracts that indemnifies the registrar if it takes action, and allows the registrar to suspend or cancel a domain name; this will be in addition to the registry Anti-Abuse Policy. Generally, registrars can act if the registrant violates the registrar's terms of service, or violates ICANN policy, or if illegal activity is involved, or if the use violates the registry's Anti-Abuse Policy.

If a registrar does not take action within a time period indicated by the Registry Operator (usually 24 hours), the Registry Operator might then decide to take action itself. At all times, the Registry Operator reserves the right to act directly and immediately if the potential harm to Internet users seems significant or imminent, with or without notice to the sponsoring registrar.

When valid court orders or seizure warrants are received from courts or law enforcement agencies of relevant jurisdiction, the registry operator will order execution in an expedited fashion. Compliance with these will be a top priority and will be completed as soon as possible.

The Registry Operator may also engage in proactive screening of its zone for malicious use of the domains in the TLD, and report problems to the sponsoring registrars. The Registry Operator could take advantage of a combination of the following resources, among others:

- Blocklists of domain names and nameservers published by organizations such as SURBL and Spamhaus

- Anti-phishing feeds, which will provide URLs of compromised and maliciously registered domains being used for phishing
- Analysis of registration or DNS query data [DNS query data received by the TLD nameservers]

The Registry Operator will keep records and track metrics regarding abuse and abuse reports. These will include:

- Number of abuse reports received by the registry's abuse point of contact described above;
- Number of cases and domains referred to registrars for resolution;
- Number of cases and domains where the registry took direct action;
- Resolution times;
- Number of domains in the TLD that have been blacklisted by major anti-spam blacklist providers; and,
- Phishing site uptimes in the TLD

Law enforcement is only expected to be involved in a miniscule percentage of e-crime cases, due to the large number of such incidents worldwide, the limited resources available to the authorities, and the difficulties of investigating and prosecuting across jurisdictions. The Registry Operator will be prepared to call upon relevant law enforcement bodies as needed.

### C. Removal of orphan glue records

By definition, orphan glue records used to be glue records. Glue records are related to delegations and are necessary to guide iterative resolvers to delegated nameservers. A glue record becomes an orphan when its parent nameserver record is removed without also removing the corresponding glue record. (Please reference the ICANN SSAC paper SAC048 at: <http://www.icann.org/en/committees/security/sac048.pdf>.) Orphan glue records may be created when a domain (example.tld) is placed on EPP ServerHold or ClientHold status. When placed on Hold, the domain is removed from the zone and will stop resolving. However, any child nameservers (now orphan glue) of that domain (e.g., ns1.example.tld) are left in the zone. It is important to keep these orphan glue records in the zone so that any innocent sites using that nameserver will continue to resolve. This use of Hold status is an essential tool for suspending malicious domains.

Afilias observes the following procedures, which are being followed by other registries and are generally accepted as DNS best practices. Afilias believes these procedures are also in keeping with ICANN SSAC recommendations.

When a request to delete a domain is received from a registrar, the registry first checks for the existence of glue records. If glue records exist, the registry will check to see if other domains in the registry are using the glue records. If other domains in the registry are using the glue records then the request to delete the domain will fail until no other domains are using the glue records. If no other domains in the registry are using the glue records then the glue records will be removed before the request to delete the domain is satisfied. If no glue records exist then the request to delete the domain will be satisfied.

If a registrar cannot delete a domain because of the existence of glue records that are being used by other domains, then the registrar may refer to the zone file or the "weekly domain hosted by nameserver report" to find out which domains are using the nameserver in question and attempt to contact the corresponding registrar to request that they stop using the nameserver in the glue record. The registry operator does not plan on performing mass updates of the associated DNS records.

The registry operator will accept, evaluate, and respond appropriately to complaints that orphan glue is being used maliciously. Such reports should be



made in writing to the registry operator, and may be submitted to the registry's abuse point-of-contact. If it is confirmed that an orphan glue record is being used in connection with malicious conduct, the registry operator will have the orphan glue record removed from the zone file. Afilias has the technical ability to execute such requests as needed.

#### D. Methods to promote WHOIS accuracy

The creation and maintenance of accurate WHOIS records is an important part of registry management. As described in the response to Question #26, WHOIS, the Registry Operator will manage a secure, robust and searchable WHOIS service for this TLD.

##### D.1 WHOIS data accuracy

The Registry Operator will offer a "thick" registry system. In this model, all key contact details for each domain name will be stored in a central location by the registry. This allows better access to domain data, and provides uniformity in storing the information. The Registry Operator will ensure that the required fields for WHOIS data (as per the defined policies for the TLD) are enforced at the registry level. This ensures that the registrars are providing required domain registration data. Fields defined by the registry policy to be mandatory, are documented as such and must be submitted by registrars. The Afilias registry system verifies formats for relevant individual data fields (e.g. e-mail, and phone/fax numbers). Only valid country codes are allowed as defined by the ISO 3166 code list.

##### D.2 Role of registrars

As part of the RRA (Registry Registrar Agreement), the registry operator will require the registrar to be responsible for ensuring the input of accurate WHOIS data by their registrants. The Registrar/Registered Name Holder Agreement will include a specific clause to ensure accuracy of WHOIS data, and to give the registrar rights to cancel or suspend registrations if the Registered Name Holder fails to respond to the registrar's query regarding accuracy of data. ICANN's WHOIS Data Problem Reporting System (WDPRS) will be available to those who wish to file WHOIS inaccuracy reports, as per ICANN policy (<http://wdprs.internic.net/>)

##### D.3 Privacy services

In order to promote transparency and accuracy within the WhoIs records for the space, privacy registration services shall not be permitted within the ".MERCK" TLD.

#### E. Controls to ensure proper access to domain functions

Several measures are in place in the Afilias registry system to ensure proper access to domain functions, including authentication provisions in the RRA relative to notification and contact updates via use of AUTH-INFO codes.

IP address access control lists, TLS/SSL certificates and proper authentication are used to control access to the registry system. Registrars are only given access to perform operations on the objects they sponsor.

Every domain will have a unique AUTH-INFO code. The AUTH-INFO code is a 6- to 16-character code assigned by the registrar at the time the name is created. Its purpose is to aid identification of the domain owner so proper authority can be established. It is the "password" to the domain name. Registrars must use the domain's password in order to initiate a registrar-to-registrar transfer. It is used to ensure that domain updates (update contact information,

transfer, or deletion) are undertaken by the proper registrant, and that this registrant is adequately notified of domain update activity. Only the sponsoring registrar of a domain has access to the domain's AUTH-INFO code stored in the registry, and this is accessible only via encrypted, password-protected channels.

Information about other registry security measures such as encryption and security of registrar channels are confidential to ensure the security of the registry system. The details can be found in the response to Question #30b.

As ".MERCK" will constitute a community-based TLD, it is of paramount importance that the Registry Operator's eligibility and registration restrictions are enforced by registrars. Accordingly, compliance with the Registration Restrictions and Use Policy for the ".MERCK" space, outlined above in the answer to Question 20(e) and provided in full below, will be required of all registrars offering ".MERCK" domain names via the Registry-Registrar Agreement.

#### F. Registration Approval System

The Registry Operator, Merck KGaA, will maintain the ".MERCK" space on behalf of the Merck Community, and the companies in the Merck Community will be the sole registrants of domain names within the TLD. Prior to registration of any domain name in ".MERCK," the Corporate Trademark Department of Merck KGaA will review and approve each applied-for second-level domain name string, to ensure that it will further the goals of the Merck Community.

Registration of a ".MERCK" domain name will involve three steps: Approval of the Registrant, Approval of the Domain Name, and Registration. After Registration, the holder of a ".MERCK" domain name must comply with the Acceptable Use Guidelines located in Section P of the ".MERCK" Registration Restrictions and Use Policy. The ".MERCK" Registration Restrictions and Use Policy will be incorporated contractually, through registrar compliance with the Registry-Registrar Agreement, into every Registration Agreement for domain names in the TLD.

##### F.1 Step 1 - Approval of the Community Member

Each Registrant must be recognized as member of the Merck Community as defined above under Question 18(a). Upon receiving a request from a potential registrant, the Corporate Trademark Department at Merck KGaA will perform an eligibility assessment, to determine whether the applicant qualifies as a member of the Merck Community. This process will include an application form that the prospective member must fill out, and verification of the applicant's identity by Merck KGaA. If successful, such assessment will be concluded by assigning a "Merck Community Membership ID" to the new member. Once a member has obtained a Merck Community Membership ID, the member is entitled to register domain names within the ".MERCK" TLD that have been approved by the Corporate Trademark Department of Merck KGaA.

The member approval step needs to be performed only once for each member/registrar. The member's Merck Community Membership ID is a permanent assignment, and will remain the same for all of that member's domain name registrations.

##### F.2 Step 2 - Approval of the Second-Level-Domain by the Corporate Trademark Department of Merck KGaA

Before registering a domain name, each member must ask the Corporate Trademark Department of Merck KGaA for approval of the second-level string text. A domain name within the ".MERCK" TLD must:

- further the mission and purpose of the Merck Community;

- not violate or contribute to the violation of the intellectual property rights or other rights of any other party; and
- comply with any applicable laws, government rules or requirements

If the Corporate Trademark Department of Merck KGaA determines that the requested second-level domain name meets the above requirements, it will consent to such registration by the Community Member. The applicant will receive written notification from the Corporate Trademark Department, either consenting to or rejecting the domain request. Such notification will either take the form of an Approval Statement or a Rejection Statement, depending on Merck KGaA's assessment.

### F.3 Step 3 - Registration

When a second-level string request has been approved by the Corporate Trademark Department of Merck KGaA, a prospective registrant may contact an ICANN-accredited registrar to register the approved second-level string and pay the registration fee. The Merck Community Membership ID can be reused for multiple registrations by the same Registrant, and must be provided in the domain Create attempt submitted into the registry by the registrar. Create attempts that are not accompanied by a valid Community Membership I.D. will be automatically rejected by the registry system.

Once the domain Create request has been received at the registry, the domain record will be placed on a "Pending Create" status. This status includes an EPP ServerHold status, placed on the domain record so that the domain cannot resolve. The Registry Operator will then have the opportunity to view the pending domain name, and will be able to either approve the "Pending Create" (thus releasing the Hold status and enabling the Registrant to use the requested domain, or to reject the Create (which will delete the Registrant's application for the domain name). The Merck KGaA legal team that reviews membership applications and approves domain strings will review all of the Pending Creates, and will compare those pending Creates with the membership and approved string data in its files.

This procedure will ensure that only qualified members of the Community can register domain names in the TLD, and that only approved domains can be used.

Merck KGaA, as the Registry Operator for ".MERCK," and Afilias Limited have developed the necessary mechanism by which the Merck Community Membership ID and domain name registration authorization systems will function, in order to ensure that the process will operate smoothly and easily for all concerned actors, including for the domain name registrars.

### F.4 Additional Notes Regarding Compliance

Registrants of ".MERCK" domain names will agree to the applicable gTLD Registration Agreement provided by the concerned registrar, in addition to the specific terms and conditions set out for the ".MERCK" space. Such additional terms and conditions shall, inter alia, incorporate the Registration Restrictions and Use Policy applicable to ".MERCK," as well as the applicable dispute resolution mechanisms. Further information concerning the Acceptable Use provisions is outlined below.

The registrations and use of all registered ".MERCK" domain names will be monitored by Merck KGaA on an ongoing basis, and compliance with the contractual restrictions and guidelines will be enforced. Violations of any restrictions, guidelines or other contractual conditions may result in termination of the relevant domain name registration or, in appropriate circumstances, the revocation of the Merck Community Membership ID. As the Registry Operator, authorized Merck KGaA personnel will have access to registry system that will allow them to suspend domain names and revoke membership credentials as needed.

In order to reduce redundancy within the Application, for additional information please refer to the relevant text of the ".MERCK" Registration Restrictions and Use Policy below, and as discussed above in the answer to Question 20(e).

The identities of Registrants will be public, available via the WHOIS.

#### G. Validation and abuse mitigation mechanisms

Afilias has developed advanced validation and abuse mitigation mechanisms. These capabilities and mechanisms are described below. These services and capabilities are discretionary and may be utilized by the Registry Operator based on their policy and business needs.

Afilias has the ability to analyze the registration data for known patterns at the time of registration. A database of these known patterns is developed from domains and other associated objects (e.g., contact information) which have been previously detected and suspended after being flagged as abusive. Any domains matching the defined criteria can be flagged for investigation by the domain anti-abuse team members. Once analyzed and confirmed, these domains may be suspended. This provides proactive detection of abusive domains.

Provisions are available to enable the registry operator to only allow registrations by pre-authorized contacts. These verified contacts are given a unique code (the Merck Community Membership ID) which can be used for registration of new domains. As indicated above, each individual registration request for a second-level ".MERCK" domain name will be subject to approval by the Registry Operator, as Merck KGaA will have the opportunity to review (and either accept or reject) each "Pending Create" application for a domain within the TLD space.

#### H. Registrant pre-verification and authentication

One of the systems that could be used for validity and identity authentication is VAULT (Validation and Authentication Universal Lookup). It utilizes information obtained from a series of trusted data sources with access to billions of records containing data about individuals for the purpose of providing independent age and id verification as well as the ability to incorporate additional public or private data sources as required. At present it has the following: US Residential Coverage - 90% of Adult Population and also International Coverage - Varies from Country to Country with a minimum of 80% coverage (24 countries, mostly European).

Various verification elements can be used. Examples might include applicant data such as name, address, phone, etc. Multiple methods could be used for verification include integrated solutions utilizing API (XML Application Programming Interface) or sending batches of requests.

- Verification and Authentication requirements would be based on TLD operator requirements or specific criteria
- Based on required WHOIS Data; registrant contact details (name, address, phone)
- If address/ZIP can be validated by VAULT, the validation process can continue (N. America +25 International countries)
- If in-line processing and registration and EPP/API call would go to the verification clearinghouse and return up to 4 challenge questions
- If two-step registration is required, then registrants would get a link to complete the verification at a separate time. The link could be specific to a domain registration and pre-populated with data about the registrant
- If Whois data is validated a token would be generated and could be given back to the registrar which registered the domain
- Whois data would reflect the Validated Data or some subset, i.e., fields

displayed could be first initial and last name, country of registrant and date validated. Other fields could be generic validation fields much like a "privacy service"

- A "Validation Icon" customized script would be sent to the registrants email address. This could be displayed on the website and would be dynamically generated to avoid unauthorized use of the Icon. When clicked on the Icon would should limited WHOIS details i.e. Registrant: jdoe, Country: USA, Date Validated: March 29, 2011, as well as legal disclaimers
- Validation would be annually renewed, and validation date displayed in the WHOIS

#### I. Abuse prevention resourcing plans

The Registry Operator, Merck KGaA, will maintain resources to:

- Evaluate incoming reports to the abuse point of contact, and either act upon them or refer them to registrars as per the above-described procedures
- Evaluate incoming reports from other sources and either act upon them or refer them to registrars as per the above-described procedures
- Analyze the registry and TLD DNS zone activity for malicious and suspicious activity and either act upon them or refer them to registrars as per the above-described procedures

These resources may be a combination of internal staff and outside specialty contractors, who can provide the registry operator with extra expertise when needed. In any case, these responders will be specially trained in the investigation of abuse complaints, and will have the latitude to act expeditiously to suspend domain names (or apply other remedies) when called for.

Abuse prevention and detection is a function that is staffed across the various groups inside Afiliias, and requires a team effort when abuse is either well hidden or widespread, or both. All of Afiliias' 200+ employees are charged with responsibility to report any detected abuse. The engineering and analysis teams, numbering over 30, provide specific support based on the type of abuse and volume and frequency of analysis required. The Afiliias security and support teams have the authority to initiate mitigation.

##### I.1 Community-Specific enforcement

Pursuant to the terms of the Registration Restrictions and Use Policy for ".MERCK," which will be incorporated in the Registration Agreement for each domain name in the space, the Registry Operator expressly reserves the authority to cancel, transfer or otherwise modify any domain name registration within the TLD, if it determines that such domain name has not been registered or used within the requirements of the Policy. As the ".MERCK" space will be managed by Merck KGaA on behalf of, and for the collective good of, the Merck Community, registrants shall accept and agree (through this Policy) that Merck KGaA will have such authority necessary to maintain the TLD for the benefit of the Community at large.

#### J. Full-Text Version of the ".MERCK" Registration Restrictions and Use Policy

The registration eligibility criteria and acceptable use guidelines for the ".MERCK" TLD are detailed in the ".MERCK" Domain Name Registration Restrictions and Use Policy, provided here for reference.

#### K. DRAFT ".MERCK" Domain Name Registration Restrictions and Use Policy

##### K.1 General principles

### K.1.1 Merck Community and Role of Merck KGaA

The ".MERCK" domain is a community based Top Level Domain ("TLD") established by and for the use Merck KGaA and the the companies of the Merck Group (the "Merck Community"). Merck KGaA, the Registry Operator of the ".MERCK" TLD, is the parent company of the Merck Group. As such, Merck KGaA is responsible for managing the ".MERCK" domain in the interests of the Merck Community. Merck KGaA will, with the advice and assistance of the Registry Service Provider Afiliias Ltd., members of the Merck Community, and relevant governmental bodies, develop, maintain and enforce this ".MERCK" Domain Name Registration and Use Policy (the "Policy").

This Policy is intended to be updated and revised regularly to reflect the needs of the Merck Community. The current version of this Policy will be made publicly available at: [insert website when determined ].

The registration of domain names within the ".MERCK" TLD is restricted to the companies of the "Merck Community", which are defined as follows:

- the company is Merck KGaA or a company which is a fully owned subsidiary of Merck KGaA,
- the company uses "Merck" as the sole element or as a component of its company name, and
- the company uses as its umbrella brand the German figurative trademark No. 30130670, "MERCK"

Merck KGaA keeps an up-to-date, comprehensive list of the members of the Merck Community at all times.

### K.1.2 Policy structure

The ".MERCK" domain is designed to allocate domain name registrations to members of the Merck Community. Only members of the Merck Community, as defined in Section K.1.1 above, may register domain names within the ".MERCK" TLD.

This policy defines the rules of eligibility and process for ".MERCK" domain name allocation, as well as the Acceptable Use guidelines which registrants in the ".MERCK" space agree to abide by. It also sets out the dispute resolution procedures applicable to the ".MERCK" TLD.

### K.1.3 Registration process

Registration of a ".MERCK" domain name is done in 3 steps: Identification of the Registrant, Approval of the Domain Name, and Registration. After Registration, the holder of a ".MERCK" domain name must comply with the Acceptable Use Guidelines (see below).

#### K.1.3.1 Step 1 - Approval of the Community member

Each Registrant must be recognized as member of the Merck Community. This eligibility check shall be performed by the Corporate Trademark Department at Merck KGaA (as described in Section K.2 of this document, "Eligibility Requirements") and is concluded by the assignment of a "Merck Community Membership ID". Once a Registrant has obtained a Merck Community Membership ID, the Member is entitled to register domain names within the ".MERCK" TLD which have been approved by the Corporate Trademark Department of Merck KGaA.

The Identification step needs to be performed only once by each Registrant. The Registrant's Merck Community Membership ID is a permanent assignment, and will remain the same for all of that Registrant's domain name registrations. Should the Registrant desire to register a second-level domain name, or domain names, within the ".MERCK" space, the Registrant must contact the Corporate Trademark Department of Merck KGaA to receive an Approval Statement, authorizing to

Registrant to apply for its desired second-level domain name string(s).

#### K.1.3.2 Step 2 - Approval of the Second-Level-Domain by the Corporate Trademark Department of Merck KGaA

Before registering a domain name each Registrant must ask the Corporate Trademark Department for approval of the second-level string text, on the basis that the registration of such domain name within the ".MERCK" TLD:

- furthers the mission and purpose of the Merck Community;
- does not violate or contribute to the violation of the intellectual property rights or other rights of any other party; and
- complies with any applicable laws, government rules or requirements

If the Corporate Trademark Department of Merck KGaA determines that the requested second-level domain name registration meets the above requirements, it will consent to such registration by the Registrant Community Member. The Registrant will receive a Decision from the Corporate Trademark Department of Merck KGaA, stating either its consent to the registration of the requested domain name, or rejection of the Registrant's request for approval. Such notification will either take the form of an Approval Statement or a Rejection Statement, depending on Merck KGaA's assessment.

#### K.1.3.3 Step 3 - Registration

Where a second-level string request has been approved by the Corporate Trademark Department of Merck KGaA, the Member may contact an ICANN-accredited registrar to apply for the registration of the specified second-level string and pay the registration fee. The Merck Community Membership ID can be reused for multiple registrations by the same Member, and must be provided in the application materials submitted to the concerned registrar.

Successful domain requests will be placed into a "Pending Create" status. A "Server Hold" will be placed on the new domain name to ensure that it does not resolve. The Registry Operator will then have the opportunity to view the applied-for, pending domain name, verify the string applied for, and will be able to either approve the "Pending Create" (thus releasing the Hold status and enabling the Registrant to use the requested domain), or to reject the domain.

#### K.2 Eligibility Requirements

To be recognized as a member of the Merck Community, a Registrant must meet the Eligibility Requirements, which are as follows:

- the Registrant is Merck KGaA or a company which is a fully owned subsidiary of Merck KGaA,
- the Registrant uses "Merck" as the sole element or as a component of its company name, and
- the Registrant uses as its umbrella brand the German figurative trademark No. 30130670, "MERCK"

Once its eligibility is established, the Registrant will receive a Merck Community Membership ID (via mail, email or fax) that it will use to identify itself when registering a ".MERCK" domain name. Merck KGaA and the Registry Service Provider will design and implement the necessary mechanisms for this identification and eligibility assessment process. A Registrant may apply directly to the Corporate Trademark Department of Merck KGaA to receive a Merck Community Membership ID.

After a prospective Registrant has applied for a Merck Community Membership ID, the Corporate Trademark Department of Merck KGaA shall review the request and determine whether or not the Registrant meets the eligibility standards for inclusion in the Merck Community. If Merck KGaA determines that the prospective Registrant is, in fact, a member of the Merck Community, the Corporate

Trademark Department of Merck KGaA will issue a Merck Community Membership ID. If Merck KGaA determines that the prospective registrant is not a member of the Merck Community, and declines to issue a Merck Community Membership ID, the prospective applicant may pursue a review of this decision through the ".MERCK" Eligibility and Functionality Reconsideration Policy, discussed further below under the section entitled "Dispute Resolution".

Once its eligibility is established, the Registrant will receive a Merck Community Membership ID (via mail, email or fax) that it will use to identify itself when registering any ".MERCK" domain name.

Following the assignment of a Merck Community Membership ID, the Registrant can view and update information associated with its Merck Community Membership ID online at [website to be determined].

#### K.2.1 Application for a Merck Community Membership ID

Any prospective Registrant must request a Merck Community Membership ID from Merck KGaA prior to submitting a domain registration request. Such request for a Merck Community Membership ID must:

- provide information regarding the Registrant's identity;
- provide relevant evidence demonstrating the Registrant's qualification as a member of the Merck Community

By submitting the request for a Merck Community Membership ID, the Registrant:

- Warrants that it is a member of the Merck Community and meets the eligibility requirements set out in this Policy;
- Agrees to the terms set out in this Policy;
- Declares that the information provided in the application is complete and correct;
- Acknowledges that the issue of the Merck Community Membership ID is subject to verification and audit by Merck KGaA and agrees that when required by Merck KGaA, it will supply supporting documents to allow Merck KGaA to verify the credentials and other information in the application, including in connection with ongoing monitoring activities

Merck KGaA may request any necessary additional information from the Registrant in order to evaluate the Registrant's request for a Merck Community Membership ID.

#### K.3 Domain Allocation Rules

##### K.3.1 String Requirements and Reserved Names

Second-Level Domain names within the TLD must only include hyphens in the third and fourth position if they represent valid internationalized domain names in their ASCII encoding (for example "xn--ndk061n"), and must otherwise comply with any other applicable ICANN requirements.

#### L. Reserved Names

- The label "EXAMPLE" shall be reserved at the second level and at all other levels within the TLD at which Registry Operator makes registrations
- Two-character labels. All two-character labels shall be initially reserved. The reservation of a two-character label string may be released to the extent that Registry Operator reaches agreement with the government and country-code manager. The Registry Operator may also propose release of these reservations based on its implementation of measures to avoid confusion with the corresponding country codes
- Second-Level Reservations for Registry Operations. The following names are reserved for use in connection with the operation of the registry for the TLD:



NIC, WWW, IRIS and WHOIS

- The List of Reserved Names shall be compiled by Merck KGaA and will be publicly posted online at [website to be determined]. Merck KGaA reserves the right to include new names in the list of reserved names, and to later add names to such list as it deems reasonably necessary for the benefit of the Merck Community

#### M. Country and Territory Names

The country and territory names contained in the following internationally recognized lists shall be initially reserved at the second level and at all other levels within the TLD at which the Registry Operator provides for registrations:

- the short form (in English) of all country and territory names contained on the ISO 3166-1 list, as updated from time to time, including the European Union, which is exceptionally reserved on the ISO 3166-1 list, and its scope extended in August 1999 to any application needing to represent the name European Union ;
- the United Nations Group of Experts on Geographical Names, Technical Reference Manual for the Standardization of Geographical Names, Part III Names of Countries of the World; and
- the list of United Nations member states in 6 official United Nations languages prepared by the Working Group on Country Names of the United Nations Conference on the Standardization of Geographical Names; provided, that the reservation of specific country and territory names may be released to the extent that Registry Operator reaches agreement with the applicable government (s), provided, further, that Registry Operator may also propose release of these reservations, subject to review by ICANN's Governmental Advisory Committee and approval by ICANN

#### N. Regulated second-level names within the ".MERCK" TLD

##### N.1. Format "ANYNAME.MERCK"

##### N.2. Eligibility

The Registrant is allowed to register any second-level name in the above format, which follows the string requirements and common rules described above and for which the Registrant has been granted an Approval Statement from the Corporate Trademark Department at Merck KGaA, as outlined above in Section K.1.3.2, under Step 2 of the Registration Process.

##### N.3. Allocation

Domain names will be generally allocated on a "first come, first served" basis, subject to Merck KGaA's Corporate Trademark Department's prior approval that the domain name:

- furthers the mission and purpose of the Merck Community;
- does not infringe any other third parties rights; and
- complies with any applicable laws, government rules or requirements

Merck KGaA does not anticipate there to be multiple applications for a particular domain name. If, however, two registration requests for the same second-level string were to be received by Merck KGaA simultaneously, Merck KGaA would evaluate both requests on the basis of the specified criteria and determine which registrant, if either, should be granted the registration.

Merck KGaA has the authority to make changes to any domain name registration in the ".MERCK" space for the benefit of the Merck Community at large under Section P below.

## O. Registration Rules

### O.1 Registration period and renewals

A ".MERCK" domain name may be registered, and renewed at the end of each registration period, subject to the current terms and conditions offered by the concerned Registrar.

### O.2 Continuing eligibility

If the Registrant ceases to be a member of the Merck Community, then the Registrant's registered ".MERCK" domain names may be immediately revoked and/or transferred at the discretion of Merck KGaA. Additionally, Merck KGaA will undertake ongoing monitoring activities to ensure that all registrants of ".MERCK" domain names remain bona fide members of the Merck Community. Additionally, if a registrant fails to comply with the terms and conditions set out in the ".MERCK" Registration Restrictions and Use Policy, Merck KGaA may in its sole discretion elect to transfer, cancel or revoke any relevant domain name registration(s) held by said registrant.

### O.3 Transfer of domain name registrations

A ".MERCK" domain name registration may only be transferred in the following circumstances:

- the company to whom the ".MERCK" domain name is to be transferred to meets the criteria set out in this ".MERCK" Registration Restrictions and Use Policy:
- the prescribed fee is paid; and
- Merck KGaA has previously approved the transfer of the domain name registration from the Transferor to the Transferee

Transfers of a ".MERCK" domain name shall be carried out by the Registrar of the relevant ".MERCK" domain name.

### O.4 Revoking a domain name registration

The Registrant agrees with Merck KGaA (the Registry Operator of the ".MERCK" TLD) that Merck KGaA may revoke a Merck Community Membership ID and/or the registration of a ".MERCK" domain name for the reasons outlined below:

#### Change in status

If the Registrant ceases to be a member of the Merck Community.

#### Fee not paid

If the prescribed fee is not paid within the required time.

#### Breach of warranty

If a warranty supplied by the Registrant or their agent is breached, including failure to comply with the Acceptable Usage Guidelines contained in this Policy.

#### Incorrect information

If misleading, incomplete or incorrect information is supplied in the application for either a domain name registration or a Merck Community Membership ID.

#### Failure to comply with this Policy

If the Registrant fails to comply with this Policy.

#### Court or arbitration decision

If a court or arbitration panel of competent authority determines that a ".MERCK" domain name should not be registered by the Registrant, it shall be removed from the registry or be registered to another entity.

#### ADR Decision

If an Alternative Dispute Resolution Panel of competent authority determines that a ".MERCK" domain name should not be registered by the Registrant, it shall be removed from the registry or be registered to another entity.

#### Improper use

If the Registrant has used its ".MERCK" domain name in violation of the Acceptable Use guidelines provided in Section P below.

#### Instruction

If instructed by the Registrant.

#### Error

If a ".MERCK" domain name which could not otherwise be registered under this Policy is registered through mistake.

### P. Acceptable Usage Guidelines for ".MERCK" Domain Names

#### P.1 Acceptable Use

All Registrants agree to abide by the Acceptable Usage Guidelines established herein for the operation and use of their ".MERCK" domain names. Registrants agree that their ".MERCK" domain names shall be used:

- to further the mission and purpose of the Merck Community;
- to display only content related to the Merck Community's activities; and
- to display only content reasonably related to the textual string of the specific domain name, to enable intuitive navigation by visitors to the ".MERCK" space

Registrants further agree that they shall not use any ".MERCK" domain name in a way that:

- infringes any other third parties rights
- is in breach with any applicable laws, government rules or requirements

or for the purposes of:

- undertaking any illegal or fraudulent actions, including spam or phishing activities,
- defaming Merck KGaA or the Merck Community, its businesses, employees, etc.;
- "parking" the website at a landing page;
- displaying pay-per-click links; or
- "warehousing" or otherwise failing to use the domain name to link to active content

All Registrants agree that the ".MERCK" domain space shall be used for the benefit of the Merck Community at large, and shall cooperate to achieve this common goal. Registrants agree that Merck KGaA, as the Registry Operator of the TLD and parent company of the Merck Group, has the right to revoke any domain name registration or re-allocate any domain name registration to a different Community member should Merck KGaA deem such action appropriate for the benefit of the Community.

### Q. Dispute Resolution Policies

#### Q.1 MERCK Eligibility and Functionality Reconsideration Policy ("MEFRP")

All Registrants agree to be bound by the ".MERCK" Eligibility and Functionality Reconsideration Policy ("MEFRP"). This Policy serves as a mechanism for reconsideration and shall apply to any challenge by a Registrant to a decision by Merck KGaA (the Registry Operator):

- that the Registrant does not or does no longer meet the ".MERCK" eligibility requirements as described in this Policy, and so is not entitled to a Merck Community Membership ID; or
- that the Registrant's requested second-level domain name string would not be in the best interests of the Merck Community at large, resulting in the issuance of a Rejection Statement or a rejection of the Registrant's application for a domain name registration.
- if the Registrant is a holder of a ".MERCK" domain name, to revoke the domain name registration

Full text of the MEFRP is located here: [insert link once available].

#### Q.2 Charter Eligibility Dispute Resolution Policy ("CEDRP")

All Registrants agree to be bound by the Charter Eligibility Dispute Resolution Policy ("CEDRP"), which applies to challenges on the grounds that a particular Registrant does not meet the eligibility requirements to register its domain name within the ".MERCK" space. The full text of the CEDRP is located here: [<http://www.icann.org/en/help/dndr/cedrp>].

#### Q.3. Uniform Domain Name Dispute Resolution Policy ("UDRP")

All Registrants agree to be bound by the Uniform Domain Name Dispute Resolution Policy ("UDRP"), which applies to challenges to registered domain names on the grounds that: 1) such domain names are identical or confusingly similar to a trademark in which the complainant has rights, 2) the registrant lacks rights or legitimate interests in the domain name, and 3) the domain name has been registered and used in bad faith. The full text of the UDRP is located at the following address: <http://www.icann.org/dndr/udrp/policy.htm>.

#### Q.4 Uniform Rapid Suspension System ("URS")

All Registrants agree to be bound by the Uniform Rapid Suspension System ("URS"), which applies to challenges to registered domain names on the grounds that: 1) such domain names are identical or confusingly similar to a trademark in which the complainant has rights, 2) the registrant lacks rights or legitimate interests in the domain name, and 3) the domain name has been registered and used in bad faith. The full text of the URS is located at the following address: [insert website when available].

#### Q.5 Registry Restrictions Dispute Resolution Procedure ("RRDRP")

The Registry Operator for ".MERCK" shall agree to be bound by the Registry Restrictions Dispute Resolution Procedure ("RRDRP"). The RRDRP applies to challenges by Merck Community members claiming to be "a harmed established institution" as a result of the community-based gTLD registry operator not complying with the registration restrictions set out in the Registry Agreement. Full text of the RRDRP is located at the following address: insert website when available].

#### Q.6 Trademark Post-Delegation Dispute Resolution Procedure (Trademark PDDRP)

The Registry Operator for ".MERCK" shall agree to be bound by the Trademark Post-Delegation Dispute Resolution Procedure ("Trademark PDDRP"). The Trademark PDDRP applies to challenges by trademark holders claiming that one or more of its marks have been infringed, and thereby the trademark holder has been harmed, by the registry operator's manner of operation or use of the gTLD. Full text of the Trademark PDDRP is located at the following address: [insert

website when available].

## R. Verification of eligibility and domain name registrations

### R.1 Verification Process

Merck KGaA shall operate a verification system to prevent the misuse of Merck Community Membership IDs and to ensure that this Policy, including the Acceptable Usage Guidelines of Section P, is complied with. The verification may be conducted by Merck KGaA directly or by a third party appointed by Merck KGaA for this purpose.

If a Registrant is selected for verification, then it may be asked to provide supporting information demonstrating that it meets the eligibility requirements defined in this Policy, that its ".MERCK" domain name registration complies with this Policy, or that the content displayed on the website at its ".MERCK" domain name complies with the Acceptable Usage Guidelines contained in this Policy.

If the Registrant fails to cooperate with a request or fails to cooperate within a reasonable time period, then Merck KGaA may cancel the Merck Community Membership ID and/or revoke the registration agreement for the ".MERCK" domain names registered by that Registrant.

## S. Warranties

The administration of the ".MERCK" domain relies upon the information and warranties supplied by the Registrant. Accordingly, by applying for a ".MERCK" domain name, the Registrant:

- warrants that the Registrant meets the eligibility requirements set out in this Policy;
- warrants that the Corporate Trademark Department of Merck KGaA has approved the registration of the applied-for domain name;
- warrants that the domain name complies with this Policy;
- warrants that the information provided by the Registrant is complete, true and accurate;
- warrants that the registration and use of the ".MERCK" domain name does not breach any third party's rights (such as those of a registered trademark holder);
- warrants that the operation and use of the ".MERCK" domain name will be undertaken in line with the Acceptable Usage Guidelines contained in this Policy;
- warrants that they have read and understood this Policy, and that they understand that this Policy is legally binding; and
- indemnifies Merck KGaA to the full extent legally permitted against all claims and demands from third parties regarding the registration and use of the ".MERCK" domain name

## 29. Rights Protection Mechanisms

Rights protection is a core responsibility of the Top-Level Domain ("TLD") operator, and is supported by a well-developed plan for rights protection that includes:

- Establishing mechanisms to prevent unqualified registrations (e.g., registrations made in violation of the registry's eligibility restrictions or policies);
- Implementing a robust Sunrise program, utilizing the Trademark Clearinghouse,

the services of one of ICANN's approved dispute resolution providers, a trademark validation agent, and drawing upon sunrise policies and rules used successfully in previous gTLD launches;

- Implementing a professional trademark claims program that utilizes the Trademark Clearinghouse, and drawing upon models of similar programs used successfully in previous TLD launches;
- Complying with the requirements of the Uniform Rapid Suspension System ("URS");
- Complying with the Uniform Domain Name Dispute Resolution Policy ("UDRP");
- Complying with the Registry Restrictions Dispute Resolution Procedure ("RRDRP");
- Complying with the Trademark Post-Delegation Dispute Resolution Policy ("PDDRP"); and,
- Including all ICANN-mandated and independently developed rights protection mechanisms ("RPMs") in the registry-registrar agreement entered into by ICANN-accredited registrars authorized to register names in the TLD

The response below details the rights protection mechanisms at the launch of the TLD (Sunrise and Trademark Claims Service) which comply with rights protection policies (URS, UDRP, RRDRP, PDDRP, and other ICANN RPMs), outlines additional provisions made for rights protection, and provides the resourcing plans.

#### A. Safeguards for rights protection at the launch of the TLD

This TLD will satisfy the rights protection mechanisms described in the New gTLD Registry Agreement.

Merck KGaA will implement a Sunrise period of 30 days for the purpose of complying with ICANN requirements. Because the Registry Operator and the other community members will be the sole registrants within this space, there will be no other registrants eligible to reserve or register domain names during this period.

Notice will be provided to all relevant trademark holders in the Clearinghouse if someone is seeking a Sunrise registration. This notice will be provided to holders of marks in the Clearinghouse that are an Identical Match to the name to be registered during Sunrise.

The Registry Operator will develop and implement an appropriate Sunrise Dispute Resolution Policy (SDRP), containing the elements specified by ICANN, for the resolution of any disputes which might in theory arise during this period. The proposed Sunrise Eligibility Requirements (SERs) will include: (i) ownership of a mark (that satisfies the criteria in section 7.2), (ii) optional registry elected requirements re: international class of goods or services covered by registration; (iii) representation that all provided information is true and correct; and (iv) provision of data sufficient to document rights in the trademark. The proposed SDRP will allow challenges based on the four grounds specified in the New gTLD Registry Agreement: (i) at time the challenged domain name was registered, the registrant did not hold a trademark registration of national effect (or regional effect) or the trademark had not been court-validated or protected by statute or treaty; (ii) the domain name is not identical to the mark on which the registrant based its Sunrise registration; (iii) the trademark registration on which the registrant based its Sunrise registration is not of national effect (or regional effect) or the trademark had not been court-validated or protected by statute or treaty; or (iv) the trademark registration on which the domain name registrant based its Sunrise registration did not issue on or before the effective date of the Registry Agreement and was not applied for on or before ICANN announced the applications received.

The launch of this TLD will include the operation of a trademark claims service according to the defined ICANN processes for checking a registration request

and alerting trademark holders of potential rights infringement. The Trademark Claims Service will operate for at least the first 60 days that the registry is open for general registration. We will use the Trademark Claims Notice provided in the Applicant Guidebook, We will provide the prospective registrant access to the Trademark Clearinghouse Database information referenced in the Trademark Claims Notice to enhance understanding of the Trademark rights being claimed by the trademark holder. These links shall be provided in real time without cost to the prospective registrant.

## B. Ongoing rights protection mechanisms

Several mechanisms will be in place to protect rights in this TLD. As described in responses #27 and #28, measures are in place to ensure domain transfers and updates are only initiated by the appropriate domain holder, and an experienced team is available to respond to legal actions by law enforcement or court orders.

This TLD will conform to all ICANN RPMs including URS (defined below), UDRP, PDDRP, RDRP and all measures defined in Specification 7 of the new TLD agreement.

### B.1 Uniform Rapid Suspension (URS)

The Registry Operator will implement decisions rendered under the URS on an ongoing basis. Per the URS policy posted on ICANN's Web site as of this writing, the Registry Operator will receive notice of URS actions from the ICANN-approved URS providers. These emails will be directed immediately to the Registry Operator's support staff, which is on duty 24x7. The support staff will be responsible for creating a ticket for each case, and for executing the directives from the URS provider. All support staff will receive pertinent training.

As per ICANN's URS guidelines, within 24 hours of receipt of the notice of complaint from the URS provider, the Registry Operator shall "lock" the domain, meaning the registry shall restrict all changes to the registration data, including transfer and deletion of the domain names, but the name will remain in the TLD DNS zone file and will thus continue to resolve. The support staff will "lock" the domain by associating the following EPP statuses with the domain and relevant contact objects:

- ServerUpdateProhibited, with an EPP reason code of "URS"
- ServerDeleteProhibited, with an EPP reason code of "URS"
- ServerTransferProhibited, with an EPP reason code of "URS"
- The registry operator's support staff will then notify the URS provider immediately upon locking the domain name, via email

The Registry Operator's support staff will retain all copies of emails from the URS providers, assign them a tracking or ticket number, and will track the status of each opened URS case through to resolution via spreadsheet or database.

The Registry Operator's support staff will execute further operations upon notice from the URS providers. The URS provider is required to specify the remedy and required actions of the registry operator, with notification to the registrant, the complainant, and the registrar.

As per the URS guidelines, if the complainant prevails, the "registry operator shall suspend the domain name, which shall remain suspended for the balance of the registration period and would not resolve to the original web site. The nameservers shall be redirected to an informational web page provided by the URS provider about the URS. The WHOIS for the domain name shall continue to display all of the information of the original registrant except for the redirection of the nameservers. In addition, the WHOIS shall reflect that the

domain name will not be able to be transferred, deleted or modified for the life of the registration."

## B.2 Community TLD considerations

In addition to the above-referenced RPMs (URS, DRP, PDDRP and RRDRP), and the Trademark Clearing House and Sunrise registration periods, the Registry Operator intends to implement two further rights protection mechanisms within the ".MERCK" space. These additional policies, the Charter Eligibility Dispute Resolution Policy (CEDRP) and the ".MERCK" Eligibility and Functionality Reconsideration Policy ("MEFRP") are designed address circumstances of unqualified registrations within the space.

As provided in detail above, in sections 18(c), 20(e) and 28, the ".MERCK" space will contain a set of safeguards to ensure that only valid members of the Merck Community may register domain names within the new TLD. These procedures are fully detailed in our response to Question 28. In brief, the process to register a domain name in the space is three-fold, and a brief outline of the process is as follows:

- A prospective applicant must apply to the Corporate Legal Department of Merck KGaA to request a Merck Community Membership ID. A Membership ID is unique to a particular applicant/registrant, and therefore this step needs only be performed once by Community Member. When an application to receive a Merck Community Membership ID is received by Merck KGaA, the Registry Operator will evaluate the request and determine whether the prospective registrant qualifies as a member of the Merck Community. If the applicant is a member of the Community, a Merck Community Membership ID will be issued. If not, and no Membership ID is issued, the denied applicant would have recourse to an appeals process under the MEFRP (full text available for reference at the end of this section)
- Once a Merck Community Membership ID has been issued to a member, said member must also receive pre-approval of the particular second-level string or strings which the member would like to register. Again, the request must be submitted to the Corporate Legal Department of Merck KGaA. If Merck determines that the requested domain name registration would serve the purposes, and be in the best interests, of the Merck Community, the Registry Operator will issue a statement of consent to the member for each requested second-level string
- Once a prospective applicant for a ".MERCK" domain name has obtained a Merck Community Membership ID, and pre-approval for the its requested domain name string(s), it may then register the indicated ".MERCK" domain name through any ICANN-accredited registrar. The Registry Operator will then have the opportunity to review each "Pending Create" request for a domain name string to confirm compliance with the above process, and to ensure that all registrations within the space serve the best interests of the Merck Community

Pursuant to its reserved authority in the ".MERCK" Domain Name Registration Restrictions and Use Policy, MerckKGaA shall have the right to cancel, transfer, terminate, or otherwise make changes to any domain name application or registration within the space for the benefit of the Merck Community at large. Merck KGaA will undertake routine monitoring efforts to ensure that all of the websites active within the ".MERCK" space are being used within the guidelines set forward in the Registration Restrictions and Use Policy.

Should any third party believe that a ".MERCK" domain name has been registered by an entity which is not a member of the Merck Community, it may file a CEDRP complaint to have the issue addressed. Likewise, should a prospective applicant for a Merck Community Membership ID believe its application was denied incorrectly, it may appeal the decision under the MEFRP. Any registrant of a ".MERCK" domain name who believes Merck KGaA acts unfairly in cancelling, transferring or otherwise modifying its domain name registration on the basis of non-compliance with the Registration Restrictions and Use Policy for ".MERCK" shall also have recourse to an appeal under the MEFRP. The full text of the MEFRP Policy has been provided below for reference, and the a draft copy



of the Registration Restrictions and Use Policy may be found in the answer to Question 28 above.

### B.3 Rights protection via the Registry-Registrar and Registrar-Registrant Agreements

The following will be memorialized and be made binding via the Registry-Registrar and Registrar-Registrant Agreements (RRAs):

- The registry may reject a registration request or a reservation request, or may delete, revoke, suspend, cancel, or transfer a registration or reservation under the following criteria:
  - to enforce registry policies and ICANN requirements; each as amended from time to time;
  - that is not accompanied by complete and accurate information as required by ICANN requirements and/or registry policies or where required information is not updated and/or corrected as required by ICANN requirements and/or registry policies;
  - to protect the integrity and stability of the registry, its operations, and the TLD system;
  - to comply with any applicable law, regulation, holding, order, or decision issued by a court, administrative authority, or dispute resolution service provider with jurisdiction over the registry;
  - to establish, assert, or defend the legal rights of the registry or a third party or to avoid any civil or criminal liability on the part of the registry and/or its affiliates, subsidiaries, officers, directors, representatives, employees, contractors, and stockholders;
  - to correct mistakes made by the registry or any accredited registrar in connection with a registration; or
  - as otherwise provided in the Registry-Registrar Agreement and/or the Registrar-Registrant Agreement

### C. Reducing opportunities for behaviors such as phishing or pharming

In our response to question #28, the registry operator has described its anti-abuse program designed to address phishing and pharming. This program is designed to actively discover, verify, and mitigate problems without infringing upon the rights of legitimate registrants. This program is designed for use in the open registration period and includes an optional system for monitoring the TLD for phishing attacks and policies and procedures for verifying and mitigating phishing attacks. These procedures include the reporting of compromised Websites/domains to registrars for cleanup by the registrants and their hosting providers, and rapid takedown procedures for maliciously registered phishing domains. Additionally, in order reduce the risk of malicious activity no registrations within the space will be permitted through the use of privacy services.

Rather than repeating the policies and procedures here, please see our response to question #28 for full details.

Since all ".MERCK" applicants and domain names will be reviewed and approved, there is an exceptionally low chance that ".MERCK" domain names will be registered by criminals, for purposes such as phishing. There is a chance that the Web sites of innocent ".MERCK" community members may get compromise by criminals, in which case any cases will be reported to the registrar and registrant for mitigation and cleanup.

### D. Draft ".MERCK" Eligibility and Functionality Reconsideration Policy ("MEFRP")

This Policy is designed to address disputes between you, the Applicant for a

Merck Community Membership ID number, the Applicant for a ".MERCK" domain name registration seeking approval from Merck KGaA for a particular second-level domain name within the ".MERCK" space, or the Registrant of a ".MERCK" domain name, and the Registry Operator of the ".MERCK" space. This Policy is incorporated by reference into all applications for Merck Community Membership IDs, requests for domain name Approval Statements, and Registration Agreements for domain name registrations in the ".MERCK" space.

#### D.1 Purpose

This ".MERCK" Eligibility and Functionality Reconsideration Policy (the "Policy") has been adopted by the Registry Operator and is incorporated by reference into your application for a Merck Community Membership ID and/or request for an Approval Statement for a ".MERCK" domain name string, and into any Registration Agreement you may have for a ".MERCK" domain name. It sets out the terms and conditions in connection with any challenge you may wish to make in relation to a Decision by the Registry Operator:

- that you do not or that you no longer meet the ".MERCK" eligibility requirements as described in the Registration Restrictions and Use Policy for ".MERCK" ("Eligibility Requirements"); or
- that your requested second-level domain name textual string is not in the best interests of the Mercy Community as a whole, or fails to meet the technical requirements for the domain space; or
- if you are the holder of a ".MERCK" domain name, to revoke your domain name registration ("revocation")

Any Challenge brought pursuant to this Policy must be submitted to Merck KGaA within thirty (30) days of the relevant Decision which forms the basis of the Challenge action.

Throughout this document, the terms "you", "your" and "the Challenger" refer to the applicant for a Merck Community Membership ID or domain name Approval Statement, or the Registrant of a ".MERCK" domain name, as the case may be. The terms "us," "our" and "we" refer to the Registry Operator.

#### D.2 Your Representations

By applying for a Merck Community Membership ID, an Approval Statement, a ".MERCK" domain name registration, or by asking the Registrar to maintain or renew a domain name registration, you hereby represent and warrant to us that:

- the assertions that you made in your Merck Community Membership ID application, your Approval Statement request, and/or your Registration Agreement are complete and accurate;
- you are eligible to register a domain name within the ".MERCK" TLD space;
- to your knowledge, your registration of the requested domain name will not infringe upon or otherwise violate the rights of any third party;
- you are not registering the ".MERCK" domain name for an unlawful purpose, or for any purpose violative of the ".MERCK" Registration Restrictions and Use Policy; and
- you will not knowingly use the domain name in violation of the ".MERCK" Registration Restrictions and Use Policy, or any applicable laws or regulations

It is your responsibility to determine whether your domain name registration infringes or violates someone else's rights.

#### D.3 Definitions

**Approval Statement:** A notice issued by Merck KGaA to a prospective Applicant for a ".MERCK" domain name, stating that the Registry Operator consents to the Applicant's registration of such domain through an accredited Registrar.

**Challenge:** A Challenge is a request made by and Applicant for reconsideration

under the ".MERCK" Eligibility and Functionality Reconsideration Policy of a Decision rendered by the Registry Operator.

**Challenger:** An applicant or registrant bringing a Challenge under the ".MERCK" Eligibility and Functionality Reconsideration Policy. Any person or entity against whom an adverse Decision has been made by the Registry Operator, with respect to i) a request to receive a Merck Community Membership ID, ii) a request to receive an Approval Statement, or iii) a domain name registration within the ".MERCK" space, may bring a Challenge pursuant to this Policy.

**Community Panel:** The Community Panel is the three-member panel appointed by the Registry Operator to resolve the Challenge brought pursuant to the ".MERCK" Eligibility and Functionality Reconsideration Policy. The Panel shall consist of one (1) representative of Merck KGaA, and two (2) representatives of members of the Merck Community.

**Decision:** Any Decision made by the Registry Operator:

- that the Applicant does not meet the Eligibility Requirements set out in the ".MERCK" Registration Restrictions and Use Policy; or
- that the Applicant's requested second-level string does not in the best interests of the Merck Community; or
- to issue a Rejection Statement, indicating that the Applicant's request for approval of a particular ".MERCK" domain name string has been rejected by Merck KGaA; or
- to revoke, transfer or otherwise modify the Registrant's ".MERCK" domain name registration on the grounds that its use of the domain name is contrary to the requirements set forth in the ".MERCK" Registration Restrictions and Use Policy

**Finding:** This is the decision made by the Community Panel respect to any Challenge brought pursuant to this Policy.

**ICANN:** The Internet Corporation for Assigned Names and Numbers.

**Merck Community Membership ID:** A permanently assigned identification number assigned by the TLD Registry Operator to a member of the Merck Community. Such Merck Community Membership ID must be applied for by the Applicant and, once issued, may be used to enable the registration of a ".MERCK" domain name.

**Panelist:** A member of the Community Panel appointed by the Registry Operator to hear the Challenge.

**Party:** A Party means the Challenger or the Registry Operator.

**Registrar:** Any ICANN-accredited registrar who offers ".MERCK" domain names for registration, following the registration mechanism outlined in the ".MERCK" Registration Restrictions and Use Policy and in conjunction with the Registry Service Provider.

**Registry Operator:** The Registry Operator for the ".MERCK" TLD is Merck KGaA.

**Registry Service Provider:** The Registry Service Provider for the ".MERCK" TLD shall be Afilias LTD.

**Rejection Statement:** A notice issued by Merck KGaA to a prospective Applicant for a ".MERCK" domain name, stating that the Registry Operator does not consent to the Applicant's registration of such domain through an accredited Registrar

D.4 Mandatory Proceeding.

You are required to submit any challenge concerning a Decision by us denying the issuance of a Merck Community Membership ID or Approval Statement, or

revocation of your ".MERCK" domain name registration, to a mandatory Challenge proceeding conducted in accordance with this Policy. Any such Challenge will serve as a request for reconsideration, or appeal, of our Decision, and will be decided by a three-member panel consisting of one (1) representative from Merck KGaA, and two (2) representatives from Merck Community members.

#### D.5 Challenge Procedure

- The Challenger shall submit its Challenge, including any annexes, electronically to the Registry Operator, to the email address: [insert email address when available].
- The Challenge shall:
  - \* Request that the Challenge be submitted for decision in accordance with the Policy and these Rules;
  - \* Confirm that the Challenge is being submitted no later than thirty (30) calendar days from the rendering of the relevant Decision by the Registry Operator;
  - \* Provide the name and electronic contact information of the Challenger and of any representative authorized to act on behalf of the Challenger for this purposes of the proceeding;
- As appropriate for the given Challenge, the Challenger must:
  - \* provide a copy of the rejected Application for a Merck Community Membership ID;
  - \* Provide a copy of the Rejection Statement; or
  - \* specify the domain name(s) that is/are the subject of the Challenge
  - \* In the case of a Challenge to a Decision regarding a registered ".MERCK" domain name(s), the Challenger must identify the Registrar(s) with whom the domain name(s) is/are registered at the time the Challenge is filed;
- Describe, in accordance with this Policy, the grounds on which the Challenge is made, including, as appropriate:
  - \* why the Challenger believes it should be properly deemed a member of the Merck Community
  - \* why the second-level string applied would, in fact, be in the best interests of the Merck Community and serve the purposes outlined in the ".MERCK" Registration Restrictions and Use Policy; and/or
  - \* why the Challenger's ".MERCK" domain name(s) should be considered as having been used properly in accordance with the ".MERCK" Registration Restrictions and Use Policy
- Specify the remedy sought;
- identify any other legal proceedings, if any, that have been commenced or terminated in connection with or relating to any of the domain name(s) that may be the subject of the Challenge;
- Conclude with the following statement followed by the signature (in any electronic format) of the Challenger or its authorized representative:
  - \* "The Challenger agrees that its claims and remedies concerning the registration of the domain name (if any), the dispute, or the dispute's resolution shall be solely against the Registry Operator and waives all such claims and remedies against
    - \* the Registrar,
    - \* the Registry Service Provider, and
    - \* the Internet Corporation for Assigned Names and Numbers, as well as their directors, officers, employees, and agents"
  - \* "The Challenger certifies that the information contained in this Challenge is to the best of Challenger's knowledge complete and accurate, that this Challenge is not being presented for any improper purpose, such as to harass, and that the assertions in this Challenge are warranted under these Rules and under applicable law, as it now exists or as it may be extended by a good-faith and reasonable argument."; and
- Annex any documentary or other evidence, together with a schedule indexing such evidence

The Challenge may relate to more than one domain name, provided that the domain

names are registered by the same Challenger and were the subject of the same Decision which forms the basis of the Challenge filing

The Registry Operator shall review the Challenge for formal compliance with this MEFRP Policy, and will provide the Challenger with a period of time, not to exceed 5 calendar days, to correct any deficiencies or supply additional information. The Registry Operator shall then appoint a Community Panel to hear the Challenge.

The Registry Operator shall send to the Community Panel, upon its appointment, a copy of the Challenge, including any annexes, and a statement from the Registry Operator outlining the reasons for its Decision

- The Community Panel shall:

- \* conduct the proceeding in such manner as it considers appropriate in accordance with this Policy;

- \* ensure that the Parties are treated with equality and that each Party is given a fair opportunity to present its case;

- \* ensure that the proceeding takes place with due expedition. It may, at the request of a Party or on its own motion, extend, in exceptional cases, a period of time fixed by these Rules or by the Community Panel

- \* determine the admissibility, relevance, materiality and weight of the evidence;

- \* in its sole discretion, request any additional information from either the Challenger or the Registry Operator that it deems necessary in order to make its Finding

- There shall be no in-person hearings (including hearings by teleconference, videoconference, and web conference), unless the Community Panel determines, in its sole discretion and as an exceptional matter, that such a hearing is necessary for deciding the Challenge

- The Community Panel shall decide a Challenge on the basis of the statements and documents submitted and in accordance with this Policy, the ".MERCK" Registration Restrictions and Use Policy, and any rules and principles of law that it deems applicable. In the absence of exceptional circumstances, the Panel shall forward its Finding on the Challenge to the Parties no later than twenty (20) business days from its appointment. All Findings shall be made by majority

The remedies available to a Challenger pursuant to any proceeding before a Community Panel shall be limited to, as appropriate:

- \* the issuance by the Registry Operator of a Merck Community Membership ID,

- \* the issuance by the Registry Operator of an Approval Statement for a requested domain name registration, or

- \* the issuance by the Registry Operator of a new Approval Statement, enabling the Challenger to re-register a domain name previously revoked under the initial Decision.

- Should the Panel decide in favor of the Challenger the Registry Operator shall, no later than 14 days from the issuance of the Panel's decision, provide the Challenger with the panel-ordered Merck Community Membership ID or Approval Statement, as appropriate

#### D.6 Maintaining the Status Quo

We will not request the Registrar to cancel, transfer, activate, deactivate, or otherwise change the status of any domain name registration the subject of a Challenge, or held by a Challenger bringing a Challenge regarding the revocation of either its Merck Community Membership ID or Approval Statement, during the pendency of any proceeding brought pursuant to this Policy.

#### D.7 Settlement or Other Grounds for Termination

If, before the Community Panel has reached its Finding, the Parties agree on a settlement, the Community Panel shall terminate the proceeding.

#### D.8 Transfers During a Dispute

- Transfers of a Domain Name to a New Holder. You may not transfer your domain name registration to another holder (i) during a pending proceeding brought pursuant to this Policy or for a period of fifteen (15) business days (as observed in the location of the Registrar's principal place of business) after such proceeding is concluded; or (ii) during a pending court proceeding or arbitration commenced regarding your domain name, unless you have received permission for said transfer (pursuant to the ".MERCK" Registration Restrictions and Use Policy) from the Registry Operator, and the party to whom the domain name registration is being transferred agrees, in writing, to be bound by the decision of the court or arbitrator. We reserve the right to request the Registrar to cancel any transfer of a domain name registration to another holder that is made in violation of this subparagraph, or in violation of the terms and conditions of the ".MERCK" Registration Restrictions and Use Policy.

- Changing Registrars. You may not transfer your domain name registration to another registrar during a pending proceeding brought pursuant to this Policy or for a period of fifteen (15) business days (as observed in the location of our principal place of business) after such proceeding is concluded. You may transfer administration of your domain name registration to another registrar during a pending court action or arbitration, provided that the domain name you have registered shall continue to be subject to the proceeding commenced by you in accordance with the terms of this Policy.

#### D.9 Policy Modifications

We reserve the right to modify this Policy at any time with the permission of ICANN. We will post our revised Policy at [insert URL when finalized] at least thirty (30) calendar days before it becomes effective. Unless this Policy has already been invoked by the submission of a Challenge, in which event the version of the Policy in effect at the time it was invoked will apply to you until the dispute is over, all such changes will be binding upon you with respect to any domain name registration dispute, whether the dispute arose before, on or after the effective date of our change. In the event that you object to a change in this Policy, your sole remedy is to cancel your ".MERCK" domain name registration, provided that you will not be entitled to a refund of any fees paid. The revised Policy will apply to you until you cancel or fail to renew your ".MERCK" domain name registration.

#### F. Rights protection resourcing plans

Merck KGaA will provide members of its legal department staff to review membership applications, review requests for domain name strings, and process business related to the Charter Eligibility Dispute Resolution Policy (CEDRP) and the ".MERCK" Eligibility and Functionality Reconsideration Policy (MEFRP). During the start-up/roll-out period, this function may require the full-time equivalent of one staff member. The responsibilities may be split among several existing staff members, including a staff attorney or attorneys, and an administrator/manager. On an ongoing basis, these RPM functions will require the full-time equivalent of one-half staff member.

Supporting RPMs also requires several departments within the registry operator as well as within Afilias. The implementation of Sunrise and the Trademark Claims service and on-going RPM activities will pull from the 102 Afilias staff members of the engineering, product management, development, security and policy teams at Afilias and staff at the Registry Operator. No additional hardware or software resources are required to support this as Afilias has fully-operational capabilities to manage abuse today.

### 30(a). Security Policy: Summary of the security policy for the proposed registry

The answer to question #30a is provided by Afiliias, the back-end provider of registry services for this TLD.

Afiliias aggressively and actively protects the registry system from known threats and vulnerabilities, and has deployed an extensive set of security protocols, policies and procedures to thwart compromise. Afiliias' robust and detailed plans are continually updated and tested to ensure new threats are mitigated prior to becoming issues. Afiliias will continue these rigorous security measures, which include:

- Multiple layers of security and access controls throughout registry and support systems;
- 24x7 monitoring of all registry and DNS systems, support systems and facilities;
- Unique, proven registry design that ensures data integrity by granting only authorized access to the registry system, all while meeting performance requirements;
- Detailed incident and problem management processes for rapid review, communications, and problem resolution, and;
- Yearly external audits by independent, industry-leading firms, as well as twice-yearly internal audits

#### A. Security policies and protocols

Afiliias has included security in every element of its service, including facilities, hardware, equipment, connectivity/Internet services, systems, computer systems, organizational security, outage prevention, monitoring, disaster mitigation, and escrow/insurance, from the original design, through development, and finally as part of production deployment. Examples of threats and the confidential and proprietary mitigation procedures are detailed in our response to question #30(b).

There are several important aspects of the security policies and procedures to note:

- Afiliias hosts domains in data centers around the world that meet or exceed global best practices
- Afiliias' DNS infrastructure is massively provisioned as part of its DDoS mitigation strategy, thus ensuring sufficient capacity and redundancy to support new gTLDs
- Diversity is an integral part of all of our software and hardware stability and robustness plan, thus avoiding any single points of failure in our infrastructure
- Access to any element of our service (applications, infrastructure and data) is only provided on an as-needed basis to employees and a limited set of others to fulfill their job functions. The principle of least privilege is applied
- All registry components - critical and non-critical - are monitored 24x7 by staff at our NOCs, and the technical staff has detailed plans and procedures that have stood the test of time for addressing even the smallest anomaly. Well-documented incident management procedures are in place to quickly involve the on-call technical and management staff members to address any issues

Afiliias follows the guidelines from the ISO 27001 Information Security Standard (Reference:

[http://www.iso.org/iso/iso\\_catalogue/catalogue\\_tc/catalogue\\_detail.htm?csnumber=42103](http://www.iso.org/iso/iso_catalogue/catalogue_tc/catalogue_detail.htm?csnumber=42103) ) for the management and implementation of its Information Security Management System. Afiliias also utilizes the COBIT IT governance framework to facilitate policy development and enable controls for appropriate management of risk (Reference: <http://www.isaca.org/cobit>). Best practices

defined in ISO 27002 are followed for defining the security controls within the organization. Afiliias continually looks to improve the efficiency and effectiveness of our processes, and follows industry best practices as defined by the IT Infrastructure Library, or ITIL (Reference: <http://www.itil-officialsite.com/>).

The Afiliias registry system is located within secure data centers that implement a multitude of security measures both to minimize any potential points of vulnerability and to limit any damage should there be a breach. The characteristics of these data centers are described fully in our response to question #30(b).

The Afiliias registry system employs a number of multi-layered measures to prevent unauthorized access to its network and internal systems. Before reaching the registry network, all traffic is required to pass through a firewall system. Packets passing to and from the Internet are inspected, and unauthorized or unexpected attempts to connect to the registry servers are both logged and denied. Management processes are in place to ensure each request is tracked and documented, and regular firewall audits are performed to ensure proper operation. 24x7 monitoring is in place and, if potential malicious activity is detected, appropriate personnel are notified immediately.

Afiliias employs a set of security procedures to ensure maximum security on each of its servers, including disabling all unnecessary services and processes and regular application of security-related patches to the operating system and critical system applications. Regular external vulnerability scans are performed to verify that only services intended to be available are accessible.

Regular detailed audits of the server configuration are performed to verify that the configurations comply with current best security practices. Passwords and other access means are changed on a regular schedule and are revoked whenever a staff member's employment is terminated.

#### A.1 Access to registry system

Access to all production systems and software is strictly limited to authorized operations staff members. Access to technical support and network operations teams where necessary are read only and limited only to components required to help troubleshoot customer issues and perform routine checks. Strict change control procedures are in place and are followed each time a change is required to the production hardware/application. User rights are kept to a minimum at all times. In the event of a staff member's employment termination, all access is removed immediately.

Afiliias applications use encrypted network communications. Access to the registry server is controlled. Afiliias allows access to an authorized registrar only if each of the authentication factors matches the specific requirements of the requested authorization. These mechanisms are also used to secure any web-based tools that allow authorized registrars to access the registry. Additionally, all write transactions in the registry (whether conducted by authorized registrars or the registry's own personnel) are logged.

EPP connections are encrypted using TLS/SSL, and mutually authenticated using both certificate checks and login/password combinations. Web connections are encrypted using TLS/SSL for an encrypted tunnel to the browser, and authenticated to the EPP server using login/password combinations.

All systems are monitored for security breaches from within the data center and without, using both system-based and network-based testing tools. Operations staff also monitor systems for security-related performance anomalies. Triple-redundant continual monitoring ensures multiple detection paths for any potential incident or problem. Details are provided in our response to questions #30(b) and #42. Network Operations and Security Operations teams perform regular audits in search of any potential vulnerability.



To ensure that registrar hosts configured erroneously or maliciously cannot deny service to other registrars, Afiliias uses traffic shaping technologies to prevent attacks from any single registrar account, IP address, or subnet. This additional layer of security reduces the likelihood of performance degradation for all registrars, even in the case of a security compromise at a subset of registrars.

There is a clear accountability policy that defines what behaviors are acceptable and unacceptable on the part of non-staff users, staff users, and management. Periodic audits of policies and procedures are performed to ensure that any weaknesses are discovered and addressed. Aggressive escalation procedures and well-defined Incident Response management procedures ensure that decision makers are involved at early stages of any event.

In short, security is a consideration in every aspect of business at Afiliias, and this is evidenced in a track record of a decade of secure, stable and reliable service.

#### B. Independent assessment

Supporting operational excellence as an example of security practices, Afiliias performs a number of internal and external security audits each year of the existing policies, procedures and practices for:

- Access control;
- Security policies;
- Production change control;
- Backups and restores;
- Batch monitoring;
- Intrusion detection, and
- Physical security

Afiliias has an annual Type 2 SSAE 16 audit performed by PricewaterhouseCoopers (PwC). Further, PwC performs testing of the general information technology controls in support of the financial statement audit. A Type 2 report opinion under SSAE 16 covers whether the controls were properly designed, were in place, and operating effectively during the audit period (calendar year). This SSAE 16 audit includes testing of internal controls relevant to Afiliias' domain registry system and processes. The report includes testing of key controls related to the following control objectives:

- Controls provide reasonable assurance that registrar account balances and changes to the registrar account balances are authorized, complete, accurate and timely
- Controls provide reasonable assurance that billable transactions are recorded in the Shared Registry System (SRS) in a complete, accurate and timely manner
- Controls provide reasonable assurance that revenue is systemically calculated by the Deferred Revenue System (DRS) in a complete, accurate and timely manner
- Controls provide reasonable assurance that the summary and detail reports, invoices, statements, registrar and registry billing data files, and ICANN transactional reports provided to registry operator(s) are complete, accurate and timely
- Controls provide reasonable assurance that new applications and changes to existing applications are authorized, tested, approved, properly implemented and documented
- Controls provide reasonable assurance that changes to existing system software and implementation of new system software are authorized, tested, approved, properly implemented and documented.
- Controls provide reasonable assurance that physical access to data centers is restricted to properly authorized individuals
- Controls provide reasonable assurance that logical access to system resources is restricted to properly authorized individuals

- Controls provide reasonable assurance that processing and backups are appropriately authorized and scheduled and that deviations from scheduled processing and backups are identified and resolved

The last Type 2 report issued was for the year 2010, and it was unqualified, i.e., all systems were evaluated with no material problems found.

During each year, Afiliias monitors the key controls related to the SSAE controls. Changes or additions to the control objectives or activities can result due to deployment of new services, software enhancements, infrastructure changes or process enhancements. These are noted and after internal review and approval, adjustments are made for the next review.

In addition to the PricewaterhouseCoopers engagement, Afiliias performs internal security audits twice a year. These assessments are constantly being expanded based on risk assessments and changes in business or technology.

Additionally, Afiliias engages an independent third-party security organization, PivotPoint Security, to perform external vulnerability assessments and penetration tests on the sites hosting and managing the Registry infrastructure. These assessments are performed with major infrastructure changes, release of new services or major software enhancements. These independent assessments are performed at least annually. A report from a recent assessment is attached with our response to question #30(b).

Afiliias has engaged with security companies specializing in application and web security testing to ensure the security of web-based applications offered by Afiliias, such as the Web Admin Tool (WAT) for registrars and registry operators.

Finally, Afiliias has engaged IBM's Security services division to perform ISO 27002 gap assessment studies so as to review alignment of Afiliias' procedures and policies with the ISO 27002 standard. Afiliias has since made adjustments to its security procedures and policies based on the recommendations by IBM.

#### C. Special TLD considerations

Afiliias' rigorous security practices are regularly reviewed; if there is a need to alter or augment procedures for this TLD, they will be done so in a planned and deliberate manner.

#### D. Commitments to registrant protection

With over a decade of experience protecting domain registration data, Afiliias understands registrant security concerns. Afiliias supports a "thick" registry system in which data for all objects are stored in the registry database that is the centralized authoritative source of information. As an active member of IETF (Internet Engineering Task Force), ICANN's SSAC (Security & Stability Advisory Committee), APWG (Anti-Phishing Working Group), MAAWG (Messaging Anti-Abuse Working Group), USENIX, and ISACA (Information Systems Audits and Controls Association), the Afiliias team is highly attuned to the potential threats and leading tools and procedures for mitigating threats. As such, registrants should be confident that:

- Any confidential information stored within the registry will remain confidential;
- The interaction between their registrar and Afiliias is secure;
- The Afiliias DNS system will be reliable and accessible from any location;
- The registry system will abide by all polices, including those that address registrant data;
- Afiliias will not introduce any features or implement technologies that compromise access to the registry system or that compromise registrant security

Afilias has directly contributed to the development of the documents listed below and we have implemented them where appropriate. All of these have helped improve registrants' ability to protect their domains name(s) during the domain name lifecycle.

- [SAC049]: SSAC Report on DNS Zone Risk Assessment and Management (03 June 2011)
- [SAC044]: A Registrant's Guide to Protecting Domain Name Registration Accounts (05 November 2010)
- [SAC040]: Measures to Protect Domain Registration Services Against Exploitation or Misuse (19 August 2009)
- [SAC028]: SSAC Advisory on Registrar Impersonation Phishing Attacks (26 May 2008)
- [SAC024]: Report on Domain Name Front Running (February 2008)
- [SAC022]: Domain Name Front Running (SAC022, SAC024) (20 October 2007)
- [SAC011]: Problems caused by the non-renewal of a domain name associated with a DNS Name Server (7 July 2006)
- [SAC010]: Renewal Considerations for Domain Name Registrants (29 June 2006)
- [SAC007]: Domain Name Hijacking Report (SAC007) (12 July 2005)

To protect any unauthorized modification of registrant data, Afilias mandates TLS/SSL transport (per RFC 5246) and authentication methodologies for access to the registry applications. Authorized registrars are required to supply a list of specific individuals (five to ten people) who are authorized to contact the registry. Each such individual is assigned a pass phrase. Any support requests made by an authorized registrar to registry customer service are authenticated by registry customer service. All failed authentications are logged and reviewed regularly for potential malicious activity. This prevents unauthorized changes or access to registrant data by individuals posing to be registrars or their authorized contacts.

These items reflect an understanding of the importance of balancing data privacy and access for registrants, both individually and as a collective, worldwide user base.

The Afilias 24/7 Customer Service Center consists of highly trained staff who collectively are proficient in 15 languages, and who are capable of responding to queries from registrants whose domain name security has been compromised - for example, a victim of domain name hijacking. Afilias provides specialized registrant assistance guides, including specific hand-holding and follow-through in these kinds of commonly occurring circumstances, which can be highly distressing to registrants

#### E. Security resourcing plans

Please refer to our response to question #30b for security resourcing plans.

**© Internet Corporation For Assigned Names and Numbers.**

# **ANNEX 26**



Merck KGaA · Germany · Frankfurter Str. 250 · 64293 Darmstadt

ICANN  
New gTLD Customer Service Center

Date 22.02.2013  
Division/Dept.  
Care of Dr. Martin André  
Phone +49 6151 72-2681  
Fax +49 6151 72-912681  
E-Mail martin.andre@merckgroup.com

## Public Interest Commitment

gTLD String: .merck  
Applicant Entity Name: Merck KGaA  
Applications ID: 1-980-7217

Dear Sirs or Madam,

With reference to your request to submit TLD-specific PIC Specifications Merck KGaA declares as follows:

1. Merck KGaA will use only ICANN accredited registrars that are party to the Registrar Accreditation Agreement approved by the ICANN Board of Directors on [date to be determined at time of contracting], 2013 (or any subsequent form of Registrar Accreditation Agreement approved by the ICANN Board of Directors) in registering domain names. A list of such registrars shall be maintained by ICANN on ICANN's website.
2. Merck KGaA will operate the registry for the TLD in compliance with all commitments, statements of intent and business plans stated in the below-indicated sections of Merck KGaA's application to ICANN for the TLD, which commitments, statements of intent and business plans are hereby incorporated by reference into this Agreement. Merck KGaA's obligations pursuant to this paragraph shall be enforceable by ICANN and through the Public Interest Commitment Dispute Resolution Process established by ICANN (posted at [url to be inserted when final procedure is adopted]), as it may be amended by ICANN

Merck KGaA · Germany  
Frankfurter Str. 250  
64293 Darmstadt  
Phone +49 6151 72-0  
Fax +49 6151 72-2000  
www.merckgroup.com

Corporation with General Partners  
Commercial Register AG Darmstadt HRB 6164  
Registered Office: Darmstadt  
Chairman of the Supervisory Board:  
Rolf Krebs

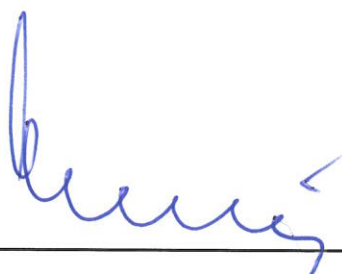
Executive Board and General Partners:  
Karl-Ludwig Kley (Chairman),  
Kai Beckmann, Stefan Oeschmann,  
Bernd Reckmann, Matthias Zachert

from time to time, (the "PICDRP"). Merck KGaA shall comply with the PICDRP. Merck KGaA agrees to implement and adhere to any remedies ICANN imposes (which may include any reasonable remedy, including for the avoidance of doubt, the termination of the Registry Agreement pursuant to Section 4.3(e) of the Registry Agreement) following a determination by any PICDRP panel and to be bound by any such determination.

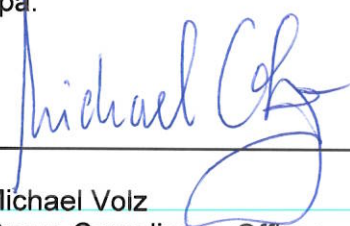
The Merck KGaA agrees to be bound by the terms and conditions set forth in its answers to Questions 18(a)-(c) and 20(a)-(e).

3. Merck KGaA agrees to perform its duties as a registry operator in accordance with its Public Interest Commitments, which commitments shall be enforceable by ICANN and through the PICDRP. Merck KGaA shall comply with the PICDRP. Merck KGaA agrees to implement and adhere to any remedies ICANN imposes (which may include any reasonable remedy, including for the avoidance of doubt, the termination of the Registry Agreement pursuant to Section 4.3(e) of the Registry Agreement) following a determination by any PICDRP panel and to be bound by any such determination.

Merck KGaA

ppa. 

Dr. Martin André  
General Counsel Performance Materials  
Head of Corporate Trademarks

ppa. 

Michael Volz  
Group Compliance Officer

Merck KGaA · Germany

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Registered Office: Darmstadt  
Chairman of the Supervisory Board:  
Rolf Krebs

Executive Board and General Partners:  
Karl-Ludwig Kley (Chairman),  
Kai Beckmann, Stefan Oschmann,  
Bernd Reckmann, Matthias Zachert

# **ANNEX 27**



## New Generic Top-Level Domains

### FREQUENTLY ASKED QUESTIONS | SPECIFICATION 11 OF THE REVISED NEW GTLD REGISTRY AGREEMENT: PUBLIC INTEREST COMMITMENTS

Updated 4 March 2013

#### **Additional FAQs Posted on 4 March 2013:**

#### **What is schedule for the Public Interest Commitments (PIC) Specification Proposal?**

*Applicants are requested to submit PIC Specifications by 23:59 UTC on 5 March 2013. The applicant-specific PIC Specifications will be available for public review on 6 March 2013, and the review period ends on 5 April 2013.*

#### **What are the drivers for the PIC Specification schedule?**

*The schedule is expected to allow for PIC Specifications to be submitted prior to the close of the objection period (13 March 2013). The schedule also allows for public review of the PIC Specifications, including review by the GAC, as soon as possible in advance of the Beijing meeting (7-11 April 2013). This expedited timeline is required in order to ensure that ICANN is delivering the program within the timeframes previously identified.*

#### **What if an applicant wants to submit a PIC Specification after 5 March 2013? How does the applicant do that?**

*If an applicant chooses to submit an applicant-specific PIC Specification after 5 March 2013, that late submission may result in delays in processing the application, including delays in posting the PIC Specification for review and submission to the GAC. No matter when the PIC Specification is submitted, the applicant-specific PIC Specification should be submitted in accordance with the instructions previously provided.*

#### **What happens if the applicant selects Section 2 of the PIC Specification and then adds additional commitments in Section 3 of the PIC Specifications that are in conflict with the commitments set in the application?**

*Applicants will be held to the commitments made within their PIC Specifications. Applicants are encouraged to carefully consider the commitments set out in the PIC Specifications for internal consistency as well as consistency with the commitments within their applications.*

*Any commitments set out in a PIC Specifications that result in a change to the application must be accompanied by a change request to change the corresponding portions of the application.*

#### **What are the expected outcomes of the PIC Dispute Resolution Process – will it always result in termination if the registry operator loses in the PIC DRP?**

*No, it will not. The PIC Dispute Resolution Process (PICDRP) is intended to provide a mechanism for consideration of complaints regarding the Registry Operator's compliance with the commitments made in the PIC Specification. The PIC DRP will align with the Post-Delegation Dispute Resolution Processes set out in the Applicant Guidebook. It is anticipated that, in the event the Registry Operator does not prevail in the PIC DRP, the dispute resolution provider could recommend a variety of remedies, such as specific performance of certain commitments. ICANN will review any recommendation for reasonableness prior to continuing with enforcement, and the Registry Operator will have an opportunity to contest the reasonableness of the remedy as well.*

#### **How can applicants be expected to sign onto the PICDRP if they haven't seen it yet?**



*No applicant is bound by the PICDRP until it signs a Registry Agreement. The submission of a PIC Specification at this time only indicates a willingness to be bound by the PICDRP upon the signing of the Registry Agreement.*

### **How will the change process work if an applicant changes its PIC Spec?**

*Prior to signing the Registry Agreement, ICANN will accept a change request that is directed solely to a change to the PIC Specification unless there are indications that the change is being requested to manipulate the process. An example of a change that could be viewed as a manipulation of process is the change of a PIC Specification after the close of the objection period to remove commitments that appeared to be included to avoid the filing of an objection.*

*If the change to a PIC Specification would also result in a change to the application, a change request to reflect the requested change in the application will also be required.*

*Changes to PIC Specifications will be subject to a further 30-day public review period.*

### **FAQs as posted 22 February 2013:**

#### **What is the purpose of Specification 11 of the Revised New gTLD Registry Agreement?**

*The purpose of Specification 11 is to ensure new gTLD registry operators use only registrars that have signed the 2013 Registrar Accreditation Agreement (which is under negotiation), and to allow applicants the opportunity to make specific public interest commitments. These commitments can be certain statements made in their applications and/or additional public interest commitments that were not included in their applications but to which the applicants intend to commit. These commitments will become part of the applicant's new gTLD registry agreement.*

#### **What are the different sections of the Specification 11?**

*There are 3 sections to Specification 11:*

**Section 1** states that the new registry operator will only use registrars that have signed the 2013 Registrar Accreditation Agreement (currently under negotiation).

**Section 2** is for applicants to indicate which parts of their applications they will incorporate into their registry agreements as binding commitments.

**Section 3** is for applicants to identify additional commitments that are not part of their applications but which the applicants intend to incorporate as binding commitment into their registry agreements.

#### **Who is required to submit an applicant-specific Public Interest Commitment Specific?**

*Any applicant that wishes to incorporate binding commitments into its registry agreement through Section 2 or Section 3 of the PIC Specification must submit a PIC Specification by 05 March 2013.*

*Applicants are not required to submit a PIC Specification by 05 March 2013 if they do not wish to incorporate binding commitment into the registry agreements. Note: Applicants who do not submit a PIC Specification by 05 March 2013 will still be expected to enter into a registry agreement with a Specification 11 that includes only section 1.*

#### **Is Specification 11 a required part of the Registry Agreement?**

*Yes. Section 1 of Specification 11 is a required commitment for all new gTLD registry operators. Sections 2 and 3 of the Specification are optional. All applicants are asked to submit their PIC Specification by 05 March 2013 if they wish to incorporate binding commitments into their registry agreements through Section 2 or Section 3 of the PIC Specification.*

#### **Must community applicants submit a PIC Specification for the community restrictions proposed in their application?**

No. Community applicants are not required to submit a PIC Specification to incorporate the community restrictions proposed in their applications into Section 2. (Note: any community applicant that does not submit a PIC Specification by 05 March 2013 will still be expected to enter into a registry agreement incorporating the community registration restrictions proposed in the application, along with a Specification 11 that includes only section 1.)

### **Should an applicant submit a PIC Specification even if it decides not to include commitments for sections 2 or 3?**

Applicants are not required to submit a PIC Specification by 05 March 2013 if they do not wish to incorporate binding commitment through Section 2 or Section 3 of the PIC Specification into the registry agreements. (Note: Applicants who do not submit a PIC Specification by 05 March 2013 will still be expected to enter into a registry agreement with a Specification 11 that includes only section 1.)

### **When is the deadline to submit the PIC Specification?**

05 March 2013 at 23:59 UTC. All PIC Specifications will be posted for public review on 06 March 2013.

### **What happens if an applicant fails to submit a PIC Specification by the 05 March 2013?**

The applicant will still be expected to enter into a registry agreement with a Specification 11 that includes only section 1.

### **How do applicants submit a PIC Specification to ICANN?**

Applicants may submit their PIC Specifications to ICANN via the New gTLD Customer Service Center ([newgtld@icann.org](mailto:newgtld@icann.org) (<mailto:newgtld@icann.org>) or via the CSC Portal at <https://myicann.secure.force.com/> (<https://myicann.secure.force.com/>)). If submitting via email, please ensure that the email is from the primary contact. Submissions from anyone other than the primary contact will not be accepted.

### **In what format should the PIC Specification be submitted?**

PIC Specifications should be submitted in PDF format.

You can download Specification 11 in one of three formats listed below:

- [Word Document \(/en/applicants/agb/base-agreement-spec-11-pic-19feb13-en.docx\)](#) [DOCX, 38 KB]
- [PDF Document \(/en/applicants/agb/base-agreement-spec-11-pic-19feb13-en.pdf\)](#) [PDF, 118 KB]
- [Text Document \(/en/applicants/agb/base-agreement-spec-11-pic-19feb13-en.txt\)](#) [TXT, 3 KB]

Note: These documents are provided for your convenience. This is not an opportunity for revisions to the text of the registry agreement. ICANN will disregard any changes made to the original text of Specification 11.

Include your responses to section 2 and 3 in your submission. Section 1 is a requirement and requires no response.

Please include the following information on your submission:

- Application ID number,
- Applicant name, and;
- Applied for string.

Remember to submit your document in PDF format. File size limit is 5MB.

Please submit any questions about the form or format of the PIC Specification to [<newgtld@icann.org](mailto:newgtld@icann.org) (<mailto:newgtld@icann.org>)>.

### **Should PIC Specifications be limited to statements in the application?**

*Not necessarily. Section 2 of the PIC Specification may be completed by referencing part(s) of the application. Section 3 allows applicants to list additional Public Interest Commitments not currently included in the application.*

### **What will ICANN do with the PIC Specifications once they are submitted?**

*Once the applicants' PIC Specifications have been submitted, they will be posted on the ICANN website for public review (including review by members of ICANN's Governmental Advisory Committee) for at least 30 days.*

### **Will the submitted PIC specification be part of the signed Registry Agreement?**

*Yes. The commitments identified in the PIC Specifications will be incorporated into Specification 11 of the registry agreement that the applicant executes with ICANN.*

### **What if an applicant has to amend the application in order to fulfill the PIC Specification?**

*If the submission of the PIC specification results in previously submitted application information becoming untrue or inaccurate, then according to section 1.2.7 of the Applicant Guidebook the applicant would be required to submit a Change Request via the change request process posted at <http://newgtlds.icann.org/en/applicants/customer-service/change-requests> ([/en/applicants/customer-service/change-requests](http://newgtlds.icann.org/en/applicants/customer-service/change-requests)). Depending on where an application is in the evaluation process, a change request may delay the processing of an application or require re-evaluation and additional fees. Note that all change requests are subject to approval by ICANN.*

### **Is there an opportunity for the applicant to amend its PIC Specification?**

*Yes, Applicants will have the ability to request changes to their submitted PIC Specification via the Change Request process posted at <http://newgtlds.icann.org/en/applicants/customer-service/change-requests> ([/en/applicants/customer-service/change-requests](http://newgtlds.icann.org/en/applicants/customer-service/change-requests)). All changes will be subject to a further 30-day public review period.*

### **Will the objection filing period deadline be extended if all PIC Specifications are not received by 05 March 2013?**

*No. ICANN intends to maintain the objection period filing date of 13 March 2013 in order to meet overall program milestones. (Note: Applicants who do not submit a PIC Specification by 05 March 2013 will still be expected to enter into a registry agreement with a Specification 11 that includes only section 1.)*

### **Where can I find more information about the PIC Specification?**

*The original announcement about the Public Interest Commitments Specification can be found at <http://www.icann.org/en/news/public-comment/base-agreement-05feb13-en.htm> (<http://www.icann.org/en/news/public-comment/base-agreement-05feb13-en.htm>).*

### **Can I comment on the PIC Specification Proposal?**

*Yes. The proposal for Specification 11 is currently open for public comment as part of the public comment period on the changes to the New gTLD Registry Agreement. To submit a comment, or view additional information on the updated New gTLD Registry Agreement, please go to <http://www.icann.org/en/news/public-comment/base-agreement-05feb13-en.htm> (<http://www.icann.org/en/news/public-comment/base-agreement-05feb13-en.htm>).*

# **ANNEX 28**

Not Reported in F.Supp.2d, 2007 WL 7309743 (D.Mass.)  
(Cite as: 2007 WL 7309743 (D.Mass.))

**H**

Only the Westlaw citation is currently available.

United States District Court,  
D. Massachusetts.  
CAPITOL FEDERAL SAVINGS BANK, Plaintiff,  
v.  
EASTERN BANK CORPORATION, Defendant.

Civil Action No. 07-11342-RCL.  
Dec. 3, 2007.

Catherine B. Richardson, Cheryl L. Burbach, Hovey Williams LLP, Thomas H. Van Hoozer, Hovey, Williams, Timmons & Collins, Kansas City, MO, Scott R. Brown, Hovey Williams LLP, Overland Park, KS, Erin K. Higgins, Michael R. Bernardo, Thomas E. Peisch, Conn, Kavanaugh, Rosenthal, Peisch & Ford, LLP, Boston, MA, for Plaintiff.

Andrew J. Nazar, Paul D. Sinclair, Russell S. Jones, Jr., Shughart Thomson & Kilroy, PC, Kansas City, MO, Courtney M. Quish, Fish & Richardson, P.C., Lee C. Bromberg, McCarter & English, LLP, Lisa M. Fleming, Meredith L. Ainbinder, Sunstein Kann Murphy & Timbers LLP, Boston, MA, for Defendant.

**PLAINTIFF'S MOTION FOR A  
PRELIMINARY INJUNCTION (DOCKET  
ENTRY # 113)  
MEMORANDUM AND ORDER RE:  
PLAINTIFF'S MOTION TO STRIKE THE  
DECLARATION OF ROBERT L. KLEIN  
(DOCKET ENTRY # 123); EASTERN BANK'S  
MOTION TO STRIKE SECOND  
SUPPLEMENTAL DECLARATION OF  
REBECCA B. LUTZ AND EXHIBITS THERETO  
(DOCKET ENTRY # 130)**

**BOWLER**, United States Magistrate Judge.

\*1 Pending before this court is a motion for a preliminary injunction in the above styled trademark infringement and unfair competition

action. (Docket Entry # 123). Plaintiff Capitol Federal Savings Bank ("Capitol"), a federally chartered mutual savings association, moves to preliminarily enjoin defendant Eastern Bank Corporation ("Eastern"), a Massachusetts for profit corporation, from using Capitol's TRUE BLUE service marks or any substantially similar mark in connection with Eastern's banking services. (Docket Entry # 123).

Headquartered in Boston, Eastern emphasizes that Massachusetts is the locus of all of its branches and corporate offices and that it markets and advertises its services exclusively to New England customers with a focus on the Boston market. (Docket Entry # 119). In contrast, all of Capitol's brick and mortar facilities are in Kansas and the bank focuses its uses of the TRUE BLUE marks primarily and almost exclusively in Kansas and western Missouri. Eastern, which admittedly used and intends to continue using the tag line True Blue in connection with its banking services, therefore argues that the relevant markets and geographic locations of the banks do not overlap. Both parties dispute the primary issue of whether Capitol demonstrates a likelihood of success in establishing a likelihood of confusion.

After hearing oral argument on September 18, 2007, this court took the motion (Docket Entry # 113) under advisement pending receipt of reply and sur-reply briefs.<sup>FN1</sup> Having received the additional filings, the matter is ripe for review. Before turning to the factual background, however, it is necessary to consider the pending motions to strike (Docket Entry 123 & 130) inasmuch as a ruling on these motions delineates the content of the preliminary injunction record.

**FN1.** At the hearing, this court allowed the parties to file reply and sur-reply briefs to address the arguments raised at the hearing. As explained *infra*, this court did not allow the production of additional

evidence not produced during the discovery period.

I. *EASTERN BANK'S MOTION TO STRIKE SECOND SUPPLEMENTAL DECLARATION OF REBECCA B. LUTZ AND EXHIBITS THERETO (DOCKET ENTRY # 130)*

Pursuant to [Rule 37\(c\)\(1\), Fed.R.Civ.P.](#) (“[Rule 37\(c\)\(1\)](#)”), Eastern moves to strike the second supplemental declaration of Rebecca B. Lutz (“the third Lutz declaration”), First Vice President and Director of Marketing for Capitol as well as the bank's [Rule 30\(b\)\(6\)](#) witness, and the exhibits thereto <sup>FN2</sup> filed after this court held the hearing on the preliminary injunction motion and after the close of discovery with respect to the preliminary injunction motion. (Docket Entry 130, 131 & 137). In addition to relying on [Rule 37\(c\)\(1\)](#), Eastern seeks to strike the third Lutz declaration and the exhibits because “Capitol's conduct violates the Rule 16 Scheduling Order ....” (Docket Entry # 137).

<sup>FN2</sup>. Citing *Perma Research & Development Co. v. Singer Co.*, 410 F.2d 572, 579 (2d Cir.1969), Capitol points out that Eastern only addressed exhibits five and seven in the motion to strike. *Perma*, however, involved a motion to strike under [Rule 56\(e\), Fed.R.Civ.P.](#), which requires a specific form for affidavits submitted on summary judgment. *Perma* also concerned a motion to strike a summary of 1,000 pages of deposition text due to the lack of support in the record and the lack of personal knowledge as to the particular averments. See *Perma Research & Development Co. v. Singer Co.*, 410 F.2d at 579 (noting “that the motion to strike was much too general in that it did not specify which parts of the Chanler affidavit should be stricken and why”).

In contrast, the subject of the present motion to strike is seven short exhibits and a six page affidavit. Eastern seeks to

strike the exhibits and the declaration for a uniform reason, untimeliness, which by nature does not require a detailed argument relative to each paragraph. It is also worth noting that Eastern challenged other parts of the Lutz affidavit, for example, paragraph 28 addressing exhibit six. (Docket Entry # 131, p. 1). Notwithstanding Capitol's argument, therefore, Eastern adequately specifies the grounds for challenging the various exhibits and the declaration.

The third Lutz declaration attempts to file materials that existed prior to the September 18, 2007 hearing albeit after the close of discovery for the preliminary injunction motion. <sup>FN3</sup> Eastern asserts that Capitol did not supplement prior disclosures made in response to interrogatory and document requests propounded by Eastern during the discovery period. Capitol submits that [Rule 26\(e\), Fed.R.Civ.P.](#) (“[Rule 26\(e\)](#)”), requires only reasonable supplementation and that the filing (Docket Entry # 129) was timely. Capitol also maintains that it fully complied with the Scheduling Order.

<sup>FN3</sup>. Curiously, Capitol made no mention of the supplemental evidentiary material at the hearing although the majority if not all of the material existed prior to the hearing. Exhibits one and two were “established” two days prior to the hearing. Exhibit three is described as “a recent proposal” provided to Capitol after the August 31, 2007 filing of the preliminary injunction motion. Exhibit four is a presentation made one week before the hearing. Exhibit five is an unsigned contract dated September 12, 2007. Exhibit six is an undated Capitol spreadsheet. Exhibit seven is a table of new accounts in New England as of September 12, 2007, six days before the hearing. In light of these dates, this court draws the reasonable inference of fact that

the majority of the documents existed before the hearing.

#### BACKGROUND

\*2 Capitol initially filed this action in the United States District Court for the District of Kansas (“the Kansas court”) in February 2007. On March 14, 2007, the Kansas court issued an Initial Order Regarding Planning and Scheduling that set April 16, 2007, as the date for a Rule 16(a) scheduling conference by telephone.<sup>FN4</sup> (Docket Entry # 10). The Kansas court conducted the scheduling conference on April 16 and issued a Rule 16 Scheduling Order the following day. In pertinent part, the Order set an April 20, 2007 filing deadline for the anticipated preliminary injunction motion and May 25, 2007, as the Rule 26(a)(1) initial disclosure deadline.

<sup>FN4</sup>. Prior to the conference, Capitol filed and the Kansas court immediately allowed a motion to conduct expedited discovery on a pending motion to dismiss for lack of personal jurisdiction and improper venue filed by Eastern. The Kansas court denied Eastern's motion to reconsider the order allowing expedited discovery also on third parties. Discovery related to the preliminary injunction issues therefore included not only Capitol and Eastern but also third parties.

Capitol timely filed a motion for preliminary injunction on April 20, 2007. (Docket Entry # 32). In support of the motion, Capitol filed the first declaration by Rebecca B. Lutz (“Lutz”) and 54 exhibits.

On May 2, 2007, the Kansas court issued a second Scheduling Order “directed to the issues raised by Plaintiff's Motion for Preliminary Injunction.” (Docket Entry # 44). This second preliminary injunction Scheduling Order set June 29, 2007, as the close of discovery for all “issues raised” in the preliminary injunction motion. (Docket Entry # 44). The Kansas court further

ordered that the discovery be done on an expedited basis, which would include third parties,<sup>FN5</sup> and gave abbreviated time periods for providing answers to interrogatories and responses to requests for production of documents. The Kansas court also ordered Eastern to file an opposition to the preliminary injunction motion no later than July 20, 2007.

<sup>FN5</sup>. See the previous footnote.

Both parties operated in conformity with the June 29, 2007 deadline. Deposition notices reflect initial and rescheduled deposition dates of June 19, 27 and 28, 2007, all within the discovery period. Eastern filed responses and objections to interrogatories on June 28, 2007, and otherwise fully participated in the expedited discovery relative to the issues raised in the preliminary injunction motion.

On June 29, 2007, the Kansas court allowed in part and denied in part Capitol's motion to dismiss and transferred this action to the United States District Court for the District of Massachusetts. On August 23, 2007, the district judge entered an Order requiring Eastern to file an opposition on or before August 31, 2007. The *brevis* Order did not alter, extend or otherwise effect the June 29, 2007 deadline for discovery for the preliminary injunction issues.

After receiving the August 23 Order, Capitol filed a notice the same day withdrawing the preliminary injunction motion (Docket Entry # 32) without prejudice in order to put before the court “pertinent facts obtained *during* discovery” after the April 20, 2007 filing of the motion and the supporting memorandum. (Docket Entry # 109; emphasis added). Capitol explained that “over the course of the last several months, the parties and third parties have produced many thousands of pages of documents, responded to interrogatories, and the parties have also taken approximately five depositions.” (Docket Entry # 109). Capitol also needed to conform the legal arguments to First

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Circuit as opposed to Tenth Circuit precedent.

\*3 On August 31, 2007, Capitol filed the present motion for a preliminary injunction, a supporting memorandum, a second declaration by Lutz and 25 exhibits.<sup>FN6</sup> The filing did not raise new *issues* that would fall outside the parameters of the discovery deadline set in the May 2, 2007 Scheduling Order. On September 12, 2007, Eastern filed its opposition, 43 exhibits and the declaration of Robert L. Klein (“Klein”), President of Applied Marketing Science, Inc., a market research and consulting firm in Waltham, Massachusetts.<sup>FN7</sup>

**FN6.** The memorandum referred to and thus incorporated exhibits from the April 20, 2007 preliminary injunction motion.

**FN7.** Eastern filed a similar, albeit revised, Klein declaration<sup>FN7</sup> on September 17, 2007.

The pending motions to strike thus consist of the request to strike the Klein declaration as well as the third Lutz declaration and the exhibits. The issue as to whether any other exhibit in the preliminary injunction record is untimely or contravenes [Rule 26\(e\)](#) is therefore not before this court.

On September 18, 2007, Capitol filed the motion to strike the Klein declaration and, like Eastern, cited to [Rule 37\(c\)\(1\)](#). (Docket Entry # 123). Capitol submits, in part, that the declaration and survey violate the June 27 [sic], 2007 discovery deadline in the May 2, 2007 Scheduling Order. Because this court did not consider the first or the revised Klein declaration in recommending the denial of the preliminary injunction motion, the motion to strike the declaration (Docket Entry # 123) is moot.

The same day, this court heard oral argument on the motion for a preliminary injunction and the motion to strike the Klein declaration. With respect to the latter, Capitol maintained it would be

prejudiced and harmed by consideration of the late disclosure.

At the end of the September 18 hearing and after this court stated it would take the motions under advisement, Capitol asked for “an opportunity to file a reply brief on the underlying motion on the preliminary injunction. We believe it adds a great deal of the authority they[sic] have cited.” This court allowed the request with the words, “Ten page limitation,” and afforded Eastern an opportunity to file a sur-reply with the same ten page limitation. Interpreting this Order, *see [Iacobucci v. Boulter](#), 193 F.3d 14, 19 (1st Cir.1999)* (“trial court ordinarily is the best expositor of its own orders” and deferring to district judge’s interpretation of her own order), it did not allow the filing of additional evidence, declarations or exhibits. Rather, the Order only allowed the filing of a ten page brief to address the legal authority cited by Eastern.<sup>FN8</sup> It also did not *sub silentio* extend the June 29, 2007 discovery deadline.<sup>FN9</sup>

**FN8.** Capitol asked for the opportunity to file a “brief.” *Black’s Law Dictionary* (2006) defines a “brief” as, “A written statement setting out the legal contentions of a party; ... consisting of legal and factual arguments and the authorities in support of them.”

**FN9.** On October 31, 2007, the district judge set deadlines for expert disclosures and an April 25, 2008 discovery deadline in anticipation of trial.

The following Monday, Capitol filed the third declaration by Lutz and the attached exhibits. Although Lutz attended the hearing, Capitol did not ask that she take the stand and be subject to cross examination. Rather, Capitol chose to file the affidavit four business days later.

#### DISCUSSION

It is well settled that, “Once transferred, the action retains its procedural identity.” *Chrysler*



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*Credit Corp. v. Country Chrysler, Inc.*, 928 F.2d 1509, 1516 (10th Cir.1991). As a result, “ ‘When an action is transferred, it remains what it was; all further proceedings in it are merely referred to another tribunal, leaving untouched whatever has been already done.’ ” *Chrysler Credit Corp. v. Country Chrysler, Inc.*, 928 F.2d at 1516 (quoting *Magnetic Engineering & Manufacturing Co. v. Dings Manufacturing Co.*, 178 F.2d 866, 868 (2nd Cir.1950) (L.Hand, J.); accord *Ortiz v. Gaston County Dyeing Machine Co.*, 277 F.3d 594, 598 (1st Cir.2002) (when case is transferred, “it travels to the transferee court as is, ‘leaving untouched whatever already has been done in the transferor court’ ”); Charles Allan Wright *Federal Practice and Procedure* § 3846 (2007) (when “action is transferred, it remains in the posture it was in and all further proceedings in the action merely are referred to and determined by the transferee tribunal, leaving untouched whatever already has been done in the transferor court”) (collecting cases); see also *In re Miller*, 485 F.2d 74, 76 (5th Cir.1973) (“the orders issued prior to the transfer continued as though the case were still pending in the original district”).

\*4 Issued under Rule 16, Fed.R.Civ.P. (“Rule 16”), the May 2, 2007 Scheduling Order set June 29, 2007, as the close of discovery for “issues raised” in the first preliminary injunction motion. Because the second preliminary injunction motion raises the same issues,<sup>FN10</sup> the Scheduling Order provides the applicable discovery deadline.

FN10. As recently as September 18, 2007 (Docket Entry # 123, p. 1), Capitol argued that the May 2, 2007 Scheduling Order set the June 2007 deadline for the expedited discovery. As previously noted, Capitol sought to file the second preliminary injunction motion simply to present the arguments under First Circuit as opposed to Tenth Circuit law and to “put before the Court pertinent facts obtained during discovery.” (Docket Entry # 109).

Rule 16(b) (2) and (3) allows a court to issue a scheduling order for the filing of motions and the completion of discovery. Indeed, district judges “have an abiding responsibility for the efficient management of the cases on their dockets.” *Torres v. Puerto Rico*, 485 F.3d 5, 10 (1st Cir.2007). Rule 16(b) thereby requires them “to issue orders ‘as soon as practicable’ fixing deadlines for the completion of discovery.” *Id.*

The First Circuit adheres to case management deadlines as a means to properly and effectively manage court dockets. *Tower Ventures, Inc. v. Westfield*, 296 F.3d 43, 45 (1st Cir.2002) (“In an era of burgeoning case loads and thronged dockets, effective case management has become an essential tool for handling civil litigation”); see *Serrano-Perez v. FMC Corporation*, 985 F.2d 625, 627–628 (1st Cir.1993) (stating that “discovery deadlines are necessary for” proper case management); *Thibeault v. Square D Co.*, 960 F.2d 239, 247 n. 7 (1st Cir.1992) (“heartily endor[s] the utilization of discovery closure dates, available under Fed.R.Civ.P. 16(b)(3), as a case management tool”).

Timetables in Rule 16(b) scheduling orders promote “fairness both in the discovery process and at trial.” *Macaulay v. Anas*, 321 F.3d 45, 50 (1st Cir.2003) (citing *Thibeault v. Square D Co.*, 960 F.2d at 244, albeit in context of expert disclosure timetables); see *Klonoski v. Mahlab*, 156 F.3d 255, 257 & 271 (1st Cir.1998) (letters disclosed for first time on cross examination and outside time period for disclosure of such information required new trial). Disregarding a deadline set in a scheduling order “undermine[s] the court’s ability to control its docket, disrupt[s] the agreed-upon course of litigation, and reward[s] the ... cavalier.” *Dag Enterprises, Inc. v. Exxon Mobil Corp.*, 226 F.R.D. 95, 104 (D.D.C.2005). Timetables in Rule 16 scheduling orders also serve to avoid a trial, or in this case a preliminary injunction hearing, “by ambush.”<sup>FN11</sup> *Macaulay v. Anas*, 321 F.3d at 50 (citing Rule 16(b)).

FN11. Including the third Lutz declaration and exhibits in the preliminary injunction record would not serve any of these purposes. As to docket control, this court reviewed all of the material in the preliminary injunction record in detail *prior* to the preliminary injunction hearing. The submission of the recent material after the hearing elongated and complicated this court's review of the preliminary injunction motion thereby causing a delay in the resolution of this and other cases on this court's docket which, since the date of the hearing, has included both a jury trial and a bench trial.

Capitol did not produce the exhibits attached to the third Lutz declaration prior to the June 29 court ordered deadline.<sup>FN12</sup> The non-existence of the material as of June 29 may provide a basis to impose a lesser sanction or excuse the violation but it does not eliminate the violation in the first instance. The material is still untimely.

FN12. Again, it is only the material in the third Lutz declaration and the Klein declaration that are the subject of the motions to strike. This court declines to strike other matters sua sponte.

As explained by the First Circuit in *Klonoski*, albeit in the context of discussing a violation of Rule 26(a)(3)(C), “The fact that a party had not actually obtained certain documents before the discovery deadline does not excuse a violation.” *Klonoski v. Mahlab*, 156 F.3d 257, 272 (1st Cir.1998). There is no meaningful distinction between a violation of a deadline because a party did not procure a document and a violation of a deadline because a party created a document after the deadline. In either event, there is a violation of the deadline which then requires “good cause” under Rule 16(b) to modify the scheduling order. See *St. Paul Mercury Ins. Co. v. Capitol Sprinkler Inspection, Inc.*, 2007 WL 1589495, \* 6–9 (D.D.C. June 1, 2007) (expert disclosure created and filed

after deadline in scheduling order requires showing of good cause).<sup>FN13</sup>

FN13. Capitol does not ask for an extension of the June 29, 2007 deadline. Rather, it argues that supplementation with the newly created material is permissible under Rule 26(e)(2).

\*5 Capitol additionally asserts that it complied with the Scheduling Order because the Order did not restrict the materials to those generated prior to June 29, 2007. The argument is misguided. The plain language of the Scheduling Order imposed a discovery deadline for preliminary injunction issues. Although the parties retained the ability to provide witness testimony at the hearing, they did not retain the ability to produce material outside the June 29th temporal parameter. The third Lutz declaration and the attached exhibits do not comply with the May 2, 2007 Scheduling Order.

Accordingly, this court turns to the appropriate sanction for the violation. Rule 16(f) authorizes the court “either upon motion or sua sponte, to ‘make such orders with regard thereto as are just’ “ for the violation of a Rule 16(b) scheduling order.<sup>FN14</sup> *Velez v. Awning Windows, Inc.*, 375 F.3d 35, 42 (1st Cir.2004). The rule incorporates the compendium of sanctions listed in Rule 37(b), including the sanction of preclusion. *Id.* As admonished by the First Circuit in *Rosario–Diaz*, “[A] litigant who ignores a case-management deadline does so at his peril.” *Rosario–Diaz v. Gonzalez*, 140 F.3d 312, 315 (1st Cir.1998).

FN14. Accordingly, to the extent Eastern limits its Rule 16 argument to exhibits and material created prior to the June 29, 2007 deadline, this court sua sponte finds a violation where, as here, Capitol was given an opportunity to address the Rule 16 violation. (Docket Entry # 136).

Turning to the various factors to consider, see *Rosario–Diaz v. Gonzalez*, 140 F.3d at 316 (noting

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factors such as prejudice, deterrence of conduct, administration of the court's docket); *see also Macaulay v. Anas*, 321 F.3d at 51 (noting factors although in context of precluding expert testimony), Eastern was legitimately surprised by the filing which came after the hearing. Eastern also lacks a meaningful opportunity to test the veracity of the recent assertions by Lutz and cannot inquire into and thereby challenge the strength of the attached exhibits. In document requests and interrogatories propounded during the discovery period, Eastern asked for information similar to that produced on September 24, 2007, thereby compounding the level of unfairness visited upon Eastern.

Although this court does not make the finding lightly,<sup>FN15</sup> Capitol did not act in good faith in presenting the material. *See generally Thibeault v. Square D Co.*, 960 F.2d at 244 (noting that bad faith or good faith on the part of the proponent of the material is a factor in assessing the proper sanction). Capitol made the request to file a “reply brief” at the close of the hearing. In making the request, Capitol did not refer to the recently created exhibits. Instead, Capitol chose to remain silent. *See Klonoski v. Mahlab*, 156 F.3d at 272 (noting that defense counsel “knew about the letters ... two days earlier than they disclosed them” and “could have put plaintiff on notice that certain new and hitherto undisclosed evidence was on the verge of becoming available”). Moreover, Lutz attended the hearing but Capitol never asked that she testify.

<sup>FN15</sup> Indeed, this court has rarely, if ever, made a finding of bad faith during its 17 years on the bench.

Four business days after the hearing, Capitol then produced the information without leave of court<sup>FN16</sup> and seeks to use it as a means to obtain injunctive relief. *See, e.g., Torres v. Puerto Rico*, 485 F.3d 5, 10 (1st Cir.2007) (“[t]o make a bad situation worse, the defendants did not even mention their planned course of action at the pretrial conference, nor did they deign to seek leave of court before filing a motion that clearly violated

the scheduling order”). The filing of the additional material also took place on a day that this court began a more than two week trial thereby further complicating this court's management of its docket. *See Torres v. Puerto Rico*, 485 F.3d at 11; *Rosario-Diaz v. Gonzalez*, 140 F.3d at 316 (precluding late filing of summary judgment motion as outside scheduling deadline noting both “the potential prejudice to the plaintiffs and to the orderly administration of the court's docket caused by the late filings”).

<sup>FN16</sup> As previously explained, this court did not allow any party to submit additional evidence in the form of a declaration or exhibits. Rather, the reply “brief” was limited to argument. Similarly, Capitol did not seek leave to file the material outside the deadline imposed by the May 2, 2007 Scheduling Order.

\*6 It is true, as Capitol points out, that the information presented is more current than that contained in the present record. It is also true that the information did not exist on June 29, 2007. *See generally Thibeault v. Square D Co.*, 960 F.2d at 247 (noting “there was no good cause for appellant's delay”). Capitol also alleges that the exhibits did not come into existence until after Capitol filed the August 31, 2007 preliminary injunction motion. Nonetheless and having carefully considered these facts, preclusion of the declaration and the exhibits from the preliminary injunction record as a [Rule 16\(f\)](#) sanction remains appropriate.<sup>FN17</sup>

<sup>FN17</sup> The recommendation to impose this sanction therefore does not effect Capitol's ability, either positively or negatively, to use the information at trial or in dispositive motion proceedings. The reach of the recommended sanction pertains only to the preliminary injunction record.

Eastern additionally moves to strike the declaration and the exhibits on the basis of [Rule](#)

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26(e) and Rule 37(c)(1). Rule 26(e) “imposes a duty to supplement incorrect or incomplete information.” *St. Paul Mercury Insurance Co. v. Capitol Sprinkler Inspection, Inc.*, 2007 WL 1589495, \* 9 (D.D.C. June 1, 2007). “Under Federal Rule of Civil Procedure 26(e)(2), a party is required to ‘seasonably’ amend a prior discovery response if the party learns that the response is in some respect incorrect.” *Rodowicz v. Massachusetts Mutual Life Insurance Co.*, 279 F.3d 36, 45 (1st Cir.2002). In order for the duty to supplement to arise, there must be “a specific discovery request.” *Fusco v. General Motors Corp.*, 11 F.3d 259, 266 (1st Cir.1993).

Eastern propounded specific requests for production and interrogatories for inter alia “Capitol Federal’s internal marketing materials reflecting its advertising strategies,” Capitol’s “marketing plans,” Capitol’s “projected future markets and channels of trade,” the “geographic distribution of Capitol Federal’s advertisements,” plans and courses of action “relating to an expansion of” Capitol’s products “offered or to be offered,” “communications and correspondence relating to the creation and maintenance of the Web site,” the number and type of accounts held by New England account holders and, finally, the total number of Capitol accounts. These discovery requests more than adequately encompass the recent information in the exhibits and Lutz’s explication of them. The recent information rendered the prior responses incomplete and, to state the obvious, Capitol did not make the information known to Eastern prior to the September 24, 2007 filing. Rule 26(e)(2) therefore imposed a duty to supplement the prior discovery requests with the information contained in the exhibits.

The issue therefore devolves into whether the disclosure after the hearing was timely. Rule 26(e)(2) imposes a “duty seasonably to amend” the prior responses. Like the circumstances at issue in *Fusco*, there was only a brief delay between the

creation of the materials and the disclosure of them to Eastern. See *Fusco v. General Motors Corp.*, 11 F.3d at 266 (“[t]here is no suggestion that General Motors delayed unduly if one counts only the brief delay between the creation of the tape and its tender to Fusco”). “[P]ractical considerations,” however, “suggest that the authority of the trial judge must be broader: otherwise it would count as adequate supplementation to create a critical new expert exhibit a day before trial and tender it on the morning of trial.” *Id.* (further noting that “the discovery obligation carries with it the implicit authority of the district court to exclude such materials when not timely produced even if there was no rigid deadline for production”).

\*7 Although “[s]upplementations need not be made as each new item of information is learned,” Advisory Committee Notes, Rule 26(e), 1993 Amendment, Capitol should have informed Eastern of the information at the time of the September 18, 2007 hearing. Waiting until after that date violated the rule. See, e.g., *Fusco v. General Motors Corp.*, 11 F.3d at 266; see generally *Reid v. Lockheed Martin Aeronautics Co.*, 205 F.R.D. 655, 662 (N.D.Ga.2001) (duty imposed by Rule 26(e) to supplement incomplete or incorrect requests for discovery “to include information thereafter acquired” does not bestow a right “to produce information in a belated fashion”).<sup>FN18</sup>

FN18. Indeed, similar to the case at bar with respect to documents created after the discovery deadline, the supplemental reports in *Reid* were not created until after the deadline. The Reid court excluded the material as untimely and the Rule 26(e) duty to supplement did not cure the untimeliness. See *Id.* at 661–662.

Turning to the appropriate sanction, Rule 37(c)(1) provides for the exclusion of the evidence from the preliminary injunction record unless the failure to disclose was “harmless.” Having previously articulated the surprise and prejudice, see generally *Licciardi v. TIG Insurance Group*,

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140 F.3d 357, 363 (1st Cir.1998) (inquiry mainly focuses upon surprise and prejudice), including the inability of Eastern to adequately formulate a response to the recent evidence, and considering other relevant factors, preclusion from the preliminary injunction record is appropriate for the violation of Rule 26(e)(2).

In sum, Rule 16(f) and Rule 26(e)(2) provide separate and alternative bases to preclude the material from the preliminary injunction record.  
 FN19

FN19. Although not necessary to this court's decision, a separate basis to impose the preclusion sanction is Capitol's violation of this court's September 18, 2007 Order to file a brief.

## II. PLAINTIFF'S MOTION FOR A PRELIMINARY INJUNCTION (DOCKET ENTRY # 113)

Having defined the parameters of the preliminary injunction, this court turns to the factual background.  
 FN20

FN20. Citations to the record are provided only for direct quotations.

In March 1997, Capitol successfully registered the service mark TRUE BLUE for savings and loans services in the United States Patent and Trademark Office ("the PTO"). It first used the mark in February 1996 and has continued to use the mark since that time. From 1996 to the present, Capitol has spent an estimated \$50 million to promote the TRUE BLUE mark. In August 2000 and April 2001, respectively, Capitol registered a TRUE BLUE ONLINE mark in a word format and a TRUE BLUE ONLINE mark in a logo format with the PTO.  
 FN21

FN21. Unless otherwise indicated, this court refers to the marks collectively as the TRUE BLUE marks.

Capitol consistently uses the TRUE BLUE marks to connect its customers with the bank. The

TRUE BLUE ONLINE mark also helps inform its customers that they can bank with Capitol over the internet. The registered TRUE BLUE marks, all in the blue color scheme, correspond with a number of Capitol's buildings which have a blue exterior. Capitol integrates the TRUE BLUE marks into nearly all of the bank's electronic and printed materials. The bank uses the marks to convey a message of dedication and loyalty to its customers.

Capitol positions itself as a Kansas bank dedicated and loyal to its customers. The bank confines itself to 40 physical locations in Kansas and/or western Missouri, a figure that includes its own automated teller machine ("ATM") locations.  
 FN22 Capitol has no plans to open branches or its own ATMs outside the Kansas and Missouri area. It does, however, belong to various ATM networks outside this area and buys and sells mortgages on the secondary market.

FN22. The discrepancy in the record between an exhibit depicting the locations in Kansas (Docket Entry # 120, Ex. 9) and the testimony of Larry Brubaker ("Brubaker"), Executive Vice President for Corporate Services at the bank, depicting the locations in Kansas and western Missouri (Docket Entry # 117, Ex. T), does not materially alter the analysis.

\*8 The bank provides a variety of savings and loan services. It offers customers checking and savings accounts, money market accounts, certificates of deposit, personal and business loans as well as student loans. The bank presently offers customers a debit card and intends to launch a credit card with the TRUE BLUE mark in early 2008. Debit card records by current Capitol customers reflect approximately 26,000 transactions with New England businesses during the October to December 2006 time period. A large majority of the transactions, however, reflect the toll free telephone numbers for the businesses' New England locations.

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Capitol also has an internet presence.<sup>FN23</sup> It maintains a web site where the home page displays the TRUE BLUE ONLINE mark. The website allows Capitol's customers to bank online and provides services such as account transfers, account balance information, bill payment and stop payment orders.

**FN23.** Internet banking is increasing in popularity evidenced by the success of ING Direct. (Docket Entry # 117, Ex. U).

The website additionally contains a toll free telephone number which allows the user to begin but not complete the process of opening a Capitol savings or checking account or purchasing a certificate of deposit without having to personally visit a branch office. Lutz, however, could not identify whether any Massachusetts resident had used the toll free number. Individuals may also complete mortgage applications online and an estimated 15% of the bank's applications originate online.

Capitol is currently undergoing an ongoing conversion to a new software infrastructure in order to provide Capitol's existing and potential customers with new internet capabilities to transact business online with the bank. Planning for the conversion began a number of years ago and the bank "has spent at least \$7.8 million dollars on the hardware and software alone." (Docket Entry # 116, ¶ 13). The "planned internet enhancements" subdivide into items that are part of the "core conversion" and items that can be implemented either before or after the core conversion.<sup>FN24</sup> (Docket Entry # 116, Ex. C). As of August 28, 2007, Capitol planned to put together a package price to accomplish all of the bank's objectives within a reasonable time period.

**FN24.** Capitol filed a confidential internal memorandum dated August 28, 2007, describing the plan. Eastern did not object to its use or move to strike the attachment from the preliminary injunction record.

Examples of core conversion items include telephone bill paying and upgrading security with the online interfaces. Indeed, in August 2007, the bank sent promotional e-mail correspondence containing the TRUE BLUE marks to Capitol's customers outlining the bank's commitment to preventing identity theft. Examples of non-core conversion items include the ability to receive statements online and transfer money online between financial institutions as well as a better telephone interface to allow Capitol's customers to make payments online. The ability to open new accounts online falls into the non-core category. Although the feature is part of Capitol's overall strategic development strategy and Lutz avers that after the conversion new customers can apply online subject to providing a written signature, Capitol has not decided whether to implement this feature. Instead, the bank will undergo a cost benefit analysis to determine whether opening new accounts online "should be implemented."<sup>FN25</sup> (Docket Entry # 116, ¶¶ 14–15 & Ex. C).

**FN25.** Thus, although this court has considered Lutz's averment that the conversion will "include, among other things, the ability to accept online applications for new accounts," this court makes the factual finding that Capitol has not yet decided to implement this feature as part of the planned internet enhancements.

**\*9** In addition to the online web site and the anticipated future enhancements to the bank's online services for current customers, Capitol advertises employee openings on a national recruitment web site, including as recently as February 2007. The career building web site depicts the bank under one of its common slogans, "Capitol Federal—True Blue for over 100 years."<sup>FN26</sup> Internet users can obtain information about the bank from web sites such as bankrate.com and snapshot.compete.com. The bank's own web site is located at www.caped.com. Capitol also recently

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engaged in a promotional e-mail campaign to all Capitol customers advertising the bank's online services for existing customers and assuring its customers about the security of online transactions.

**FN26.** The bank was founded in 1893.

Capitol also plans to send out promotional e-mails to approximately one million New England residents, including 500,000 Massachusetts residents, beginning this year. Capitol estimates \$65,000 as the total cost. The bank additionally engaged in a nationwide sweepstakes campaign. Although noting that the bank received entries from New England, Capitol only provided evidence of one entry in Massachusetts, one entry in Connecticut and one entry in New Hampshire as samples.

Capitol also advertises and promotes the registered TRUE BLUE marks with a number of direct mailings to Capitol customers including those located in Massachusetts. On a quarterly basis, Capitol's customers receive the bank's newsletter captioned the True Blue Review which, in addition to its title, depicts the TRUE BLUE mark numerous times with and without the Capitol Bank name. Capitol's customers age 55 and older receive a travel newsletter which, to a lesser extent, depicts the TRUE BLUE mark. Children can join the bank's Kid's Club and receive the Blue Bucks newsletter. They can also join the bank's Young Adults Club and receive the Blue Chips newsletter both of which depict the TRUE BLUE mark under the bank's name.

Capitol's customers similarly receive account statements, annual payment summaries, home equity line of credit letters and so called Blue Buck certificates which include the TRUE BLUE mark. To maintain contact with current bank customers nationwide, Capitol employs a variety of direct mail options bearing the TRUE BLUE marks. The bank also provides promotional specialty items such as key chains and golf tees to its current customers including those in New England.

Notably, however, the bank does not have an appreciable number of customers in Massachusetts. It has a total of 413,429 accounts. Of those accounts, 372,757 or 90% are held by customers located in Kansas. Together with the 24,584 accounts held by customers in Missouri, Kansas and Missouri customers comprise a total of 397,341 accounts or 96% of Capitol's accounts. Massachusetts customers hold a total 117 accounts at the bank which translates to a percentage of slightly less than three hundredths of one percent or .028%. **FN27**

**FN27.** Even if this court considered the new and untimely figures Lutz presented after the preliminary injunction hearing, such figures still amount to less than half of one percent. The figure also assumes that the number of Capitol customers outside Massachusetts opening accounts did not increase.

**\*10** As a result of this lawsuit, the bank began an attempt to secure a Massachusetts customer base as well as to mollify any damage done to the TRUE BLUE marks through Eastern's use. Thus, in June 2007, the bank for the first time placed advertisements containing the TRUE BLUE marks in *The Boston Globe* and *The Boston Herald* and *The Cape Cod Times*. Before that time, the bank had not advertised in these newspapers. Capitol also "mailed out statement stuffers and CD renewal notices" to current Capitol customers in New England and engaged in a limited direct mail campaign to new customers in New England. (Docket Entry # 120, Ex. 13 & 30). The bank additionally placed a television advertisement that ran on a local Boston station between June 16 and July 2, 2007. The sum total for this advertising campaign was \$40,000.

Capitol's advertisements predominantly target the Kansas and western Missouri area. The bank sponsors local community events, engages in direct mail campaigns and statement stuffers to existing customers and runs print ads in community

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publications. Certain local events, however, have web sites thereby capturing a broader audience for the TRUE BLUE marks. Radio and television advertisements run on local Kansas stations but also allow internet access. The bank's sponsorship for the past five years of the Country Stampede likewise reaches an internet audience as does the sponsorship of the American Junior Golf Association.<sup>FN28</sup> Capitol has billboard advertisements on interstate highways near Topeka and Lawrence, Kansas. The bank's advertisements during University of Kansas basketball games and Kansas City Royals baseball games at times air on national television networks.

<sup>FN28</sup>. The name Capitol Federal appears in large blue letters with the TRUE BLUE mark in a smaller typeface underneath the name.

The January 2007 marketing plan budgeted \$723,675 for the year. The vast majority of these expenditures are for the aforementioned local or community entities and events.

The genesis for the present dispute arose when a Capitol official read a February 1, 2007 edition of *The SNL Bank & Thrift Daily*. The edition included a four paragraph article about Eastern's "new marketing plan, 'True Blue.'" (Docket Entry # 120, Ex. 14). The article noted that Eastern would unveil the campaign with a Super Bowl television advertisement. On February 2, Lutz therefore sent Joe Bartolotta ("Bartolotta"), Eastern's Senior Vice President of Marketing, an e-mail advising him of Capitol's TRUE BLUE federally registered mark and requesting that Eastern refrain from using the mark after airing the Super Bowl commercial. Eastern refused.

Eastern began envisioning the advertising campaign that lead to the Super Bowl ad in 2004. In the fall of 2006, it obtained a trademark search report with respect to the True Blue phrase. Capitol was the first entity on the list. The report identified Capitol's TRUE BLUE 1996 federally registered

mark for savings and loan services. Eastern therefore knew about Capitol's federally registered mark associated with savings and loan services prior to its own use of the True Blue mark. (Docket Entry # 117, Ex. A, p. 42; Docket Entry # 117, Ex. B). In late November 2006, Eastern nevertheless signed a contract with Conover Tuttle Pace ("Conover") as "the agency of record" for the campaign designed by Conover using the True Blue tag line.<sup>FN29</sup> (Docket Entry # 117, Ex. A). The bank's "'True Blue marketing campaign' " began with the 30 second Super Bowl advertisement limited to a regional television broadcast in Massachusetts and contiguous New England states. (Docket Entry # 117, Ex. A; Docket Entry # 120, Ex. 3, ¶ 7). The commercial pictures a series of New England associated scenes of local color such as rowing on the Charles River and cranberry bogs and concludes with pictures of the bank and the True Blue phrase. In the words of Bartolotta, True Blue "stands for honest, loyal and genuine, critical qualities for a bank [like Eastern] that has been around since 1818." (Docket Entry # 117, Ex. 7). Conover views the campaign as raising awareness of the bank and the bank's attributes with True Blue associating honesty, loyalty, a regional history and commitment to customer service.

<sup>FN29</sup>. The contract contains an indemnity clause.

\*11 The March 2007 promotional plan by Conover depicts three goals for the campaign: slowing the loss of demand deposit accounts; increasing awareness of Eastern among small businesses and consumers;<sup>FN30</sup> and making "True Blue synonymous with Eastern Bank." (Docket Entry # 117, Ex. F). The bank's 2007 calendar year budget for the marketing and public relations department inclusive of all advertising costs totals \$6,112,100. By the end of June, Eastern had spent an estimated \$2,000,000 on the True Blue marketing campaign and planned to spend slightly less than \$4,000,000 for the year.

<sup>FN30</sup>. Specifically, the bank focuses upon



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securing relationship banking accounts with 25 to 54 year old consumers. Employing a “relationship strategy,” the bank attempts to offer a range of services beyond checking such as student loans, home and automobile loans and college savings accounts. (Docket Entry # 117, Ex. A).

The True Blue marketing campaign, as its name suggests, advertises True Blue in a myriad of ways. Eastern uses True Blue tags to describe products such as “True Blue Premier Checking” (Docket Entry # 117, Ex. A & V), the True Blue family of checking, the True Blue Flex Equity line of credit and the True Blue Money Market account. [FN31](#) The bank is proceeding with Conover's proposal to place the True Blue tag line under Eastern on the bank's debit cards. The bank also plans to place True Blue tag lines on a number of credit cards beginning in mid to late 2008. The hosted application online page for credit cards reflects a True Blue logo. Eastern also trains employees to answer the telephone with “ ‘Eastern Bank, Home of True Blue Service.’ ” (Docket Entry # 117, Ex. J). The bank is considering a family of brands extending to Eastern Investment Advisors and Eastern Insurance with the potential incorporation of the True Blue phrase and the use of similar brand images.

[FN31](#). Not all Eastern products will carry the True Blue tag line. Rather, products that meet certain features including being a lead product with a large customer base will carry the line.

Eastern's television advertisements reach Massachusetts and contiguous New England states. The television campaign features local celebrities such as Doug Flutie and the late Brockton Boxer Rocky Marciano who, according to Bartolotta, “represent a part of Boston's culture and define ‘True Blue.’ ” (Docket Entry # 120, Ex. 7). The bank ran a spring series of advertisements and plans to run a shorter three week series of similar

advertisements in September and October 2007 on Boston television stations.

Radio advertisements also form a part of the True Blue marketing campaign. Advertisements that include the True Blue phrase began airing on two local radio stations in April 2007 and will continue through the fall of 2007. (Docket Entry # 117, Ex. A). The radio advertisements only “reach listeners in Massachusetts and contiguous New England states.” (Docket Entry # 120, Ex. 3, ¶ 6).

Part of the True Blue marketing campaign includes newspaper advertisements in *The Boston Globe* and *The Boston Herald*. These newspapers reach the Boston area and surrounding New England states. Eastern also advertises in community newspapers circulated in Massachusetts. Inserts in account statements, direct mail, posters and displays at branches likewise form part of the campaign. [FN32](#)

[FN32](#). It is unclear whether the content of these advertisements contain the True Blue phrase or tag line.

In the summer of 2007, Eastern embarked upon a True Blue summer advertising campaign with “relatively limited dollars” and targeted marketing activity directed at eastern Massachusetts. (Docket Entry # 117, Ex. A). The campaign consisted of a mobile billboard, a radio van with custom wrap around advertisement featuring the True Blue phrase and stopping at key bank communities as well as occasional radio advertisements. [FN33](#)

[FN33](#). The summer campaign also included giving away free items associated with summer such as barbecue sets and beach balls.

\*12 Eastern also advertises online. Like the television and radio venues, the bank **geotargets** online advertising to eastern Massachusetts or, at most, New England states. The bank uses at least three sites, Boston.com, BostonHerald.com and

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GateHouseMedia.com., to advertise True Blue premier checking. The user base of the latter two sites “is substantially limited to Massachusetts,” according to Bartolotta. (Docket Entry # 117, Ex. A; Docket Entry # 120, Ex. 3). The Boston.com banner advertisement goes one step farther by limiting the advertisement to internet protocol (“IP”) addresses inside the Interstate 495 beltway surrounding Boston.

Eastern also runs **geotargeted** banner advertisements on Google and Yahoo. By purchasing key words from Google, such as “home equity account,” technology allows Google to employ the pop up advertisement only for IP addresses inside the Interstate 495 beltway. A Google search using the words “true blue bank,” however, yields Eastern as item number one. The web sites of local radio and television stations also feature Eastern advertisements. The bank plans to continue supporting the True Blue brand in 2008.

Eastern owns a web site, www.easternbank.com. The home page does not permanently contain the True Blue phrase but the phrase “has been a banner ad across the top of the page” or has appeared in “smaller tile ads across the bottom.” (Docket Entry # 117, Ex. A, p. 173). An internal page easily accessed from the home page prominently highlights the True Blue family of checking which includes the True Blue premier checking account as the first account to offer no account fees. Statistics for the second quarter of 2007 record slightly less than one million page views on the web site each month.

The web site contains a unique feature that allows only Massachusetts and New England residents to obtain an account or other bank service online. Visitors to the web site must identify the New England state in which they reside to enroll online as a new customer. A prospective customer can only input addresses in Massachusetts and the surrounding New England states of Rhode Island, Connecticut, New Hampshire, Vermont and Maine. The web site thereby prevents any residents of

Kansas, Missouri or other states outside New England from applying online for bank services. As a result of recent changes to the web site, visitors wishing to procure a credit card must also identify themselves as residents of New England to reach the internal page containing the application.<sup>FN34</sup>

**FN34.** Prior to instituting these changes, Brubaker is “the only Kansas resident known to have ever obtained an Eastern Bank credit card online.” (Docket Entry # 120, Ex. 4, ¶ 5).

Once a New England resident becomes a bank customer, Eastern provides password protected online services for account holding customers. Services include online bill paying, transfer of funds and access to the user's private financial information.

Eastern is the largest independent mutually owned bank in New England. Like Capitol, it provides traditional savings and loan services such as home equity loans, checking accounts, debit cards, ATM access, certificates of deposit and savings accounts as well as online services to its customers. With a corporate headquarters in Boston, the bank has 69 branches all located in Massachusetts. (Docket Entry # 120, Ex. 5). The bank positions itself as an eastern Massachusetts bank targeting an area corresponding to the inner beltway of Interstate 495 surrounding Boston. In descending order of importance, Eastern targets Boston and Cape Cod, Massachusetts and New England. The bank has no present or future plans to expand beyond these markets.

\***13** Eastern has a total of 695,513 accounts. Of those accounts, 96.3% are owned by residents of Massachusetts, Rhode Island or New Hampshire. The bank has only 64 customers that reside in Kansas who collectively own a total 54 accounts at the bank. The 54 accounts amount to .008% of the bank's accounts, a figure less than one hundredth of one percent of all accounts. Massachusetts residents who later moved to Kansas opened 19 of these 54

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accounts. Seventeen accounts originated with Plymouth Savings Bank which Eastern later acquired. The remaining 18 accounts originated with Kansas residents seeking out Eastern's services.

In sum, this court finds that Capitol is a regional bank that focuses its services and uses of the TRUE BLUE marks in the Kansas and western Missouri market. It is in the process of implementing upgrades to its online services primarily to enhance services to its current customer base. It lacks a definitive or concrete plan to target a national customer base or enter the Massachusetts market. That said, however, Capitol offers services virtually identical to those of Eastern.

Eastern in turn has no plans to expand beyond the market it currently serves in eastern Massachusetts and, to a lesser degree, the contiguous New England states. The bank **geotargets** its advertising to the foregoing area and to current customers. The bank confines the use of the True Blue tag line and phrase to this market.

#### DISCUSSION

Capitol brings three causes of action in the verified complaint.<sup>FN35</sup> Count One alleges trademark and service mark infringement under section 32 of the Lanham Act, 15 U.S.C. § 1114. Count Two alleges a false designation of origin claim under section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a). Count Three is a common law unfair competition claim. Capitol, which bears the overriding burden to establish entitlement to a preliminary injunction, grounds the motion and the likelihood of success argument on sections 32 and 43(a) of the Lanham Act.<sup>FN36</sup> (Docket Entry # 115, § III(A)).

**FN35.** Capitol filed a motion to amend the complaint prior to the transfer of the case from the Kansas court. Capitol seeks to include two additional causes of action for trademark infringement under Kansas law.

The motion (Docket Entry # 67) remains outstanding.

**FN36.** Sections 32 and 43(a) both expressly prescribe use of goods or services that “is likely to cause confusion.” 15 U.S.C. §§ 1114(1)(a) & 1125(a)(1)(A). The finding *infra* that Capitol cannot show a likelihood of success on the merits with respect to the likelihood of confusion on the trademark or service mark infringement claim is therefore fatal to the unfair competition claim, *see Astra Pharmaceutical Products, Inc. v. Beckman Instruments, Inc.*, 718 F.2d 1201, 1209 (1st Cir.1983) (the “holding that there is no likelihood of confusion in Astra's trademark infringement complaint is fatal to its unfair competition ... claim”), and to the false designation of origin claim. *See IAM v. Winship Green Nursing Center*, 103 F.3d 196, 200 & n. 5 (1st Cir.1996) (citing and quoting both sections 32(1) and 43(a) in stating that “likelihood of confusion often is the dispositive inquiry in a Lanham Act case”); *Lone Star Steakhouse & Saloon, Inc. v. Alpha of Virginia, Inc.*, 43 F.3d 922, 930 n. 10 (4th Cir.1995) (“test for trademark infringement and unfair competition under the Lanham Act is essentially the same” as unfair competition inasmuch as “both address the likelihood of confusion as to the source of the goods or services involved”). Succinctly stated, “To prevail on a trademark infringement claim under § 32(1) of the Lanham Act, 15 U.S.C. § 1114(1), or false designation of origin under § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), a plaintiff must .... show that the defendant's use of the mark ‘is likely to cause consumers confusion as to the origin or sponsorship of the defendant's goods.’ “ *Merck & Co., Inc. v. Medioplan Health Consulting, Inc.*, 425 F.Supp.2d

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402, 410–411 (S.D.N.Y.2006); *Lone Star Steakhouse & Saloon, Inc. v. Alpha of Virginia, Inc.*, 43 F.3d at 930 (to prevail under “under §§ 32(1) and 43(a) of the Lanham Act for trademark infringement and unfair competition, respectively, a complainant must demonstrate that it has a valid, protectible trademark and that the defendant's use of a colorable imitation of the trademark is likely to cause confusion among consumers”).

The four part test to obtain a preliminary injunction is well known. It requires the court to:

consider (1) the likelihood of the movant's success on the merits; (2) the anticipated incidence of irreparable harm if the injunction is denied; (3) the balance of relevant equities (i.e., the hardship that will befall the nonmovant if the injunction issues contrasted with the hardship that will befall the movant if the injunction does not issue); and (4) the impact, if any, of the court's action on the public interest.

*Borinquen Biscuit Corp. v. M.V. Trading Corp.*, 443 F.3d 112, 115 (1st Cir.2006). While this court must weigh all of these factors, the likelihood of success on the merits more often than not takes center stage. *See Id.* (“the cynosure of this four-part test is more often than not the movant's likelihood of success on the merits”); *Equine Technologies, Inc. v. Equitechnology, Inc.*, 68 F.3d 542, 544 (1st Cir.1995) (“the central issue” in “most preliminary injunction trademark cases is whether [the] plaintiff demonstrated a likelihood of success on the merits”). Resolving the other three factors in trademark cases depends “in large part on whether the movant is likely to succeed in establishing infringement.” *Borinquen Biscuit Corp. v. M.V. Trading Corp.*, 443 F.3d at 115. Placing an emphasis “on likelihood of success is fully consistent with the tenet that, as a matter of public policy, trademarks should be protected against infringing uses.” *Id.*

\*14 The validity, ownership and exclusive right to use the TRUE BLUE marks is not at issue. The parties do not seriously dispute Capitol's entitlement to legal protection. Eastern judiciously concedes for present purposes that the marks are incontestable. (Docket Entry # 132; “Eastern Bank does not dispute the status of plaintiff's incontestable federal registration”); *see Borinquen Biscuit Corp. v. M.V. Trading Corp.*, 443 F.3d at 117 (validity becomes conclusive “if the registered mark has become incontestable”); 6 J. Thomas McCarthy *McCarthy on Trademarks and Unfair Competition* §§ 32:141 & 32:142 (2007).

The purpose of trademark laws is to prevent the unauthorized use of the same or similar marks in a manner “that confuses the public about the actual source of the goods or service.” FN37 *Star Financial Services, Inc. v. AASTAR Mortgage Corp.*, 89 F.3d at 9. The confusion may jeopardize the reputation of the owner's mark by association with the junior user's mark and/or may prevent a buyer from obtaining the goods or services he seeks. *DeCosta v. Viacom International, Inc.*, 981 F.2d 602, 605 (1st Cir.1992).

FN37. The distinction between trademark protection for Capitol's goods and service mark protection for Capitol's services, *see Boston Athletic Association v. Sullivan*, 867 F.2d 22, 24 (1st Cir.1989) (“trademark is used to distinguish one's goods from those made by others, while a service mark is used to distinguish one's services from those offered by others”), is not material for present purposes. *See, e.g., Star Financial Services, Inc. v. AASTAR Mortgage Corp.*, 89 F.3d 5, 8 n. 1 (1st Cir.1996).

Trademark law prohibits the unauthorized use of a federally registered mark where doing so creates a “likelihood of confusion” about who produces the goods or provides the services in question. *See* 15 U.S.C. § 1114(1); 15 U.S.C. § 1125(a); *Boston Athletic Association v. Sullivan*,

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867 F.2d at 28–35 & n. 11; see also *Quabaug Rubber Co. v. Fabiano Shoe Co.*, 567 F.2d 154, 160 (1st Cir.1977).

For likelihood of confusion to be actionable, the “confusion has to exist in the mind of a relevant person.” *Beacon Mutual Insurance Co. v. OneBeacon Insurance Group*, 376 F.3d 8, 10 (1st Cir.2004). The likelihood of confusion should be “in the minds of persons in a position to influence the purchasing decision or persons whose confusion presents a significant risk to the sales, goodwill, or reputation of the trademark owner.” *Id.*

The First Circuit uses a non-exclusive list of eight factors “to assess the likelihood of confusion.” *Id.* at 15; accord *I.P. Lund Trading ApS v. Kohler Co.*, 163 F.3d 27, 43 (1st Cir.1998) (factors to weigh “in determining the likelihood of confusion” are “non-exclusive” and may “not always be apt to the particular facts of a case”). The analysis is not mechanical and takes into account “all eight factors” without assigning any “single factor dispositive weight.” *Borinquen Biscuit Corp. v. M.V. Trading Corp.*, 443 F.3d at 120; accord *Beacon Mutual Insurance Co. v. OneBeacon Insurance Group*, 376 F.3d at 15 (“factors are not to be applied mechanically”).

The eight factors that “guide the inquiry into likelihood of confusion” are as follows:

- (1) the similarity of the marks; (2) the similarity of the goods; (3) the relationship between the parties' channels of trade; (4) the relationship between the parties' advertising; (5) the classes of prospective purchasers; (6) evidence of actual confusion; (7) the defendant's intent in adopting its mark; and (8) the strength of the plaintiff's mark.

\*15 *Borinquen Biscuit Corp. v. M.V. Trading Corp.*, 443 F.3d at 120 (affirming issuance of preliminary injunction by lower court); accord *I.P. Lund Trading ApS v. Kohler Co.*, 163 F.3d at 43 (listing same factors).

#### A. Similarity of Marks

Similarity of the marks “is determined on the basis of the total effect of the designation, rather than on a comparison of individual features.” *I.P. Lund Trading ApS v. Kohler Co.*, 163 F.3d at 43. Marks that employ different fonts and colors yet with the same logo and overlapping names, for example, allow a factfinder to observe the total effect as similar. See *Beacon Mutual Insurance Co. v. OneBeacon Insurance Group*, 376 F.3d at 18 (lighthouse logo and names “OneBeacon” versus “The Beacon” or “Beacon Insurance” supported finding of confusion). Spelling, pronunciation, sound, meaning and use of the color blue lend similarity to the marks of both banks. See *Volkswagenwerk Aktiengesellschaft v. Wheeler*, 814 F.2d 812, 817 (1st Cir.1987) (“words may be recognized as similar because of sound, appearance, and meaning”); *Pignons S.A. de Mecanique de Precision v. Polaroid Corp.*, 657 F.2d 482, 486 (1st Cir.1981) (noting identical nature of spelling and pronunciation between two marks except for one letter and that “[m]arks less closely related in appearance and sound have been held to be confusingly similar”). The sound, pronunciation and phrase True Blue as well as the conveyed meaning of loyalty is identical.

Yet, as Eastern correctly points out, its use of the True Blue phrase commonly and overarchingly appears below the bank's name.<sup>FN38</sup> The Eastern name typically appears in larger type with the True Blue phrase appearing below in smaller type.<sup>FN39</sup> Thus, as recognized in the First Circuit, “in certain circumstances otherwise similar marks are not likely to be confused if they are used in conjunction with clearly displayed names, logos or other source-identifying designations of the manufacturer.” *IAM v. Winship Green Nursing Center*, 103 F.3d at 204; *Astra Pharmaceutical Products, Inc. v. Beckman Instruments, Inc.*, 718 F.2d at 1205 (“well settled that under certain circumstances otherwise similar marks are not likely to be confused where used in conjunction with the clearly displayed name and/or logo of the

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manufacturer”); *see, e.g., Aktiebolaget Electrolux v. Armatron International Inc.*, 999 F.2d 1, 4 (1st Cir.1993) (lower court “found that the words Leaf Eater, standing alone, could cause confusion but the use of Flowtron or Vornado in conjunction with Leaf Eater reduced that likelihood”); *Pignons S.A. de Mecanique de Precision v. Polaroid Corp.*, 657 F.2d at 487 (affirming lower court's finding that “Alpha” marks did not infringe and noting that for “the cameras themselves, and in Polaroid's advertising, the word ‘Alpha’ always appears in close proximity with an equally prominent and uniquely identifying designation” of the name Polaroid).

**FN38.** This is not the case with respect to all of Eastern's use of the phrase True Blue. Eastern also uses the phrase, “The First, The Only, The Bluest” to advertise the use of no account and ATM fees for the bank's “TRUE BLUE Premier Checking” web site. (Docket Entry # 117, Ex. Y). Eastern confines these relatively few instances of the use largely to current customers outside the realm of Capitol's channel of trade or market. *See generally IAM v. Winship Green Nursing Center*, 103 F.3d at 201 (although on summary judgment, nonetheless noting that the law demands showing that the “infringing conduct carries with it a likelihood of confusion [of] an appreciable number of reasonably prudent purchasers”). Thus, initial interest confusion, point of purchase confusion, *see* 4 J. Thomas McCarthy *McCarthy on Trademarks and Unfair Competition* § 23:5 (2007) (noting as actionable confusion of source at time of purchase and “initial interest confusion”), or post sale confusion that non-purchasers who will be future purchasers will be deceived, *see I.P. Lund Trading ApS v. Kohler Co.*, 163 F.3d at 44, is unlikely.

**FN39.** This remains true with respect to an

internet search using the words “true blue bank.” (Docket Entry # 117, Ex. R).

\*16 The predominant and prominent use of Eastern's name above the True Blue phrase or the use of the phrase in materials that also prominently display Eastern's name dilutes the likelihood of confusion.<sup>FN40</sup> On balance and examining the similarity of the marks and the total effect of the True Blue phrase with the larger Eastern name as a source identifier, this factor weighs slightly in favor of Capitol.

**FN40.** This court also finds as fact that the majority of Capitol's use of the TRUE BLUE marks appears next or near to the Capitol name.

#### B. Similarity of Services

This factor undisputedly indicates a likelihood of confusion. The banks offer the same savings and loans services even though Capitol does not plan to offer a credit card until 2008. *See, e.g., Star Financial Services, Inc. v. AASTAR Mortgage Corp.*, 89 F.3d at 10 (conceding similarity of services inasmuch as both businesses engaged in mortgage originating services); *Volkswagenwerk Aktiengesellschaft v. Wheeler*, 814 F.2d at 818 (finding similar goods and services between owners and operators of “The Beetle Barn,” an automobile repair shop and car manufacturer, and distributor of Volkswagens).

#### C. Channels of Trade; Relationship between the Parties' Advertising; and Classes of Purchasers

Taking these factors as a group because “they tend to be interrelated,” *Beacon Mutual Insurance Co. v. OneBeacon Insurance Group*, 376 F.3d at 19; *Star Financial Services, Inc. v. AASTAR Mortgage Corp.*, 89 F.3d at 10 (“[w]e often analyze these three factors together”); *Equine Technologies, Inc. v. Equitechnology, Inc.*, 68 F.3d at 546 n. 5 (recognizing as “custom in this circuit” to analyze the three factors together); *Pignons S.A. de Mecanique de Precision v. Polaroid Corp.*, 657 F.2d at 488 (treating the three factors together

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because they interrelate), it is striking that less than three hundredths of one percent of Capitol's accounts are based in Massachusetts. Likewise, Kansas residents own only a total of .008% of Eastern's accounts or less than one hundredths of one percent of the bank's accounts. There is little if any overlap of current, targeted or prospective customers.

Geographically, the banks do not target the same area. Cf. *Star Financial Services, Inc. v. AASTAR Mortgage Corp.*, 89 F.3d at 10 (noting that “STAR and AASTAR targeted the same classes of prospective purchasers in the same geographical areas”). Eastern targets bank consumers residing in eastern Massachusetts and, to a lesser extent, contiguous New England states. Eastern **geotargets** its internet advertising to the foregoing area. It also only allows residents of this market to apply online for bank services. Cf. *Attrezzi, LLC v. Maytag Corp.*, 436 F.3d 32, 39–40 (1st Cir.2006) (finding that the three factors “cut both ways” between national manufacturer and owner of single retail store which had a web site that led to having “customers in many states”).

In contrast, Capitol targets Kansas, or more specifically eastern Kansas, and western Missouri. Although Capitol's customers can use the ATMs of other banks in New England, Capitol has no plan to open its own ATMs or branches in New England.

\*17 With few exceptions, Capitol advertises in large part to the Kansas and western Missouri market and to its current customers, the vast majority of whom reside outside New England and outside Eastern's channel of trade and use of the True Blue phrase. Current Capitol customers receive account statements, the True Blue newsletter, annual payment summaries, home equity line of credit letters and other direct mailings. Customers of the bank may access the bank's online services and engage in telephone banking. Only .028% of Capitol's accounts, however, are based in Massachusetts which is the area of focus of Eastern's advertising. See generally

*IAM v. Winship Green Nursing Center*, 103 F.3d at 201 (“listed factors must be evaluated in context [and] any meaningful inquiry into the likelihood of confusion necessarily must replicate the circumstances in which the ordinary consumer actually confronts (or probably will confront) the conflicting mark”); cf. *Star Financial Services, Inc. v. AASTAR Mortgage Corp.*, 89 F.3d at 10 (“evidence of overlap in [the plaintiff's and the defendant's] advertising strategies and targets” favored finding likelihood of confusion).

The bank's ongoing conversion to a new software infrastructure does not convince this court of an overlap of the parties' channels of advertising and trade. Capitol does not have a concrete plan to enter the eastern Massachusetts or New England market. See *Minnesota Pet Breeders, Inc. v. Schell & Kampeter, Inc.*, 41 F.3d 1242, 1246 & n. 3 (8th Cir.1994) (citing, among other cases, *Dawn Donut Co. v. Hart's Food Stores, Inc.*, 267 F.2d 358 (2nd Cir.1959)).<sup>FN41</sup> The purpose and focus of the software change is to enhance services to existing customers as opposed to acquire new customers online. The number of Capitol's accounts for existing customers based in Massachusetts comprises only .028% of the bank's total accounts. Although internet users can complete mortgage applications online, Capitol plans to undergo a cost versus benefit analysis regarding whether to implement the ability to open new accounts online.

FN41. In the face of Capitol's criticism of Eastern's citation to *Dawn Donut Co. v. Hart's Food Stores, Inc.*, 267 F.2d 358 (2nd Cir.1959), as outdated in light of internet banking, it is worth noting that one of the most respected commentators of trademark law devotes an entire subchapter and several sections to “The *Dawn Donut Rule*.” 5 J. Thomas McCarthy *McCarthy on Trademarks and Unfair Competition* §§ 26:33–26:36 (2007).

Capitol's reliance on *Century 21 Real Estate Corporation v. Century 21 Real*

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*Estate, Inc.*, 929 F.2d 827 (1st Cir.1991), is also misleading. The case involves a section 1115(b) defense inapplicable to the case at bar. Further, unlike Capitol in the case at bar, the plaintiff in *Century 21* was an international entity that developed a “worldwide network of independently owned real estate” brokerages with the Century 21 federally registered service marks that engaged in “extensive advertising” in the locus of the infringer's market. *Id.* at 828 & 830.

It is true that the bank engaged in a summer campaign to obviate the damage done by Eastern's marketing campaign and to attract new customers. Capitol also plans to send out promotional e-mails to an estimated one million New England residents and Capitol advertised in a number of the same venues as Eastern. See *Star Financial Services, Inc. v. AASTAR Mortgage Corp.*, 89 F.3d at 10 (noting that “both parties advertised in the same publication”). This court has considered these facts in the calculus and they do, in fact, create a degree of overlap in advertising and channels of trade. See, e.g., *Id.* (advertising in same publication provided “evidence of overlap in their advertising strategies and targets”). On balance, however, the greater weight of these two factors shows a decided lack of any likelihood of confusion. See *Hasbro, Inc. v. Clue Computing, Inc.*, 66 F.Supp.2d 117, 123 (D.Mass.1999) (“[w]here products have some overlap in channels of advertising and trade but primarily occupy different channels, courts have not found likelihood of confusion based on this factor”). Thus, unlike the plaintiff and the defendant in *Star* who “targeted the same classes of purchasers in the same geographic areas,” *Star Financial Services, Inc. v. AASTAR Mortgage Corp.*, 89 F.3d at 10, Capitol and Eastern's channels of trade and advertising target purchasers in different areas even considering the banks' internet presence and advertising.

\*18 Examining the class of purchasers lends

even greater weight to an absence of a likelihood of confusion. Assessing the class of purchasers “is not limited merely to determining whether the class of prospective purchasers is the same or different.” *IAM v. Winship Green Nursing Center*, 103 F.3d at 204. Instead, a court “must ponder the sophistication of the class, thereby taking account of the context in which the alleged infringer uses the mark.” *Id.*<sup>FN42</sup>

FN42. Although Capitol points out that Eastern relies on district court cases outside the First Circuit for the above principle, Capitol mistakenly assumes that the law differs in the First Circuit. As evidenced by the First Circuit's decision in *IAM*, this is not the case.

Individuals purchasing and researching savings and loan services, particularly over the internet where they lack the opportunity to meet and assess a bank in person at a branch, are more likely than not to be knowledgeable and possess a degree of sophistication. Deciding where to place one's money and savings or where to obtain a home equity loan as well as assessing other financial savings and loan services is a serious undertaking and one not typically engaged in lightly by the ordinary purchaser without initial research and study. See *InterState Net Bank v. Net B@nk, Inc.*, 348 F.Supp.2d 340, 355 (D.N.J.2004) (“[c]onsumers undoubtedly exercise a high degree of care in selecting banking and financial services and are likely to note difference in names”); see, e.g., *First National Bank in Sioux Falls v. First National Bank, South Dakota*, 153 F.3d 885, 889 (8th Cir.1998) (no likelihood of confusion between “First National Bank in Sioux Falls” and “First National Bank, South Dakota”). Assuming that the class of purchasers are of normal intelligence and given their level of sophistication and knowledge, such purchasers are not likely to be misled. *IAM v. Winship Green Nursing Center*, 103 F.3d at 204 (presuming “that the class members are of normal intelligence” and affording them “a certain degree



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of enforced sophistication,” they “were especially unlikely to be misled by Winship's unauthorized use of the IAM mark”).

In sum, the relationship between the parties' advertising, the channels of trade and the class of purchasers strongly favors an absence of likelihood of confusion.

#### D. Actual Confusion

Actual confusion obtains to those “whose confusion threatens [Capitol's] commercial interests in its” TRUE BLUE marks as well as to actual and potential purchasers of Capitol's products and services. *Beacon Mutual Insurance Co. v. OneBeacon Insurance Group*, 376 F.3d at 16. Moreover, evidence of actual confusion is oftentimes the “best evidence of possible future confusion.”<sup>FN43</sup> *Attrezzi, LLC v. Maytag Corp.*, 436 F.3d at 40.

**FN43.** Because this court recommends against the issuance of a preliminary injunction, it is not necessary to consider the survey evidence proffered by Klein which, if accepted, would only bolster Eastern's case.

It is true that Eastern has not received a single misdirected telephone call, piece of mail or inquiry. *Cf. Id.* (eight mistaken e-mails, a dozen mistaken telephone calls and two declarations of actual confusion from the plaintiff's customers provided evidence, albeit “limited,” of actual confusion). That said, however, Eastern has been marketing savings and loan products and services associated with True Blue only since February 2007. Such a short time period significantly dilutes the effect of this evidence. Indeed, the First Circuit attaches “substantial weight to a trademark holder's failure to prove actual confusion *only* in instances in which the relevant products have coexisted on the market for a *long* period of time.” *Borinquen Biscuit Corp. v. M.V. Trading Corp.*, 443 F.3d at 121 (emphasis added). This court is also not swayed by Capitol's proffer that Eastern's campaign as of May 2007

showed a 7% increase in perception and a 6% recall of advertising.

\*19 Given the relatively brief period for customers to become confused, this factor is neutral. It favors neither Eastern nor Capitol.

#### E. Eastern's Intent in Adopting the Mark

The intent factor also does not favor either party. Eastern certainly knew about the trademark and proceeded with the marketing plan despite that knowledge. On the other hand, the bank arrived at the phrase independently. *See Aktiebolaget Electrolux v. Armatron International, Inc.*, 999 F.2d at 4 (“although appellee did not act in bad faith by designating its product Leaf Eater, appellee knew about the Weed Eater mark and the possibility of a legal contest”); accord *Beacon Mutual Insurance Co. v. OneBeacon Insurance Group*, 376 F.3d at 19 (choosing infringing name based upon the infringer's own street address). Eastern's investment of millions of dollars on the campaign lends credence to the assumption that the bank did not act in bad faith but, instead, believed that the different channels lent strong support for a noninfringement finding. *See Universal Money Centers, Inc. v. American Telephone & Telegraph Co.*, 22 F.3d 1527, 1532 (10th Cir.1994) (“the fact that AT & T has spent more than \$60 million in promoting its card strongly suggests that AT & T is relying on its own publicity and reputation, and not on that of UMC”); *see also Beacon Mutual Insurance Co. v. OneBeacon Insurance Group*, 376 F.3d at 19 (although infringer knew of marks, it had “good-faith belief that the marks would not be confused”). Eastern has no intent to trade upon Capitol's goodwill and did not copy the registered marks in bad faith. Finally, proof of “ ‘intent, or lack thereof, does not affect the eyes of the viewer.’ ” *I.P. Lund Trading ApS v. Kohler Co.*, 163 F.3d at 44. This factor is relatively neutral.

#### F. Strength of Mark

Various factors impact the analysis of the strength of a trade or service mark. Factors include “the length of time the mark has been used, the

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trademark holder's renown in the industry, the potency of the mark in the product field (as measured by the number of similar registered marks), and the trademark holder's efforts to promote and protect the mark.” *Borinquen Biscuit Corp. v. M.V. Trading Corp.*, 443 F.3d at 121; accord *Star Financial Services, Inc. v. AASTAR Mortgage Corp.*, 89 F.3d at 11 (affording consideration to “length of time the mark has been used, its renown in the plaintiff’s field of business, and the plaintiff’s actions to promote the mark”); *Equine Technologies, Inc. v. Equitechnology, Inc.*, 68 F.3d at 547 (examining “the length of time a mark has been used and the relative renown in its field; the strength of the mark in [the] plaintiff’s field of business; and the plaintiff’s action in promoting the mark”).

Used since 1996 and federally registered since 1997, the length of time Capitol has used the marks warrants significant weight in assessing this factor. See, e.g., *IAM v. Winship Green Nursing Center*, 103 F.3d at 206 (“IAM service mark is robust, having been duly registered and widely promoted for over thirty years”); see generally *DeCosta v. Viacom International, Inc.*, 981 F.2d at 606 (noting that “registration, at most, relates to one aspect of the last mentioned factor”). The investment of an estimated \$50 million to promote the marks lends additional support to the marks’ strength as evidencing a likelihood of confusion. Capitol also engaged in policing efforts aimed at three financial institutions that used the phrase True Blue to describe their programs. (Docket 116, ¶¶ 18 & 19); see *Equine Technologies, Inc. v. Equitechnology, Inc.*, 68 F.3d at 547 (lower court’s finding that the “plaintiff has successfully compelled one infringing competitor to change its name” supported, in addition to five other findings, the mark’s strength).

\*20 This court makes the factual finding, however, that Capitol’s TRUE BLUE marks do not have national renown in the savings and loan industry. Cf. *Beacon Mutual Insurance Co. v. OneBeacon Insurance Group*, 376 F.3d at 19.

Rather, in the field of Capitol’s business, the marks, at most, have wide recognition in Kansas and western Missouri. See generally *Boston Athletic Association v. Sullivan*, 867 F.2d at 32 (assessing strength factor and noting that “broad media exposure” makes the plaintiff’s sponsorship known to the public). The combination of the common words “true” and “blue” also militates against a strong mark and reduces the likelihood of confusion. (Docket Entry # 120, Ex. 40); see 4 J. Thomas McCarthy *McCarthy on Trademarks and Unfair Competition* § 23:48 (2007) (“[i]f common element of conflicting marks is a word that is ‘weak’ then this reduces the likelihood of confusion” and providing example of “news” and “tribune”); accord *Pignons S.A. de Mecanique de Precision v. Polaroid Corp.*, 657 F.2d at 491 (assessing last factor and noting that “similarity between ‘Alpa’ and the mark ‘Alpha,’ a common, widely used word, ... arguably diminished its distinctiveness”). Thus, this court concludes that this factor slightly favors Capitol. See, e.g., *Pignons S.A. de Mecanique de Precision v. Polaroid Corp.*, 657 F.2d at 491–492 (lower court found mark, used for three decades, “relatively strong,” but record could support a “finding of lesser strength”).

In sum, the strong showing relative to the channels of trade, relationship between the parties’ advertising and classes of purchasers demonstrates a striking lack of a likelihood of confusion. Weighing this showing against the relatively weak showings regarding the similarity of the marks and the strength of Capitol’s marks, the strong showing regarding the similarity of services and the neutrality of the other factors demonstrates that Capitol is unlikely to prevail on the merits by demonstrating a likelihood of success on the element of a likelihood of consumer confusion.

#### G. Remaining Factors

Although perhaps unnecessary, see *New Comm Wireless Services, Inc. v. SprintCom, Inc.*, 287 F.3d 1, 9 (1st Cir.2002) (“if the moving party cannot

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demonstrate that [it] is likely to succeed in [its] quest, the remaining factors become matters of idle curiosity”), this court will weigh the remaining factors to complete the record. *See Borinquen Biscuit Corp. v. M.V. Trading Corp.*, 443 F.3d at 115 (“[w]hile all these factors must be weighed, the cynosure of this four-part test is more often than not the movant’s likelihood of success on the merits”).

It is true that irreparable harm “can be assumed if the trademark holder demonstrates that it is likely to succeed in establishing infringement.” *Id.* (paraphrasing *I.P. Lund Trading ApS v. Kohler Co.*, 163 F.3d at 33). Inasmuch as Capitol fails to make this demonstration, however, this court turns to the issue of irreparable harm.

\*21 Eastern intends to proceed with the True Blue marketing campaign. *See generally K-Mart Corp. v. Oriental Plaza, Inc.*, 875 F.2d 907, 915–916 (1st Cir.1989) (citing *City of Walla Walla v. Walla Walla Water Co.*, 172 U.S. 1, 12, 19 S.Ct. 77, 43 L.Ed. 341 (1898)). It does not plan, however, to venture outside New England in advertising the campaign or acquiring new customers. To the contrary, Eastern will focus on building relationships with current and future customers primarily in eastern Massachusetts.

In light of the foregoing as well as the unconvincing evidence that Capitol is likely to expand into New England, harm to Capitol’s good will and reputation, while not easily measured, is unlikely. *See generally Ross–Simons of Warwick, Inc. v. Baccarat, Inc.*, 102 F.3d 12, 20 (1st Cir.1996) (the “very nature [of] injury to goodwill and reputation is not easily measured or fully compensable in damages” and such “harm is often held to be irreparable”). It is also unlikely that Capitol will lose customers to Eastern prior to obtaining a verdict.

Finally, it is true that “evidence of significant delay in applying for injunctive relief can neutralize any presumption that infringement alone will cause

irreparable harm pending trial, and such delay alone may justify denial of a preliminary injunction for trademark infringement.” *Boston Duck Tours, LP v. Super Duck Tours, LLC*, 2007 WL 2800798 at \* 5–6 (D.Mass. July 13, 2007). Capitol, however, promptly filed suit on February 13, 2007, after discovering the allegedly infringing conduct on February 1 or 2, 2007. Although in June 2007 Capitol sought to delay the August 13, 2007 date for the preliminary injunction hearing to “mid to late Fall” (Docket Entry # 77), the purpose for seeking the delay was to expedite a final resolution by consolidating injunctive relief with a trial on the merits. Eastern’s argument based on delay is without merit. *See, e.g., Boustany v. Boston Dental Group, Inc.*, 42 F.Supp.2d 100, 112 (D.Mass.1999).

As to the balance of the equities, Eastern invested an estimated two million dollars by June 2007 and plans to invest four million dollars by the end of the year. Eastern made the investment, however, with the knowledge of Capitol’s federally registered TRUE BLUE marks. *See Bay State Savings Bank v. Baystate Financial Services, LLC*, 338 F.Supp.2d 181, 190 (D.Mass.2004) (citing *McDonald’s Corp. v. McBagel’s, Inc.*, 649 F.Supp. 1268, 1279 (S.D.N.Y.1986)). Capitol, meanwhile, has invested a significant sum in the marks. It has been establishing good will and customer association with the TRUE BLUE marks for more than ten years. The equities thus weigh in Capitol’s favor.

The public interest favors neither party. The “societal value of ... fair competition,” *Hypertherm, Inc. v. Precision Products, Inc.*, 832 F.2d 697, 700 (1st Cir.1987) (recognizing “the societal value of full disclosure and fair competition” as supporting a finding regarding the public interest factor), is not served by affording interim injunctive relief where the trademark holder is not likely to succeed in showing a likelihood of consumer confusion. For the same reason, the public interest in avoiding consumer confusion, *see Calamari Fisheries, Inc. v. The Village Catch, Inc.*, 698 F.Supp. 994, 1015

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(D.Mass.1988) (“[p]reventing consumer confusion is clearly in the public interest”), is not well served by issuing preliminary injunctive relief.

\*22 In conclusion, the less than adequate showing of a likelihood of success on the merits balanced and weighed with the remaining factors convinces this court that a preliminary injunction on the record before this court should not issue.

#### CONCLUSION

Accordingly, in light of the above discussion, this court **RECOMMENDS**<sup>FN44</sup> that the motion for a preliminary injunction (Docket Entry # 113) be **DENIED**. The motion to strike the third Lutz declaration (Docket Entry # 130) is **ALLOWED** and the motion to strike the Klein declaration (Docket Entry # 123) is **DENIED** as moot.

FN44. Any objections to this Report and Recommendation must be filed with the Clerk of Court within ten days of receipt of the Report and Recommendation to which objection is made and the basis for such objection. Any party may respond to another party's objections within ten days after service of the objections. Failure to file objections within the specified time waives the right to appeal the order. *United States v. Escoboza Vega*, 678 F.2d 376, 378–379 (1st Cir.1982); *United States v. Valencia–Copete*, 792 F.2d 4, 6 (1st Cir.1986).

D.Mass.,2007.  
Capitol Federal Savings Bank v. Eastern Bank Corp.  
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(D.Mass.)

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Only the Westlaw citation is currently available.

United States District Court, N.D. Illinois, Eastern  
Division.

Champion Roofing, Inc., Plaintiff,

v.

Champion Window Manufacturing & Supply Co.,  
LLC, Champion Window Company of Chicago,  
LLC and Champion Window Company of  
Merrillville, LLC, Defendants.

Champion Window Manufacturing & Supply Co.,  
LLC, Champion Window Company of Chicago,  
LLC and Champion Window Company of  
Merrillville, LLC, Counter-Plaintiffs,

v.

Champion Roofing, Inc., Counter-Defendant.

No. 13 C 5478

1:13-cv-05478

Filed December 16, 2013

[James John Saul](#), Faegre Baker Daniels LLP,  
Chicago, IL, [Kathryn Ann Feiereisel](#), [Marc Charles  
Levy](#), Faegre Baker Daniels LLP, Denver, CO, for  
Plaintiff.

[Joseph Thomas Kucala, Jr.](#), [Ariel Y. Bublick](#),  
Norvell IP LLC, Chicago, IL, [Hallie Schneider  
Borellis](#), [William S. Wyler](#), Schwartz Manes Ruby  
& Slovin, Cincinnati, OH, [Tatyana Vladimirovna  
Gilles](#), Norvell IP LLC, Northfield, IL, for  
Defendants.

**MEMORANDUM OPINION AND ORDER**

**REBECCA R. PALLMEYER**, United States  
District Judge

\*1 Plaintiff Champion Roofing, Inc., has been  
in the business of providing residential and  
commercial roofing services to consumers in the  
Chicago area since 1999. The company has  
aggressively advertised its services using the name  
and mark CHAMPION ROOFING and appears to  
have achieved substantial name recognition. In late

2012, Defendant Champion Window  
Manufacturing and Supply Company, LLC, began  
offering roofing services, in addition to its  
traditional business installing windows and patio  
awnings, also using the name “Champion Roofing.”  
Significant consumer confusion arose, and Plaintiff  
seeks a preliminary injunction to bar Defendant  
Champion Window from using the name or mark  
“Champion Roofing” in connection with roofing  
services. The court heard evidence in support of the  
motion for a preliminary injunction and, for the  
reasons explained here, now grants that motion.  
The court's analysis of the evidence also explains  
why Defendant's motion for a preliminary  
injunction, filed as a defensive response to this  
lawsuit, must be denied: Plaintiff and Defendant  
have operated in the same marketplace for more  
than a decade, using an identical name to promote  
their non-overlapping businesses. Yet despite years  
of this co-existence, there was no evidence that any  
consumer is likely to be misled concerning the  
source of Defendant's traditional window and  
awning business. Though Defendant has existed  
longer than Plaintiff, Defendant is the new entrant  
in the roofing business, and Plaintiff has presented  
evidence that it is likely to succeed in establishing  
that Defendant's use of the name “Champion” for  
promotion of roofing services violates the Lanham  
Act.

**FACTS**

In January 1999, Harry Friedman and Joseph  
Smith formed a roofing company called Champion  
Roofing, Inc. (Tr. of Sept. 16, 2013, hereinafter  
“Tr.”, at 19–20.) The company was incorporated in  
the State of Illinois in January 1999 and began  
using its CHAMPION ROOFING mark for roofing  
services early in 1999. Since 1999, Champion  
Roofing has provided residential and commercial  
roofing services to consumers in the Chicago area  
under the CHAMPION ROOFING mark. Computer  
records show that since 1999, Plaintiff has received  
more than 29,000 contacts from customers in

counties in and around Chicago. (Tr. 26, 29.)

Champion Roofing has spent more than \$2.2 million to advertise and promote the CHAMPION ROOFING mark since 1999, employing a variety of advertising and marketing strategies: direct marketing (distribution of postcards, flyers, “door hangers,” letters, and coupons); radio and television advertisements; a website and Facebook page; internet advertisement using search engine optimization and Google AdWords; and advertisements in the Yellow Pages, Angie's List, Blue Book, Better Business Bureau publications, and Best Pick Reports. (Tr. 37–50.) Champion Roofing has been awarded recognition and certifications from Angie's List and Best Pick Reports, and by roofing system manufacturers that certify Champion Roofing as qualified to install their products. Champion Roofing has had sales of over \$37 million in the last five years. (Tr. 22–24.)

\*2 Defendant Champion Window Manufacturing and Supply Co., LLC, was founded in 1953 as a manufacturer of aluminum storm windows, storm doors, awnings, and screen rooms. (Tr. 110–112.) Over the next fifty years, it grew from a small family-owned business located in Cincinnati, Ohio, into a major retailer of “home exterior products and services,” including windows, siding, and sunrooms. (Tr. 116–17.) Champion Window owns federal trademark registrations for the CHAMPION word mark for goods described as “non-metal new and replacement windows, patio and sliding doors and window screens” and for services described as “installation of replacement windows, window screens, storm windows and siding and construction of sun porches, enclosed patios, and room additions.” (Service Mark and Trademark, Ex. F to Decl. of James John Saul, Attach. 3 to Champion Roofing's Mem. in Supp. of Mot. for Prelim. Inj. [19–3], at 27, 28; Tr. 145.) Champion Window's CHAMPION marks have been registered since 1998. Champion Window owns no federal registrations for roofing services.

Champion Window has operated in the

Midwest since the 1990's, with facilities in St. Louis, Missouri; South Bend, Indiana; and Milwaukee, Wisconsin. In 2002, a local affiliate, Champion Window of Chicago, LLC, was incorporated, and now operates in Elmhurst, Illinois, two miles from Champion Roofing's office in Bensenville. Champion Window of Chicago is a “troubled subsidiary” of Champion Window and is operating at a loss. (Tr. 179.)

For more than ten years, Champion Window of Chicago and Champion Roofing operated in the same geographic area, without any objection from one another. In fact, in 2008, an employee of Champion Window of Chicago contacted Champion Roofing to request an estimate for a roofing contract, a contact reflected in Champion Roofing's database. (Tr. 51–54.) Then in fall 2012, Champion Window began to advertise roofing services under the “Champion” name in several parts of the country, including parts of the Chicago area. (Tr. 157–58.) The advertising campaign included print, television, radio, and Internet advertisement, as well as widespread distribution of coupons offering discounts on roofing services. Champion Window contends it performed a roofing replacement job in Northern Indiana as early as August 2010, but concedes it did not do a “total roof replacement” in Chicago until October 2012. As of the time of the hearing, Champion Window's roofing work was performed by subcontractors. (Tr. 168.) Windows, patios, and sun porches still constitute the bulk of Champion Window of Chicago's business: in 2013, Champion Window of Chicago had done \$4 million in overall business, only \$350,000 of which was attributable to roofing services. (Tr. 164.) <sup>FN1</sup> There is no evidence of any customer confusion resulting from the similar names prior to this year.

<sup>FN1</sup>. On occasion, Plaintiff Champion Roofing has done some window installation at the request of customers. Harry Friedman estimated that this work accounts for no more than \$10,000 of

Plaintiff's \$37 million business. (Tr. 51.)

Champion Window's entry into the Chicagoland area roofing market has, in contrast, resulted in numerous instances of actual customer of confusion. On February 15, 2013, a Champion Roofing customer named Catherine Disterheft submitted a coupon to a Champion Roofing estimator, Chris Hartman. Hartman himself evidently believed the coupon had been issued by his own employer, Champion Roofing; he contacted Harry Friedman, the company's President, to ask why the company was issuing coupons for substantial (\$1800) discounts without advising sales staff. Mr. Friedman told Mr. Hartman the company had not offered any such coupons and asked Mr. Hartman to show him the coupon. When he saw it, Friedman learned for the first time that Champion Window had begun offering roofing services under the Champion name. (Tr. 54–56.) Between February and September 2013, some thirteen prospective customers presented Champion Roofing staff with coupons issued by Champion Windows, in the apparent belief that Champion Roofing was the source of those coupons. (*E.g.*, Tr. 101, 102, 103; Decl. of Aharon Friedman, Attach. 5 to Champion Roofing's Mem. in Supp. of Mot. for Prelim. Inj., [19–5] ¶¶ 3–7; Decl. of Tony Kovco, Attach. 6 to Champion Roofing's Mem. in Supp. of Mot. for Prelim. Inj., [19–6], ¶ 3; Decl. of John Biesiad, Attach. 8 to Champion Roofing's Mem. in Supp. of Mot. for Prelim. Inj. [19–8], ¶¶ 3, 4; Decl. of Rich Newell, Attach.10 to Champion Roofing's Mem. in Supp. of Mot. for Prelim. Inj. [19–10], ¶ 3.) Several customers refused to do business with Champion Roofing when Champion Roofing refused to honor its competitor's coupon. (Tr. 59, 104–05.) In another episode, a customer negotiated with Champion Roofing for a discount for himself and several neighbors. Then when the customer saw the Champion Window coupon, he was angry and embarrassed, as he concluded that the discount he had negotiated was less substantial than one available to any customer who held the coupon. (Tr. 89–90; Decl. of David Friedman, Attach. 9 to

Champion Roofing's Mem. in Supp. of Mot. for Prelim. Inj. [19–9], ¶ 3.)

\*3 Other instances of confusion include four episodes in which a customer submitted a request for an estimate to one of the parties and then contacted the other “Champion” business to follow up. (*See, e.g.*, Decl. of Harry Friedman, Attach. 1 to Champion Roofing's Mem. in Supp. of Mot. for Prelim. Inj. [19–1] (hereinafter, “Friedman Decl.”), ¶ 33; Decl. of Esmeralda Santos, Attach. 7 to Champion Roofing's Mem. in Supp. of Mot. for Prelim. Inj. [19–7], ¶ 3.) In another instance, a customer noted the endorsement of Champion Roofing that appears in the Best Pick Reports and specifically referred to that endorsement as “one of the reasons” he had contacted Champion Window. (Dep. of Caleb Herr, Ex. B to Supplemental Decl. of James John Saul [36–2], at 66.) Still another customer expressed confusion when a Champion Roofing Estimator told him that Champion Roofing could not provide him with replacement windows for his home. (Tr. 95.)

#### ANALYSIS

A party seeking a preliminary injunction is required to demonstrate a likelihood of success on the merits, that it has no adequate remedy at law, and that it will suffer irreparable harm if the relief is not granted. *Ty, Inc. v. Jones Group*, 237 F.3d 891, 895 (7th Cir.2001) (citing *Abbott Labs. v. Mead Johnson & Co.*, 971 F.2d 6, 11 (7th Cir.1992) ). If the moving party makes these showings, the court will consider the harm imposed on the nonmoving party from entry of the injunction. *Id.* (citing *Storck USA, L.P. v. Farley Candy Co.*, 14 F.3d 311, 314 (7th Cir.1994)). And the court must also take account of the consequences to the public from the grant or denial of the injunction. *Id.* Sitting as a court of equity, the court then weighs all these factors, employing a sliding-scale approach. *Promatek Industries, Ltd. v. Equitrac Corp.*, 300 F.3d 808, 811 (7th Cir.2002) (citing *Abbott Labs.*, 971 F.2d at 12). Thus, the stronger the moving party's showing, “the less the balance of

harms need weigh in its favor.” *Id.* at 811.

#### A. Likelihood of Success

The court considers, first, the likelihood that Plaintiff Champion Roofing will prevail on the merits of its trademark action under the Lanham Act, 15 U.S.C. § 1125(a). To do so, Plaintiff must establish that it has a protectable trademark and that Defendant's use of the mark is likely to cause confusion among consumers. *See Ty, 237 F.3d at 897.*

The court is satisfied that Plaintiff has made a showing, sufficient to support a preliminary injunction, that it owns a protectable trademark in its CHAMPION ROOFING mark. Since 1999, Plaintiff has provided residential and commercial roofing services under that mark to consumers in locations throughout the Chicagoland area. Although no survey evidence was presented, it is reasonable to conclude that the mark has achieved secondary meaning because it has been “used so long and so exclusively by [Plaintiff] in association with its goods or services” that consumers would come to believe that roofing services provided under the name “Champion Roofing” are furnished by Plaintiff. *See Packman v. Chicago Tribune Co., 267 F.3d 628, 641 (7th Cir.2001).* Through its apparently exclusive use, since 1999; through extensive multi-media advertising, described above; and through substantial sales volume, the CHAMPION ROOFING mark appears to be “uniquely associated” with Plaintiff's business for roofing services in this area. *See Planet Hollywood (Region IV), Inc. v. Hollywood Casino Corp., 80 F.Supp.2d 815, 878 (N.D.Ill.1999)* (citing *Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 766 n.4 (1992)*). The court concludes that Champion Roofing's extensive advertising efforts and fourteen years of use renders its mark a strong and distinctive one.

In assessing the likelihood of consumer confusion, the court ordinarily considers a variety of factors, including (1) the similarity between the marks in appearance and suggestion, (2) the

similarity of the products, (3) the area and manner of concurrent use of the products, (4) the degree of care likely to be exercised by consumers, (5) the strength of the plaintiff's marks, (6) any evidence of actual confusion, and (7) the defendant's intent to palm off its goods as those of the plaintiff. *Ty, 237 F.3d at 897–98; Meridian Mutual Ins. Co. v. Meridian Ins. Group, Inc., 128 f.3d 1111, 1115 (7th Cir.1997).* This case is the comparatively unusual one in which Plaintiff has presented substantial evidence of actual consumer confusion, a factor deemed of particular importance in the analysis. *Id.* On several occasions in the months since Champion Windows has ventured into the roofing business, consumers have presented Plaintiff with Defendant's coupons or asked about discounts advertised by Defendant. Plaintiff's own staff have expressed confusion about the coupons, and at least one customer was dismayed to learn that Plaintiff does not provide window replacement, the business in which Defendant (but not Plaintiff) has engaged for many years. Though Defendant objected to much of this evidence on hearsay grounds, the Seventh Circuit has recognized that testimony concerning comments made by consumers is admissible to establish their confused state of mind. *Israel Travel Advisory Serv. v. Israel Identity Tours, Inc., 61 F.3d 1250, 1260 (7th Cir.1995)* (testimony recounting calls from consumers was non-hearsay because it was offered “not for its truth ... but to show that customers were confused”); *Int'l Kennel Club of Chicago, Inc. v. Mighty Star, Inc., 846 F.2d 1079, 1090–91 (7th Cir.1988)* (considering testimony of plaintiff's employees concerning instances of consumer confusion).

\*4 Other factors militate in favor of Plaintiff on this issue, as well. The CHAMPION mark used by Defendant overlaps completely with Plaintiff's mark, when the court disregards the descriptive or generic element (the word “Roofing”), which is less weighty. *See International Kennel Club, 846 F.2d at 1087–88* (appropriate to give “greater weight” to the “one word or feature of a composite trademark [that] is the salient portion of the mark”). And



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though Plaintiff has no objection to Defendant's use of the CHAMPION name in connection with window or siding products, Defendant has recently begun using the name in marketing the very same services that Plaintiff provides: roofing installation.

Defendant contends Plaintiff has an obligation to identify the precise locations within the Chicagoland area in which it does business, but this is a quibble; it is undisputed that Plaintiff has performed roofing services on hundreds of occasions in the relevant ZIP codes, and that it markets its services via print and electronic media widely in Chicago, the surrounding suburbs, and parts of southern Wisconsin and northwest Indiana. As noted, the Champion Roofing mark is a strong one and the evidence of actual confusion confirms that the mark is well-recognized. Neither side presented evidence on the degree of care that residential consumers take in buying roofing services, but the court takes notice that for most consumers, the purchase of roofing or of roofing repair services is a comparatively infrequent, albeit costly, event. In any case, even a sophisticated consumer can suffer confusion. *See AM Gen. Corp. v. DaimlerChrysler Corp.*, 311 F.3d 796, 827–28 (7th Cir.2002). The evidence supports a finding that confusion is likely—a finding arguably superfluous here where there is substantial evidence that confusion has actually taken place.

Defendant has suggested that it enjoys prior rights in the CHAMPION mark, but there was no evidence that Defendant engaged in roofing business using that mark until late last year. Champion Window does own a federal trademark registration, but that registration confers priority only “in connection with the goods or services specified in the registration.” 15 U.S.C. § 1057(c). As Professor McCarthy has explained, the specification is important because it establishes the registrant's right to use the mark on the goods or services specified. The specificity requirement protects against the possibility that a registration issued for “vaguely defined goods” may be relied

on as evidence of the registrant's “right to use the mark on a particular good not in fact sold by the registrant under the mark.” 2 J. Thomas McCarthy, *Trademarks and Unfair Competition* (hereinafter “*McCarthy*”) § 19:48 (1973). As described above, Champion Window's mark is registered for “non-mental new and replacement windows, patio and sliding doors and window screens” and for “installation of replacement windows, window screens, storm windows and siding and construction of sun porches, enclosed patios, and room addition.” The registration makes no mention of roofing or roofing services.

It is undisputed that Champion Window has used its name and mark for window and patio installations. And the court will assume that window and patio installations can be characterized as part of a broad class of “home exterior services,” as Defendant contends. There is, however, no evidence in the record that Champion Window has in fact been actively engaged in the roofing business in the Chicago area at any time prior to 2012. Defendant appears to be the “senior user” of the word “Champion” in its mark, but in this proceeding, Plaintiff has established that it is the “junior user operat[ing] in a market separate though related” to that of Defendant. Plaintiff is therefore entitled to enforce its mark against the senior user, which has “tolerated for decades” Plaintiff's use of the Champion Roofing name and mark. *See Patsy's Brand, Inc. v. I.O.B. Realty, Inc.*, 317 F.3d 209, 216–17 (2d Cir.2003) (citing *Dwinell–Wright Co. v. White House Milk Co.*, 132 F.2d 822, 825 (2d Cir.1943) (L.Hand, J.)). Professor McCarthy appeared to have a situation such as the one in this case in mind when he observed that the junior user's claim to trademark rights prevails where the “senior user let years go by after knowing of the junior use and did nothing until it much later decided to expand.” McCarthy § 24.20. Though a senior user is entitled to “bridge the gap” and expand the use of its mark to “related” goods or services, that natural expansion doctrine is limited where the expanded use could result in customer

confusion. *Id.*

\*5 Champion Roofing has operated openly in the Chicago area since 1999, and has advertised extensively in a variety of media since then. Champion Roofing has sold more than \$37 million of roofing services in the area. Champion Window has operated in this area since 2002, as well, offering a variety of “home exterior services.” Though Champion Window’s national managers claim to have had no knowledge of Champion Roofing prior to April 2013, Champion Roofing’s current office in Bensenville is just two miles from Champion Window’s Elmhurst location, (Friedman Decl. ¶ 27), and the Champion Window staff in Elmhurst contacted Champion Roofing, asking for an estimate for roofing services, in 2008. Defendant has, thus, had at least constructive knowledge of Champion Roofing’s use of the contested mark for roofing for more than three years, and effectively acquiesced to that use. Indeed, prior to Defendant’s attempt to expand into roofing services, there was no reason for either party to object to the other’s use of the name “Champion”: in the more than ten years that the parties have done business side by side in the Chicago area, there has been no reported instance of consumer confusion. (Tr. 96, 216.) Years of coexistence, without any such report, is powerful evidence that consumers are unlikely to confuse the origin of Plaintiff’s roofing services with Defendant’s existing window and siding service.

The court concludes that Plaintiff has established rights to the use of the name “Champion Roofing” for roofing services in the Chicago area. There is substantial evidence of actual consumer confusion as a result of Defendant Champion Window’s recent entry into the roofing business, using that name, in this area. Plaintiff has shown a likelihood of success on the merits of its trademark infringement claim.

### **B. Irreparable Harm**

The second question for consideration is whether Plaintiff will suffer irreparable harm in the

absence of a preliminary injunction. Plaintiff has made a substantial showing on this issue, as well. The Seventh Circuit has explained that “because of the difficulty of quantifying the likely effect” of a period of consumer confusion, “irreparable harm is especially likely in a trademark case.” *Kraft Foods Group Brands LLC v. Cracker Barrel Old Country Store, Inc.*, 735 F.3d 735, 741 (7th Cir.2013). In this case, Plaintiff relies on more than the presumption recognized in the case law. *See, e.g., Promatek Industries, Ltd. v. Equitrac Corp.*, 300 F.3d 808, 813 (7th Cir.2002) (“it is well settled that injuries arising from Lanham Act violations are presumed to be irreparable, even if the plaintiff fails to demonstrate a business loss”). Anecdotal evidence of confusion—in particular, evidence that Plaintiff’s existing or prospective customers, are disappointed or angry when Plaintiff refuses to honor discounts offered by Defendant—illustrates the loss of goodwill resulting from Defendant’s use of the Champion name for roofing services in Chicago. That loss is obviously not quantifiable. In opposing Plaintiff’s version of the facts, Defendant notes that “[c]ustomers still hired Plaintiff for certain roofing jobs.” (Def.’s Objections and Revision to Pl.’s Findings of Fact and Conclusions of Law [44], ¶ 96.) But the very imprecision in that sentence confirms that the losses to Plaintiff as a result of Defendant’s activities cannot be accurately determined. Plaintiff has made a showing of irreparable harm.

### **C. Balance of Equities**

The court agrees with Plaintiff, as well, that the balance of equities favors issuance of a preliminary injunction. First, because Plaintiff has made a strong showing on the merits, the balance favors injunctive relief. *Promatek*, 300 F.3d at 811 (“the more likely the plaintiff’s chance of success on the merits, the less the balance of harms need weigh in its favor”) (citing *Abbott Labs.*, 971 F.2d at 12).

Plaintiff Champion Roofing has made a substantial investment in its name, offering roofing repair and replacement services in the Chicago

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area, using that name and mark, for nearly fifteen years. Champion Roofing has pursued a comprehensive and aggressive advertising campaign in this business, as well. Champion Window, in contrast, has advertised and promoted window and patio room services since 2002, and entered the business of roofing and roofing replacement only several months prior to the preliminary injunction hearing. Up to this time, roofing has represented only a small fraction of Champion Window's business in this area, and Champion Window's local affiliate is, as Defendant's own witness characterized it, a "troubled subsidiary" which has not been profitable overall. (Tr. 179.) Thus, as in *Kraft Foods*, there is "no basis for concluding" that Defendant would suffer great losses from being barred from offering roofing services in this geographic area. 735 F.3d at 741. Moreover, a preliminary injunction need not exclude Champion Window from engaging in the roofing business in the Chicagoland area, though it would require Champion Window to conduct that business under any different, non-confusing name and to make related changes to its advertising programs.

\*6 Defendant contends that it has expanded its window and siding business into roofing services on a nationwide basis, and insists that carving the Chicago area out of its promotional efforts would be prohibitively difficult. The evidence on that issue was equivocal, however. First, because Defendant designs and produces its print advertisements in house (Tr. 183, 184, 196), the court presumes it could create and use materials that eliminate reference to roofing services or create new materials that promote those services under a different logo. Defendant creates marketing materials for national use, but does not distribute its materials in all parts of the country; just as Defendant customizes its national materials to make reference to particular local affiliates, Defendant could customize materials distributed in this area to eliminate reference to roofing and/or to promote its roofing services under a different mark.

Moreover, although Defendant initially asserted that Internet advertising cannot be tailored to particular regions, an expert retained jointly by the parties explained that it is not only possible, but common, for digital marketers to "geo-target" Internet advertising, such that an advertisement will generally not appear within a particular region or will appear only within a certain defined region. (Tr. 38–44.) Another possible, albeit more costly, "fix" would be for Defendant to arrange for its website to be programmed so that Chicagoland Internet users will be directed to a version of Defendant's website that does not advertise roofing services.

#### D. Public Interest

The matter of public interest requires only brief discussion. An injunction that prevents consumer confusion in the marketplace serves the public interest. *Promatek*, 300 F.3d at 813–14; *Eli Lilly & Co. v. Natural Answers, Inc.*, 233 F.3d 456, 469 (7th Cir.2000); *Abbott Labs.*, 871 F.2d at 19; *Int'l Kennel Club*, 846 F.2d at 1092 n.8. The public interest is served by competition, but an order requiring Defendant to provide roofing services under a different name need not have the effect of eliminating competition. Moreover, in light of the fact that Defendant now provides roofing services only through licensed subcontractors (Tr. 157), limitations on its roofing business will not necessarily reduce the availability of roofing services to consumers in the Chicago area. An injunction prohibiting Defendant from using the name Champion to promote such services will ensure that consumers are not misled about the source of those services.

#### CONCLUSION

Plaintiff's motion for a preliminary injunction [18] is granted. Defendant's motion for a preliminary injunction [30] is denied.

N.D.Ill., 2013

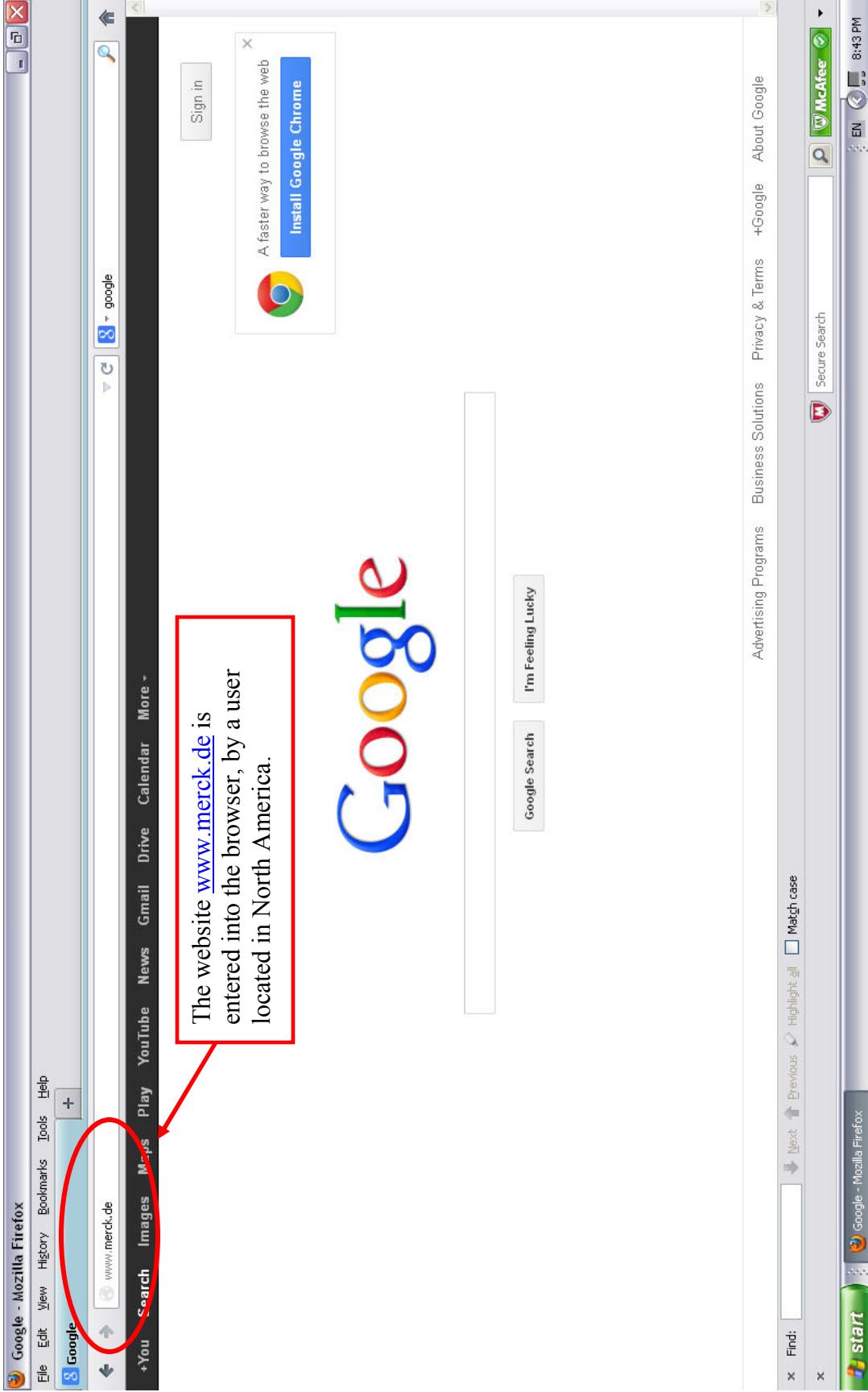
Champion Roofing, Inc. v. Champion Window Manufacturing & Supply Co., LLC

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# **ANNEX 29**



The Internet user is immediately redirected to [www.emdgroup.com](http://www.emdgroup.com), where the Objector is identified as "Merck KGaA, Darmstadt - Germany."

Home · Contact · ++ · Sitemap · Search

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Darmstadt · Germany

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- Amnis Corp.
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We aim for best solutions for our patients and customers in all countries we operate. In the USA and Canada we do business in pharmaceuticals, life science solutions and chemicals. For

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start Home - EMD Group - ... 8:46 PM

# **ANNEX 30**



# Geotargeting

From Wikipedia, the free encyclopedia

**Geo targeting** in geomarketing and internet marketing is the method of determining the geolocation of a website visitor and delivering different content to that visitor based on his or her location, such as country, region/state, city, metro code/zip code, organization, IP address, ISP or other criteria.<sup>[1]</sup> A common usage of geo targeting is found in online advertising, as well as internet television with sites such as iPlayer and Hulu restricting content to those geolocated in specific countries (also known as digital rights management). Use of proxy servers and virtual private networks may give a false location.

## Contents

- 1 Geographical information provided by the visitor
  - 1.1 Different content by choice
  - 1.2 Automated different content
- 2 IP spidering
- 3 IP delivery in SEO
- 4 Common uses
- 5 See also
- 6 References

## Geographical information provided by the visitor

In geo targeting with geolocation software, the geolocation is based on geographical and other personal information that is provided by the visitor or others.

### Different content by choice

A typical example for different content by choice in geo targeting is the Fedex website<sup>[2]</sup> or UPS website,<sup>[3]</sup> where users have the choice to select their country location first and are then presented with different site or article content depending on their selection.

### Automated different content

In internet marketing and geomarketing, the delivery of different content based on the geographical geolocation and other personal information is automated.<sup>[4]</sup> A good example is the Ace Hardware website at [www.acehardware.com](http://www.acehardware.com). The company utilizes geolocation software to power the “My Local Ace” section of its website. Based on a site visitor’s location, the website's online locator service can show the visitor how many stores are in their area, as well as a city-level locator map to help the customer find the store closest to their address.<sup>[5]</sup>

## IP spidering

The automated discovery of user person/organisation/city-level geolocation information based on IP addresses

by traceroute, pings, and a combination of other tools and methods is far more advanced.<sup>[6]</sup>

It is dependent on the pre-analysis of the entire IP address space. There are more than 4 billion possible IP addresses, and detailed analysis of each of them is a Herculean task, especially in light of the fact that IP addresses are constantly being assigned, allocated, reallocated, moved and changed due to routers being moved, enterprises being assigned IP addresses or moving, and networks being built or changed. In order to keep up with these changes, complex algorithms, bandwidth measurement and mapping technology, and finely tuned delivery mechanisms are necessary. Once all of the IP space is analyzed, each address must be periodically updated to reflect changes in the IP address information, without invading a user's privacy. This process is similar in scale to the task of Web spidering.

## IP delivery in SEO

*Main article: Cloaking*

IP delivery for search engine optimization (SEO) is the method of delivering different content to search engine spiders (also known as robots and crawlers) than to human visitors. The determination if the visitor is a known search engine spider is done based on the IP address. SEOs compare the visitor's IP address with their list of IP addresses, which are known to be servers that are owned by a search engine and used to run their crawler applications (spiders). The delivery of different content to search engine spiders than to human visitors is called cloaking and is against most search engines' webmaster guidelines.<sup>[7][8][9]</sup>

Although the search engine guidelines seem to imply that any type of cloaking is bad, there are cases where cloaking might be legitimate. The subject is very controversial and SEO experts continue to debate about when cloaking might be acceptable and when not.<sup>[10]</sup>

"Cloaking" via IP delivery works differently from cloaking via "user agent". While IP address spoofing is harder than user-agent spoofing and more reliable, it is also harder to keep the list of IP addresses used by search engines for their crawlers up-to-date. An outdated list with active crawler IP addresses missing enables the search engines to detect the cloaking and may result in a removal of the site from the search engine's index.

## Common uses

- **Content Localization:**<sup>[11]</sup> Webmasters who want to serve local content on a global domain<sup>[12][13][14]</sup>
- Copyright owners and delivery networks restrict streams based on the geographical information.
- Pay per click advertisement to have ads appear only to users who live in selected locations.
- Display advertisement where banner or other multimedia ads are selected to be displayed based on the visitor's location.<sup>[15]</sup>
- The use of connection speed data correlated to IP address to tailor content.
- Online analytics identify live the correlation of city-level geography, connection speed data and certain demographic data to IP addresses.
- Enhanced performance networks provide superior customer targeting to advertisers.
- Fraud prevention identifies suspicious payment transactions live by correlations between IP address and additional information (billing records, email header).<sup>[16][17]</sup>
- City advertising<sup>[18]</sup> by advertising on web sites with extensive content related to particular cities. Such web sites can connect large city audiences with products/services for sale in those cities. Surfers searching for information about particular cities find adverts at such web sites as a result of city name related searches rather than product/service keyword searches. In this way businesses, e.g. shops, restaurants, can

advertise and reach out to consumers located in the real-world localities of their product/service offerings.

- Content based on local time using IP geolocation.<sup>[19]</sup>

## See also

- Article marketing
- Content (media and publishing)
- Digital Element – provides a geo targeting database for IP address targeting
- Digital marketing
- Media transparency
- Web content

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Categories: Advertising | Internet advertising

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# **ANNEX 31**

## **LEGAL RIGHTS OBJECTION**

### **WIPO Model Form**

#### **(Annex A to WIPO Rules for New gTLD Dispute Resolution)**

This Legal Rights Objection model form must be used by parties wishing to file a Legal Rights Objection with the World Intellectual Property Organization Arbitration and Mediation Center ("WIPO Center") pursuant to the New gTLD Dispute Resolution Procedure ("Procedure"), provided as an Attachment to Module 3 of the gTLD Applicant Guidebook ("Applicant Guidebook") (v. 2012-01-11) approved by the Internet Corporation for Assigned Names and Numbers ("ICANN") on June 20, 2011 and as updated on January 11, 2012. The specific grounds on which a Legal Rights Objection may be filed are outlined in Applicant Guidebook Module 3, art. 3.5.2.

Upon filing, a copy of this Objection must be provided to the Respondent and ICANN.

In accordance with the Applicant Guidebook and Procedure, the following information will be publicly posted on the WIPO Center's website:

- (i) the proposed string to which the Objection is directed;
- (ii) the names of the Objector and the Respondent;
- (iii) the grounds for the Objection; and
- (iv) the date of the WIPO Center's receipt of the Objection.

By submitting this Objection to the WIPO Center the Objector hereby agrees to abide and be bound by the provisions of the Procedure and the World Intellectual Property Organization Rules for New gTLD Dispute Resolution for Existing Legal Rights Objections ("WIPO Rules for New gTLD Dispute Resolution") in effect on the day when the relevant Application for a new gTLD was submitted, pursuant to Procedure, art. 1(d).

Pursuant to Procedure, art. 5 all submissions made in connection with this Procedure must be made in English; parties may submit supporting evidence in its original language, provided and subject to the authority of the Panel to determine otherwise, that such evidence is accompanied by a certified or otherwise official English translation of all relevant text.

In the event of any questions relating to the filing of a Legal Rights Objection under the Procedure, parties are invited to contact the WIPO Center by email at [lro@wipo.int](mailto:lro@wipo.int), or by telephone to +41 22 338 8247 or (toll free) 0800 888 549.

**Before the:**

**WORLD INTELLECTUAL PROPERTY ORGANIZATION  
ARBITRATION AND MEDIATION CENTER**

Merck KGaA  
Frankfurter Straße 250  
64293 Darmstadt  
Germany

**(Objector)**

-v-

Merck Registry Holdings, Inc.  
One Merck Drive  
Whitehouse Station, NJ 08889  
United States of America

**(Respondent)**

**TLD string objected to: <.MERCK>  
Application ID: 1-1702-73085**

**LEGAL RIGHTS OBJECTION**

(Applicant Guidebook, Module 3; Procedure, art. 6, 7, 8;  
WIPO Rules for New gTLD Dispute Resolution, para. 4)

**I. Introduction**

1. This Legal Rights Objection is hereby submitted to the World Intellectual Property Organization Arbitration and Mediation Center ("WIPO Center") for determination in accordance with the New gTLD Dispute Resolution Procedure ("Procedure"), provided as an Attachment to Module 3 of the gTLD Applicant Guidebook ("Applicant Guidebook") approved by the Internet Corporation for Assigned Names and Numbers ("ICANN") on June 20, 2011 and as updated on January 11, 2012, and the World Intellectual Property Organization Rules for New gTLD Dispute Resolution for Existing Legal Rights Objections ("WIPO Rules for New gTLD Dispute Resolution") in effect on the day when the relevant Application for a new gTLD was submitted.

**II. The Parties**

**A. The Objector**

(Procedure, art. 8(a)(i))

2. The Objector in this proceeding is Merck KGaA, a partnership limited by shares incorporated under the laws of Germany, represented by its executive board,

consisting of Dr. Karl-Ludwig Kley (Chairman), Matthias Zachert, Dr. Kai Beckmann, Dr. Stefan Oschmann and Dr. Bernd Reckmann.

3. The Objector's contact details are:

Address: Contact Information Redacted

Phone:

E-mail:

Fax:

4. The Objector's authorized representative in this proceeding is:

Name: Dr. Torsten Bettinger  
Address: Contact Information Redacted

Phone:

E-mail:

Fax:

5. The Objector's preferred contact details for purposes of this proceeding are:

For electronic-only material

Method: e-mail  
Address: Contact Information Redacted  
Contact: Dr. Torsten Bettinger

For any hardcopy material

Method: Fax  
Address: n/a  
Fax: Contact Information Redacted  
Contact: Dr. Torsten Bettinger

### **B. The Respondent**

(Procedure, art. 11(d)(1))

6. The Respondent in this proceeding is Merck Registry Holdings, Inc., a subsidiary of the Merck Sharp & Dohme Corp. Copies of the printout of the relevant ICANN posting, showing the Respondent's application for the TLD .merck, are provided as **Annex 1**.
7. All information known to the Objector regarding how to contact the Respondent is as follows

The Respondent's contact details are:

Address: Contact Information Redacted



Contact Information Redacted

Phone:  
E-mail:  
Fax:

The Respondent's authorized representative in this proceeding is:

Name: Mr. Joshua Bourne  
Address: Contact Information Redacted

Phone:  
E-mail:  
Fax: (none provided in the Respondent's application)

**III. TLD string objected to (applied-for TLD string):**  
(Procedure, art. 7, 8)

8. This Objection concerns the applied-for TLD string identified below:

<.MERCK>

9. The Objector is also filing LRO Complaints against two additional Applications filed by the Respondent, namely Application No. 1-1704-28482 and Application No. 1-1702-28003. All of these Complaints concern the Objector's trademark rights in the MERCK trademark and, accordingly, the Objector hereby requests that the three Complaints be consolidated for the purposes of the LRO proceeding.

**IV. Jurisdictional Basis for the Objection**  
(Procedure, art. 1(d), 4(b)(ii))

10. By applying for a new gTLD, the Respondent has accepted the applicability of the Procedure and the WIPO Rules for New gTLD Dispute Resolution.


By filing the present Objection to a new gTLD, the Objector accepts the applicability of this Procedure and the WIPO Rules for New gTLD Dispute Resolution.

The parties cannot derogate from the Procedure without the express approval of ICANN and from the WIPO Rules for New gTLD Dispute Resolution without the express approval of the WIPO Center.

**V. Factual and Legal Grounds**  
(Applicant Guidebook Module 3, art. 3.5.2; Procedure, art. 8)

11. Objector 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 Objector and its

longstanding business presence, please see **Annex 2** for a copy of its most recent Annual Report.

12. Today Objector 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 trademark No. 30130670, , as their umbrella brand. A list of the Merck Companies is attached as **Annex 3**. In 2011, Objector had over 40,000 employees and realized total revenues of EUR 10.27 billion, € 6.41 billion within the pharmaceuticals business sector. (Annual Report, page 34, provided as **Annex 2**).

13. Pursuant to the Procedure, art. 8(a)(ii), the Objector's bases for standing are the Objector's rights in the MERCK trademark, which it has used in commerce for well over hundred years.

14. *Trademark Protection in Europe and Worldwide*

Objector has used the trademark MERCK in Germany since the 19<sup>th</sup> century, and registered its MERCK mark (no. DD45659) in September of 1900 for goods in classes 1-5. An extract of the official trademark database is provided as **Annex 4**.

15. Objector is also the owner of community trademark registration No. 283986 for MERCK. This registration bears an application date of April 1, 1996, and claimed priority via German trademark Nr. 45659 ("MERCK", applied for on January 11, 1900 and deleted upon request of the Objector on June 1, 2010). The Community trademark is registered in classes 3, 2, 16, 41 and 42. An extract of the official trademark database is provided as **Annex 5**.
16. Today, Merck KGaA holds rights in the name and the trademark "Merck" in more than 200 countries worldwide. A full list of the Objector's trademark registrations for the MERCK mark is attached as **Annex 6**. Additionally, the Objector is the owner of two registered trademarks for ".MERCK", which provide protection in 33 jurisdictions. Copies of these additional registrations are provided in **Annex 7**.

A Trademark History showing the development of the Trademark "Merck" over the last 340 years is provided as **Annex 8**.

17. *"Merck" is Entitled to Protection as a "Well-Known Mark"*

The company name and trademark "MERCK" were distinctive upon inception, as the name "Merck" is an unusual surname in Germany. This distinctiveness has been strengthened due to continuous and extensive use over a period dating back to the 19th century. Currently, in 2011, sales of EUR 10.27 billion were generated and the Objector's marketing budget exceeded EUR 2.39 billion. See the Merck Annual Report, page 126, provided as **Annex 2**.

18. The Company name and the trademark are therefore well-known in Europe and a multitude of countries outside North America, not only among doctors, pharmacists and other healthcare professionals but also among the general public.
19. The fact that the Objector's "Merck" trademark is "well-known" has been recognized by courts and trademark offices in numerous jurisdictions

worldwide, including, for example, in Bulgaria, the Czech Republic, Egypt, Germany, Japan, Mexico, and South Korea. Due to WIPO's file size limitations, only a sampling of these decisions are provided as **Annex 9**, but additional decisions will be provided on request.

20. *Domain Names*

The Objector and members of its Merck Community are also the registrants of a vast number of domain names, which contain or consist solely of the Merck mark, in both gTLD and ccTLD spaces, in almost all countries outside North America (where the Objector has the right to use the stand-alone trademark "Merck"). A full list of these Merck-formative domain names is provided as **Annex 10**.

21. *Historical Background and Agreements Between the Parties Concerning the Use of the Trademark and Company Name "Merck"*

The Respondent's parent company, Merck Sharp & Dohme, Corp. (formerly known as Merck & Co. Inc.)<sup>1</sup> was founded as a daughter company of the Objector, which the Objector held as a wholly-owned subsidiary until the end of the First World War and the imposition of the United States federal "Trading with the Enemy Act" of 1917. At that time, the Objector was forced to surrender its entire stake in the United States subsidiary. Since that time, the Respondent's parent Company has operated as a separate and independent American pharmaceuticals company.

22. In the 1930s, the two companies negotiated a solution for their coexistence. As at that time Objector had rights in the trademark and name "MERCK" worldwide (except within the US and Canada), and the Objector's former subsidiary, Merck & Co., Inc. (the Respondent's parent company) possessed domestic rights within North America, the companies agreed on a territorial differentiation of rights:

- a) The Respondent 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 the Respondent operates under "MSD Sharp & Dohme Limited" and the acronym "MSD."
- b) With regard to the Objector and its subsidiaries, the situation is a mirror image. In North America (U.S. and Canada) the Objector and its international subsidiaries trade under the acronym "EMD." Throughout the rest of the world, the Objector has the exclusive right to use the MERCK mark as a brand and to use "Merck" in company names.

23. This solution for mutual coexistence was codified in a binding contractual agreement between the parties. The first agreement was signed in 1932, and was later updated in 1955. These initial documents were replaced

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<sup>1</sup> The Applicant is a wholly-owned subsidiary of the Merck Sharp & Dohme, Corp. As the Applicant acts on behalf of its parent company, and (pursuant to its Application for the TLD space), intends to manage the TLD on behalf of its parent, all references to "the Respondent" in this Objection shall refer jointly to Merck Registry Holdings, Inc. and Merck Sharp & Dohme, Corp.

by a further agreement in January 1970, which is still valid and binding on both the Respondent and the Objector, who are the successors of the former contracting parties.

24. Objector has provided a copy of the currently-valid Agreement, signed in 1970 and a table illustrating the essential points of the agreement, as **Annex 11**. Within the context of this proceeding, no contractual claims are asserted, but the Objector believes this agreement may be of material assistance to the Panel in assessing the relevant legal positions of the parties.

25. *Recent Developments*

In recent years, the Respondent has taken numerous steps in an unauthorized attempt to dramatically expand its use of the term “Merck,” both as a stand-alone trademark on the Internet outside of North America, in direct violation of the Objector’s legal rights in the MERCK trademark and in a manner contrary to the provisions of the parties’ presently enforceable usage agreement.

26. The Respondent has registered and is using the domain name <merck.com> for a website which shows the company’s full range of products and services as well as the company’s other business activities. This website has prominently employed the trademark “Merck” and the figurative trademark



*Be well.* Printouts of the homepage and product-related websites are provided as **Annex 12**. The Respondent has also registered various additional domain names which utilize “merck” as the sole distinctive element, such as <merckengage.com>, <merckservices.com>, and <merckformothers.com>, and is actively using social media “handles” which identify the Respondent solely as “Merck,” including on such popular services as Facebook, Twitter, LinkedIn and YouTube. Printouts of the Respondent’s websites and online presences are provided as **Annex 13**. These websites and services are not limited to viewers in North America, and the Respondent has made no attempt to utilize geotargeting tools to prevent the damage caused by its actions. The only, grossly inadequate, measure the Respondent has taken in this regard is to provide some minimal fineprint disclaimer text on some of the home-pages for these services. For example, the Respondent uses a disclaimer in the Terms of Use on its product-related websites under “[www.merck.com](http://www.merck.com),” stating that “[t]he Product websites are intended for use in the United States, its territories and Puerto Rico ...” and on the Respondent’s Twitter Page, a small print statement reads “Intended for U.S. residents only.” No actual attempt to prevent visitors from outside of North America from viewing these pages, and thereby being misled as to the Respondent’s limited scope of rights in the Merck name, is made on any of the Respondent’s websites or social media homepages.

27. These websites and services are accessible to Internet users around the world, including in jurisdictions where the Respondent has no right to use the term “Merck” as a stand-alone mark. By the time an international visitor has navigated to the website, it has already suffered initial interest confusion, and indeed elected to visit the site solely on the misconception that the Respondent’s website or service, utilizing the stand-alone Merck mark, was instead provided by the Objector.
28. All these infringing activities are outside the boundaries of the parties’ mutual trademark use agreement and also amount to an infringement of the Objector’s rights in the MERCK mark and name on a global scale.

29. The Objector has regularly objected to the Respondent's above-mentioned infringing activities and proposed settlement agreements with regard to the use of the trademark Merck on the Internet. These settlement proposals and correspondence will be provided on request. As the parties could not find an amicable solution, on March 11, 2013 Objector took legal action against all of the Respondent's above-described infringing activities (amongst others) before the District Court of Hamburg (File Number 327 O 140/13) , requesting an injunction against the Respondent's parent company MSD Merck Sharp & Dohme (MSD), its U.S. parent Company Merck & Co. Inc. and its German subsidiary MSD Sharp & Dohme GmbH. A copy of the request for relief as well as an English translation thereof is provided as **Annex 14**. The Objector is preparing additional legal measures in other jurisdictions. These judicial proceedings are currently pending and are unlikely to be resolved before decisions are rendered on Legal Rights Objections within the current ICANN application round.
30. The possible use of the .MERCK TLD by the Respondent, however, would constitute a far greater harm than the above-mentioned concerns, due to the manner of use proposed within the Respondent's Application.
31. According to §18(a) of its Application, the Respondent intends to open the .MERCK TLD to a wide array of potential registrants, including:
- (a) qualified subsidiaries and affiliates;
  - (b) Merck foundations and related parties;<sup>2</sup>
  - (c) Approved licensees.
32. The Respondent has provided no geographically-based limitations on which "qualified subsidiaries," "affiliates," "licensees" or "related parties" may register domain names within the .MERCK TLD. The Respondent clearly intends to allow entities associated with its enterprise who are located outside of North America to register and use domain names within the .MERCK space. This is a gross violation of the parties' trademark use and name agreement, and a drastic infringement of the Objector's trademark rights. If the Respondent were permitted to identify its activities as those of "Merck" outside of North America, and to enable subsidiaries located potentially all around the world to self-brand under the .MERCK TLD, it would cause substantial damage to the Objector's brand and worldwide reputation.
33. Additionally, there is no provision in the Respondent's materials to indicate that it will limit access to the websites displayed under the .MERCK TLD to users in North America, using geo-targeting or otherwise, nor any restrictions requiring potential third-party users to employ similar measures. Accordingly, the Objector has also requested the Court of Hamburg to issue an injunction against the Respondent's use of the gTLD within Europe, should the Respondent's application be delegated by ICANN. See **Annex 14**.
34. It is important to note in this context that the Objector does, in fact, utilize geo-targeting tools to ensure that visitors from North America cannot access website content in which the Objector is identified as "Merck." Internet users in North America who enter "[www.merck.de](http://www.merck.de)" into a browser will automatically be redirected to "[www.emdgroup.com](http://www.emdgroup.com)," where the Objector is identified as "Merck KGaA, Darmstadt – Germany." See **Annex 15** for screen shots of this redirection. Detailed information about the functionality and common uses of geotargeting are outlined in a Wikipedia article, provided as **Annex 16**.

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<sup>2</sup> The Respondent is apparently referring to its own activities and related foundations under this heading.

Moreover, the Objector has 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. These commitments are the subject of a current change request, in the interest of making them clear and explicit, and will be included in the Objector's Public Interest Commitments covering Questions 18 and 20 of its application. The Objector has informed the Respondent of its intent not to use and register domain names within North America. See **Annexes 17 and 18**.

**The LRO Elements** (Guidebook, art. 3.5.2; Procedure, art. 8(a)(iii)(bb))

**Elements (i) and (ii)**

35. The wording of standards (i) and (ii) is derived in large part from traditional trademark law provisions for the protection of well-known marks, which aims to provide broader protection beyond the standard scope of likelihood of confusion (see for example Article 5(2) of the First Council Directive of 21 December 1988 to approximate the laws of the Member States relating to trade marks (89/104/EEC) and Art. 9 c Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark).
36. The Respondent's intended use of the TLD clearly fulfills these standards. As noted above, the Objector's MERCK mark has a strong reputation in the countries outside of North America, and enjoys the status of a well-known mark.
37. As also mentioned above, outside North America the company name and stand-alone trademark MERCK are uniquely associated with the Objector and its activities within the pharmaceutical industry.
38. It is obvious, in light of the fact that the parties are active in the same sector and the MERCK gTLD is identical with Objector's trademark, that the average reasonably observant and circumspect Internet user, particularly outside the United States and Canada, would immediately associate content displayed on websites active at second-level domains within the TLD space with the Objector and its business endeavors. This association in the minds of Internet users would result in the dilution of the Objector's mark, since it would no longer serve as a distinctive identifier of the Objector's goods within the world-wide marketplace. Noting that the Objector possesses the sole right to use the stand-alone MERCK mark in jurisdictions where 95% of the world's population is located, it is evident that the Respondent's ability to advertise its goods in those locales would result in confusion for potential customers seeking to identify the goods and services properly marketed under the MERCK trademark.
39. Therefore, the Respondent's proposed use of the space takes unfair advantage of the distinctive character and reputation of the Objector's mark, resulting in dilution of the mark's well-known character and blurring of its status as a source-identifier. If the Respondent were permitted to use the .MERCK TLD to promote its business in jurisdictions where it does not possess rights to use the Merck stand-alone mark, the mark would lose its ability to identify the goods or services of the Objector in the relevant international locations. Customers would find it difficult to differentiate the offerings of the Objector and Respondent, and the mark would cease to arouse an immediate association with the Objector's goods and services (for which it is registered on a global basis).

40. Additionally, as the Respondent intends to use the TLD space to brand itself as “Merck” and to allow affiliates and licensees to promote their goods on an international basis in jurisdictions where the Objector possesses sole rights to use the term, it is clear the Respondent intends to ride on the coat-tails of the stand-alone MERCK mark’s reputation and to exploit the power of attraction, the reputation and the prestige of the mark which the Objector has built in its Merck trademark through over 340 years of business
41. Such use of the gTLD would be severely detrimental to the Objector and take unfair advantage of the distinctive character and reputation of the Objector’s rights within the meaning of the LRO substantive criteria.
42. Although the Respondent does possess the right to use the Merck trademark within the territory of North America, this fact does not prevent a finding that the Respondent’s proposed use of the TLD constitutes an unjustified impairment of the Objector’s rights. The Respondent intends to utilize the space to exceed the scope of its protection and to trade on the reputation of the Objector, which is impermissible under the standards of the LRO Policy. This is because the Respondent has dramatically overstepped the bounds of its trademark protection, and is attempting to take unfair advantage of the distinctive character of the Objector’s mark in international jurisdictions for the Respondent’s own economic advantage. By contrast, in the Objector’s own application for the TLD space, provisions are already in place to prevent harm to the Respondent’s mark, and to avoid encroachment on the Respondent’s rights within its limited territory of protection.
43. The three elements of the LRO proceeding, unlike a UDRP procedure, do not contain any provision requiring bad faith activity on the part of the Respondent. Therefore, it is not necessary for the Objector to prove that the Respondent selected the TLD string in bad faith as a precondition for a Panel decision ordering the abandonment of the Respondent’s application. The LRO procedure, rather, is concerned with the infringement of an Objector’s trademark rights, and the resulting impairment of the distinctive character and reputation of the Objector’s mark which would naturally result should the Respondent’s application be granted. The Respondent’s limited right to use the stand-alone MERCK mark within North America does not provide it with a sufficient basis for its application, as the use of the TLD outlined in its Application would cause irreparable harm to the Objector and its exclusive rights in the mark in all jurisdictions save North America.
44. As noted above, the Respondent has previously utilized a minimal form of disclaimer text on its websites, ostensibly attempting to ameliorate the risk of Internet user confusion. Such text is incapable of preventing harm to the Objector, particularly where the Respondent allows international traffic to view websites on which it self-identifies as “Merck.” In the context of the contested .MERCK TLD, the use of such disclaimers on websites displayed within the space would be woefully inadequate to prevent Internet user confusion or trademark infringement concerns. Even if the disclaimer were to be prominently displayed, Internet users familiar with the Objector’s trademark and its internationally recognized activities would still elect to visit the MERCK TLD space on the erroneous assumption that the content thereon was provided by the Objector. This association will lead to a loss of trust in the Objector’s business, erosion of its reputation, and the gain of unjust financial benefit for the Respondent.
45. Furthermore, it is clear from the concept of use described in the Application that the Respondent will not and, given the text of its Application (wherein no

provision is made to prevent entities located outside of North America from registering and using domains within the TLD), cannot use geo-targeting tools to prevent any Internet traffic originating from countries outside North America from accessing websites within the Respondent's proposed .MERCK space. By contrast, the Objector already utilizes geo-targeting technology to prevent Internet user confusion on its many international websites, and has committed to doing so in its own application for the TLD space.

46. Perhaps more distressing, it is clearly the Respondent's intention to allow the registration of domains by its corporate divisions, licensees and unspecified "affiliates" which are located and doing business in jurisdictions in which the Objector has the sole right to use the stand-alone Merck trademark. Had the Respondent provided for robust safeguard measures to avoid violating the scope of its rights, and to prevent any resulting harm to the Objector and confusion for Internet users (including, *inter alia*, binding provisions limiting registration of .MERCK domains to wholly-controlled entities operating only within North America and geo-targeting technologies to prevent access from Internet users outside that region), some of this harm might be mitigated. The Respondent has not done so, and indeed is affirmatively using its Application to unjustifiably trade on the reputation and goodwill of the Objector, and to improperly expand the geographically limited scope of its trademark rights.

#### **Element (iii)**

47. With regard to the third element above, the applied-for TLD and the Objector's trademark are identical, and will be used in connection with the promotion and sale of the same categories of goods and services. The likelihood of confusion by Internet users is therefore a certainty.
48. The Respondent's stated use of the TLD would take unfair advantage of the Objector's MERCK trademark in numerous jurisdictions worldwide. The Objector is the registered owner of the MERCK mark in over 200 countries, which are the domicile of 95% of the world's population. It is impossible to imagine that an average Internet user, upon seeing a domain name in the format "[text].MERCK", would immediately recognize that the content displayed at such a site was not connected with the Objector, which holds the rights to use the MERCK trademark in most of the world. This is particularly the case where, as here, the Objector and Respondent are engaged in the same industry (for a description of the Respondent's business activities, see §18 of its Application (**Annex 1**)). The use of any disclaimer text, even if substantially more effective than the statements occasionally used by the Respondent at present, would be grossly ineffective to mitigate the risk of confusion, as Internet users outside of North America will immediately associate the ".MERCK" extension with the Objector. By the time the visitor is directed to the website and views the content thereon, the Objector has already been harmed by the association of the Respondent's (or its various "licensees") activities with the Objector's mark.

#### **The Eight Additional Factors**

49. The Respondent's infringement of the above standards is further confirmed when the following non-exclusive eight factors are considered.

##### **Factor 1:**

50. The gTLD and the trademark are identical and are to be used in conjunction with the advertising and promotion of the same goods and services. Thus, the risk of confusion (and trademark infringement) is certain.



Factor 2:

51. As the Objector is the original owner of the MERCK mark, registered in 1900, the Objector's acquisition and use of its rights in the mark are clearly *bona fide*. The Objector has made continuous, uninterrupted use of the MERCK mark throughout its long company history (see **Annex 8**) and the Merck brand is synonymous with the strong reputation and goodwill which the Objector has built through generations of outstanding customer service and quality innovation.

Factor 3:

52. As noted above, the Objector's mark has been determined by numerous courts across the world to be well-known. Accordingly, a broad range of consumers, in countries comprising 95% of the world's population, immediately associates the MERCK mark and name with the Objector.

Factor 4:

53. Given the fact that the Respondent was once a wholly-owned subsidiary of the Objector, and that the parties have for decades operated their businesses in accordance with a carefully-drafted (and periodically updated) reciprocal agreement for the appropriate use of their relevant trademarks, it is impossible to conclude that the Respondent selected the .MERCK TLD for registration without knowledge of the Objector and the Objector's superior rights in the MERCK mark on a global basis. The Respondent was likewise aware that its use of the TLD outside of North America would constitute a breach of the parties' agreement and infringement of the Objector's rights, yet it elected not to include any provisions limiting the scope of use of the space nor any geo-targeting restrictions. Moreover, the Respondent's alternative application for .MSD (Application No. 1-1704-5879) indicates that the Respondent would be able to operate a top-level space without infringing the Objector's rights.

Factor 5:

54. Although the Respondent does retain limited geographic rights to use the stand-alone MERCK trademark within North America, the Respondent does not possess the right to use "Merck" as a trademark throughout the rest of the world. Thus, if the Respondent's application for the .MERCK TLD were to be granted, the vast majority of the Internet-using public would be misled as to the source of origin of the materials displayed on the TLD's webpages. Internet users worldwide would falsely associate the Respondent's advertising, marketing, and corporate information with the Objector, its direct competitor. This would result in tremendous detriment to the Objector's business and the destruction of its global trademark rights.
55. As noted above, the LRO procedure (unlike the UDRP) does not require a finding of "bad faith" on the part of a Respondent to warrant a finding in favor of an Objector. The mere fact that a Respondent possesses some limited rights in a trademark does not insulate that party from action under the LRO, where said Respondent is intending to utilize the applied-for TLD space to trade on the rights of another, to pass its goods and services off as those of another, and to unjustly expand the scope of its limited trademark rights in flagrant violation of an enforceable reciprocal trademark use agreement.

Factor 6:

56. As noted above, the Respondent does possess the right to use the stand-alone "Merck" mark on a limited basis, and the Respondent does maintain business activities on a global scale under other trademark and business designations. That said, however, any use of the TLD space by the Respondent outside of North America (either directly or via licensing to "affiliates" located or conducting business outside of North America), or to display content to Internet visitors located in other countries, is outside the scope of the Respondent's rights in the mark. Simply because the Respondent possesses some limited rights in the "Merck" name does not entitle it to use the TLD space to engage in trademark infringement on a global scale. The Respondent has placed no limitations on the geographic location of entities allowed to register domain names within the space, thus enabling its corporate partners and subsidiaries active in international jurisdictions to blatantly trade under the Objector's mark, and has not provided for the use of any geo-targeting tools to mitigate issues of trademark dilution and Internet user confusion.

Factor 7:

57. The Respondent's proposed use of the TLD space is not consistent with the scope of its rights in the MERCK mark. Although the Respondent does conduct *bona fide* business, both within North America and internationally, it does not possess the right to utilize the stand-alone MERCK name in connection with those activities on a global basis. The Objector and the Respondent are active in the same specialized scientific industry, and at one time enjoyed a parent-and-subsiary relationship. It is impossible to assume that Internet users outside of North America would associate the .MERCK TLD with the Respondent, particularly where the majority of the world has associated the MERCK name with the Objector for over 340 years. The Respondent's rights to use the MERCK mark do not extend beyond North America, and therefore its stated use of the TLD (to license domain names without regard for the licensees' geographic locations) is inconsistent with the limited scope of its rights.
58. As noted, the Objector possesses the sole right to use the stand-alone MERCK trademark in over 200 countries, comprising 95% of the world's population. Therefore, a far greater percentage of potential Internet users associate the name and trademark MERCK with the Objector than with the Respondent. There is thus no way in which the Respondent's intended use of the applied-for TLD would be consistent with the limited geographic nature of its rights.
59. The Respondent has made no provisions to limit the accessibility of any websites available under .MERCK to Internet users within North America. Moreover, it has placed no restrictions (geographic, commercial, or otherwise) on the "affiliated" or "licensee" entities which may register and use second-level .MERCK domain names. The Respondent has thus proposed to allow a potentially unlimited number of unknown companies, individuals and entities to trade on the international goodwill, reputation and fame of the Objector's trademark.

Factor 8:

60. The Objector and the Respondent are active in the same industry, both maintain global customer bases, and both use the MERCK trademark. There can be no question that the Respondent's use of the TLD, if it were to be granted, would create an impermissible likelihood of confusion with the Objector's mark as to the source, sponsorship, affiliation, or endorsement of the gTLD. There is no conceivable use, consistent with the Application, to which the Respondent could

put the .MERCK TLD that would not result in confusion with the Objector's prior (and wider-reaching) rights, as well as the blatant infringement of the Objector's trademark rights on a global scale.

#### **VI. Panel (of Experts)**

(Procedure, art. 13; WIPO Rules for New gTLD Dispute Resolution, para. 8)

61. The Objector respectfully requests the Respondent to consent to the use of a three-member panel in resolving this dispute. If the Respondent will not agree to a three-member panel, as required under paragraph 3.4.4. of the Guidebook, the Objector will in the alternative request that the dispute be decided by a single-member Panel.

#### **VII. Other Legal Proceedings**

62. The Objector commenced legal action in the District Court of Hamburg, Germany, on March 11, 2013 with regard to trademark infringement committed by the Respondent in the context of social media and domain name registration. The Objector's lawsuit also seeks an injunction against the Respondent's potential use of the .MERCK gTLD, on the basis of international trademark infringement.
63. Should the Respondent be interested in seeking mediation of this dispute, as provided for under Module 3, Article 16 of the Respondent Guidebook and paragraph 12 of the WIPO Rules for New gTLD Dispute Resolution for Existing Legal Rights Objections, the Objector would be willing to engage in such process in order to find an amicable solution.

#### **VIII. Communications**

(Procedure, art. 6(b), 7(b))

64. A copy of this Objection has been sent electronically to the Respondent on March 12, 2013 by email to Contact Information Redacted and to ICANN on March 12, 2013 by email to [newgtld@icann.org](mailto:newgtld@icann.org).

#### **IX. Payment**

(Procedure, art. 8(c); WIPO Rules for New gTLD Dispute Resolution, para. 10; Annex D to WIPO Rules for New gTLD Dispute Resolution)

65. As required by the Procedure and WIPO Rules for New gTLD Dispute Resolution, payment in the amount of USD 10,000 shall be debited from the WIPO Account No. 11672 held by the objector (Merck KGaA).

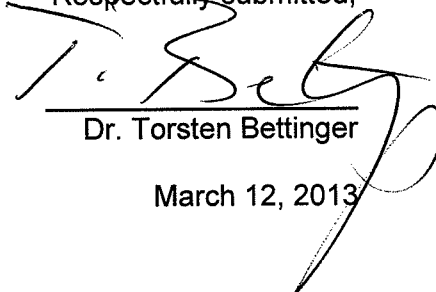
By submitting this Objection, the Objector acknowledges and agrees that further payments may be required, *e.g.*, in the event the parties elect Determination by a three-member Panel, or as may otherwise be provided in the Procedure and WIPO Rules for New gTLD Dispute Resolution.

**X. Certification**

(Procedure, art. 1(d) and 22;  
WIPO Rules for New gTLD Dispute Resolution, para. 16)

66. The Objector understands and agrees that its claims and remedies concerning the application of the applied-for TLD, the instant Legal Rights Objection and the Determination thereof shall be solely against the Respondent, and neither the Expert(s)/Panel(ists), nor WIPO Center and its staff, nor ICANN and its Board members, employees and consultants shall be liable to any person for any act or omission in connection with any proceeding conducted under this Procedure.
67. By submitting this Objection to the WIPO Center the Objector hereby agrees to abide and be bound by the provisions of the applicable New gTLD Dispute Resolution Procedure and WIPO Rules for New gTLD Dispute Resolution.
68. The Objector certifies that the information contained in this Objection is to the best of the Objector's knowledge complete and accurate, that this Objection is not being presented for any improper purpose, such as to harass, and that the assertions in this Objection are warranted under the Procedure and under applicable law, as it now exists or as it may be extended by a good-faith and reasonable argument.

Respectfully submitted,



Dr. Torsten Bettinger

March 12, 2013

## **XI. Schedule of Annexes**

- Annex 1:** Copy of the Respondent's Application No. 1-1702-73085
- Annex 2:** Copy of Merck's 2011 annual report
- Annex 3:** List of Merck Group companies
- Annex 4:** Copy of the Objector's German Trademark No. DD45659
- Annex 5:** Copy of the Objector's Community Trademark No. 283986
- Annex 6:** Full list of the Objector's "MERCK" trademarks
- Annex 7:** Copies of the Objector's ".MERCK" trademarks
- Annex 8:** History of the Trademark MERCK
- Annex 9:** Copies of Court and Trademark Office decisions finding the Objector's MERCK trademark to be well-known
- Annex 10:** Full list of the Objector's Merck-formative domain name registrations
- Annex 11:** Current TM Agreement between the parties and a table illustrating the Agreement's functionality
- Annex 12:** Printouts from the Respondent's <merck.com> homepage and product-related websites
- Annex 13:** Copies of Merck & Co.'s social media homepages where they self-identify as "Merck"
- Annex 14:** Copy of the Objector's application for relief in the German courts, regarding Merck & Co.'s infringing activities
- Annex 15:** Screen print of the Objector's homepage at <merck.de> showing the use of geo-targeting tools which prevent access from visitors located in North America
- Annex 16:** Information about the functionality of geo-targeting tools, as shown on Wikipedia
- Annex 17:** Copy of the Objector's Change Request form
- Annex 18:** Copy of the Objector's Public Interest Commitment statement



## **LEGAL RIGHTS OBJECTION**

### **WIPO Model Form**

#### **(Annex A to WIPO Rules for New gTLD Dispute Resolution)**

This Legal Rights Objection model form must be used by parties wishing to file a Legal Rights Objection with the World Intellectual Property Organization Arbitration and Mediation Center ("WIPO Center") pursuant to the New gTLD Dispute Resolution Procedure ("Procedure"), provided as an Attachment to Module 3 of the gTLD Applicant Guidebook ("Applicant Guidebook") (v. 2012-01-11) approved by the Internet Corporation for Assigned Names and Numbers ("ICANN") on June 20, 2011 and as updated on January 11, 2012. The specific grounds on which a Legal Rights Objection may be filed are outlined in Applicant Guidebook Module 3, art. 3.5.2.

Upon filing, a copy of this Objection must be provided to the Respondent and ICANN.

In accordance with the Applicant Guidebook and Procedure, the following information will be publicly posted on the WIPO Center's website:

- (i) the proposed string to which the Objection is directed;
- (ii) the names of the Objector and the Respondent;
- (iii) the grounds for the Objection; and
- (iv) the date of the WIPO Center's receipt of the Objection.

By submitting this Objection to the WIPO Center the Objector hereby agrees to abide and be bound by the provisions of the Procedure and the World Intellectual Property Organization Rules for New gTLD Dispute Resolution for Existing Legal Rights Objections ("WIPO Rules for New gTLD Dispute Resolution") in effect on the day when the relevant Application for a new gTLD was submitted, pursuant to Procedure, art. 1(d).

Pursuant to Procedure, art. 5 all submissions made in connection with this Procedure must be made in English; parties may submit supporting evidence in its original language, provided and subject to the authority of the Panel to determine otherwise, that such evidence is accompanied by a certified or otherwise official English translation of all relevant text.

In the event of any questions relating to the filing of a Legal Rights Objection under the Procedure, parties are invited to contact the WIPO Center by email at [lro@wipo.int](mailto:lro@wipo.int), or by telephone to +41 22 338 8247 or (toll free) 0800 888 549.

*Before the:*

**WORLD INTELLECTUAL PROPERTY ORGANIZATION  
ARBITRATION AND MEDIATION CENTER**

Merck KGaA  
Frankfurter Straße 250  
64293 Darmstadt  
Germany

**(Objector)**

-v-

Merck Registry Holdings, Inc.  
One Merck Drive  
Whitehouse Station, NJ 08889  
United States of America

**(Respondent)**

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**TLD string objected to: <.MERCK>  
Application ID: 1-1702-28003**

**LEGAL RIGHTS OBJECTION**

(Applicant Guidebook, Module 3; Procedure, art. 6, 7, 8;  
WIPO Rules for New gTLD Dispute Resolution, para. 4)

**I. Introduction**

1. This Legal Rights Objection is hereby submitted to the World Intellectual Property Organization Arbitration and Mediation Center ("WIPO Center") for determination in accordance with the New gTLD Dispute Resolution Procedure ("Procedure"), provided as an Attachment to Module 3 of the gTLD Applicant Guidebook ("Applicant Guidebook") approved by the Internet Corporation for Assigned Names and Numbers ("ICANN") on June 20, 2011 and as updated on January 11, 2012, and the World Intellectual Property Organization Rules for New gTLD Dispute Resolution for Existing Legal Rights Objections ("WIPO Rules for New gTLD Dispute Resolution") in effect on the day when the relevant Application for a new gTLD was submitted.

**II. The Parties**

**A. The Objector**

(Procedure, art. 8(a)(i))

2. The Objector in this proceeding is Merck KGaA, a partnership limited by shares incorporated under the laws of Germany, represented by its executive board,



consisting of Dr. Karl-Ludwig Kley (Chairman), Matthias Zachert, Dr. Kai Beckmann, Dr. Stefan Oschmann and Dr. Bernd Reckmann.

3. The Objector's contact details are:

Address: Contact Information Redacted

Phone:

E-mail:

Fax:

4. The Objector's authorized representative in this proceeding is:

Name: Dr. Torsten Bettinger  
Address: Contact Information Redacted

Phone:

E-mail:

Fax:

5. The Objector's preferred contact details for purposes of this proceeding are:

For electronic-only material

Method: e-mail  
Address: Contact Information Redacted  
Contact: Dr. Torsten Bettinger

For any hardcopy material

Method: Fax  
Address: n/a  
Fax: Contact Information Redacted  
Contact: Dr. Torsten Bettinger

### **B. The Respondent**

(Procedure, art. 11(d)(1))

6. The Respondent in this proceeding is Merck Registry Holdings, Inc., a subsidiary of the Merck Sharp & Dohme Corp. Copies of the printout of the relevant ICANN posting, showing the Respondent's application for the TLD .merck, are provided as **Annex 1**.

7. All information known to the Objector regarding how to contact the Respondent is as follows

The Respondent's contact details are:

Address: Contact Information Redacted

Phone:

Contact Information Redacted

E-mail:  
Fax:

The Respondent's authorized representative in this proceeding is:

Name: Mr. Joshua Bourne  
Address: Contact Information Redacted

Phone:  
E-mail:  
Fax: (none provided in the Respondent's application)

**III. TLD string objected to (applied-for TLD string):**  
(Procedure, art. 7, 8)

8. This Objection concerns the applied-for TLD string identified below:

<.MERCK>

9. The Objector is also filing LRO Complaints against two additional Applications filed by the Respondent, namely Application No. 1-1704-28482 and Application No. 1-1702-73085. All of these Complaints concern the Objector's trademark rights in the MERCK trademark and, accordingly, the Objector hereby requests that the three Complaints be consolidated for the purposes of the LRO proceeding.

**IV. Jurisdictional Basis for the Objection**  
(Procedure, art. 1(d), 4(b)(ii))

10. By applying for a new gTLD, the Respondent has accepted the applicability of the Procedure and the WIPO Rules for New gTLD Dispute Resolution.


By filing the present Objection to a new gTLD, the Objector accepts the applicability of this Procedure and the WIPO Rules for New gTLD Dispute Resolution.

The parties cannot derogate from the Procedure without the express approval of ICANN and from the WIPO Rules for New gTLD Dispute Resolution without the express approval of the WIPO Center.

**V. Factual and Legal Grounds**  
(Applicant Guidebook Module 3, art. 3.5.2; Procedure, art. 8)

11. Objector 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 Objector and its

longstanding business presence, please see **Annex 2** for a copy of its 2011 Annual Report.

12. Today Objector 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 trademark No. 30130670, , as their umbrella brand. A list of the Merck Companies is attached as **Annex 3**. In 2011, Objector had over 40,000 employees and realized total revenues of EUR 10.27 billion, € 6.41 billion within the pharmaceuticals business sector. (Annual Report, page 34, provided as **Annex 2**).
13. Pursuant to the Procedure, art. 8(a)(ii), the Objector's bases for standing are the Objector's rights in the MERCK trademark, which it has used in commerce for well over hundred years.
14. *Trademark Protection in Europe and Worldwide*

Objector has used the trademark MERCK in Germany since the 19<sup>th</sup> century, and registered its MERCK mark (no. DD45659) in September of 1900 for goods in classes 1-5. An extract of the official trademark database is provided as **Annex 4**.
15. Objector is also the owner of community trademark registration No. 283986 for MERCK. This registration bears an application date of April 1, 1996, and claimed priority via German trademark Nr. 45659 ("MERCK", applied for on January 11, 1900 and deleted upon request of the Objector on June 1, 2010). The Community trademark is registered in classes 3, 2, 16, 41 and 42. An extract of the official trademark database is provided as **Annex 5**.
16. Today, Objector holds rights in the name and the trademark "Merck" in more than 200 countries worldwide. A list of the Objector's trademark registrations for the MERCK mark is attached as **Annex 6**. Additionally, the Objector is the owner of two registered trademarks for ".MERCK", which provide protection in 33 jurisdictions. Copies of these additional registrations are provided in **Annex 7**.

A Trademark History showing the development of the Trademark "Merck" over the last 340 years is provided as **Annex 8**.
17. *"Merck" is Entitled to Protection as a "Well-Known Mark"*

The company name and trademark "MERCK" were distinctive upon inception, as the name "Merck" is an unusual surname in Germany. This distinctiveness has been strengthened due to continuous and extensive use over a period dating back to the 19th century. Currently, in 2011, sales of EUR 10.27 billion were generated and the Objector's marketing budget exceeded EUR 2.39 billion. See Merck's Annual Report, page 126, provided as **Annex 2**.
18. The Company name and the trademark are therefore well-known in Europe and a multitude of countries outside North America, not only among doctors, pharmacists and other healthcare professionals but also among the general public.
19. The fact that the Objector's "Merck" trademark is "well-known" has been recognized by courts and trademark offices in numerous jurisdictions

worldwide, including, for example, in Bulgaria, the Czech Republic, Egypt, Germany, Japan, Mexico, and South Korea. Due to WIPO's file size limitations, only a sampling of these decisions are provided as **Annex 9**, but additional decisions will be provided on request.

20. *Domain Names*

The Objector and members of its Merck Community are also the registrants of a vast number of domain names, which contain or consist solely of the Merck mark, in both gTLD and ccTLD spaces, in almost all countries outside North America (where the Objector has the right to use the stand-alone trademark "Merck"). A full list of these Merck-formative domain names is provided as **Annex 10**.

21. *Historical Background and Agreements Between the Parties Concerning the Use of the Trademark and Company Name "Merck"*

The Respondent's parent company, Merck Sharp & Dohme, Corp. (formerly known as Merck & Co. Inc.)<sup>1</sup> was founded as a daughter company of the Objector, which the Objector held as a wholly-owned subsidiary until the end of the First World War and the imposition of the United States federal "Trading with the Enemy Act" of 1917. At that time, the Objector was forced to surrender its entire stake in the United States subsidiary. Since that time, the Respondent's parent Company has operated as a separate and independent American pharmaceuticals company.

22. In the 1930s, the two companies negotiated a solution for their coexistence. As at that time Objector had rights in the trademark and name "MERCK" worldwide (except within the US and Canada), and the Objector's former subsidiary, Merck & Co., Inc. (the Respondent's parent company) possessed domestic rights within North America, the companies agreed on a territorial differentiation of rights:

- a) The Respondent 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 the Respondent operates under "MSD Sharp & Dohme Limited" and the acronym "MSD."
- b) With regard to the Objector and its subsidiaries, the situation is a mirror image. In North America (U.S. and Canada) the Objector and its international subsidiaries trade under the acronym "EMD." Throughout the rest of the world, the Objector has the exclusive right to use the MERCK mark as a brand and to use "Merck" in company names.

23. This solution for mutual coexistence was codified in a binding contractual agreement between the parties. The first agreement was signed in 1932, and was later updated in 1955. These initial documents were replaced

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<sup>1</sup> As the Applicant acts on behalf of its parent company, and (pursuant to its Application for the TLD space), intends to manage the TLD on behalf of its parent, all references to "the Respondent" shall refer jointly to Merck Registry Holdings, Inc. and Merck Sharp & Dohme, Corp.

by a further agreement in January 1970, which is still valid and binding on both the Respondent and the Objector, who are the successors of the former contracting parties.

24. Objector has provided a copy of the currently-valid Agreement, signed in 1970 and a table illustrating the essential points of the agreement, as **Annex 11**. Within the context of this proceeding, no contractual claims are asserted, but the Objector believes this agreement may be of material assistance to the Panel in assessing the relevant legal positions of the parties.

25. *Recent Developments*

In recent years, the Respondent has taken numerous steps in an unauthorized attempt to dramatically expand its use of the term “Merck,” both as a stand-alone trademark on the Internet outside of North America, in direct violation of the Objector’s legal rights in the MERCK trademark and in a manner contrary to the provisions of the parties’ presently enforceable usage agreement.

26. The Respondent has registered and is using the domain name <merck.com> for a website which shows the company’s full range of products and services as well as the company’s other business activities. This website has prominently employed the trademark “Merck” and the figurative trademark



*Be well.* Printouts of the homepage and product-related websites are provided as **Annex 12**. The Respondent has also registered various additional domain names which utilize “merck” as the sole distinctive element, such as <merckengage.com>, <merckservices.com>, and <merckformothers.com>, and is actively using social media “handles” which identify the Respondent solely as “Merck,” including on such popular services as Facebook, Twitter, LinkedIn and YouTube. Printouts of the Respondent’s websites and online presences are provided as **Annex 13**. These websites and services are not limited to viewers in North America, and the Respondent has made no attempt to utilize geotargeting tools to prevent the damage caused by its actions. The only, grossly inadequate, measure the Respondent has taken in this regard is to provide some minimal fineprint disclaimer text on some of the home-pages for these services. For example, the Respondent uses a disclaimer in the Terms of Use on its product-related websites under “[www.merck.com](http://www.merck.com),” stating that “[t]he Product websites are intended for use in the United States, its territories and Puerto Rico ...” and on the Respondent’s Twitter Page, a small print statement reads “Intended for U.S. residents only.” No actual attempt to prevent visitors from outside of North America from viewing these pages, and thereby being misled as to the Respondent’s limited scope of rights in the Merck name, is made on any of the Respondent’s websites or social media homepages.

27. These websites and services are accessible to Internet users around the world, including in jurisdictions where the Respondent has no right to use the term “Merck” as a stand-alone mark. By the time an international visitor has navigated to the website, it has already suffered initial interest confusion, and indeed elected to visit the site solely on the misconception that the Respondent’s website or service, utilizing the stand-alone Merck mark, was instead provided by the Objector.
28. All these infringing activities are outside the boundaries of the parties’ mutual trademark use agreement and also amount to an infringement of the Objector’s rights in the MERCK mark and name on a global scale.

29. The Objector has regularly objected to the Respondent's above-mentioned infringing activities and proposed settlement agreements with regard to the use of the trademark Merck on the Internet. These settlement proposals and correspondence will be provided on request. As the parties could not find an amicable solution, on March 11, 2013 Objector took legal action against all of the Respondent's above-described infringing activities (amongst others) before the District Court of Hamburg (File No. 327 O 140/13), requesting an injunction against the Merck Sharp & Dohme (MSD), its U.S. parent Company Merck & Co. Inc. and its German subsidiary MSD Sharp & Dohme GmbH. A copy of the request for relief as well as an English translation thereof is provided as **Annex 14**. The Objector is preparing additional legal measures in other jurisdictions. These judicial proceedings are currently pending and are unlikely to be resolved before decisions are rendered on Legal Rights Objections within the current ICANN application round.
30. The possible use of the .MERCK TLD by the Respondent, however, would constitute a far greater harm than the above-mentioned concerns, due to the manner of use proposed within the Respondent's Application.
31. According to §18(a) of its Application, the Respondent intends to open the .MERCK TLD for registration 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 the registration of .MERCK domain names to corporate entities operational within North America, despite the fact that registration of such names by entities in international jurisdictions would constitute a violation of the Objector's trademark rights.
  - (iii) Third, the space would be further opened to include registrations by "MSD licensees or strategic parties." Here again, no consideration of the parties' geographic concerns is provided and, additionally, the Respondent has provided no mechanism to mitigate the foreseeable and obvious harm to the Objector should an international entity with no connection to the Objector be issued a .MERCK domain name.
  - (iv) Fourth, and perhaps most troubling, is the intention to "expand the gTLDs beyond corporate use." The Respondent intends to offer registrations to its "qualified subsidiaries, affiliates, licensees, and strategic parties," without any consideration of the geographic location of those entities, or the harm which would result to the Objector's should parties wholly unrelated to the Objector would be allowed to trade under the Merck name.
32. Thus, the Respondent has provided no geographically-based limitations on which corporate entities or "affiliates" may register domain names within the .MERCK TLD. The Respondent clearly intends to allow entities associated with its enterprise who are located outside of North America to register and use domain names within the .MERCK space. This is a gross violation of the parties' trademark use and name agreement, and a drastic infringement of the Objector's trademark rights. If the Respondent were permitted to identify its activities as those of "Merck" outside of North America, and to enable subsidiaries located potentially all around the world to self-brand under the

.MERCK TLD, it would cause substantial damage to the Objector's brand and worldwide reputation.

33. Additionally, there is no provision in the Respondent's materials to indicate that it will limit access to the websites displayed under the .MERCK TLD to users in North America, using geo-targeting or otherwise, nor any restrictions requiring potential third-party users to employ similar measures. Accordingly, the Objector has also requested the Court of Hamburg to issue an injunction against the Respondent's use of the gTLD within Europe, should the Respondent's application be delegated by ICANN. See **Annex 14**.
34. It is important to note in this context that the Objector does, in fact, utilize geo-targeting tools to ensure that visitors from North America cannot access website content in which the Objector is identified as "Merck." Internet users in North America who enter "[www.merck.de](http://www.merck.de)" into a browser will automatically be redirected to "[www.emdgroup.com](http://www.emdgroup.com)," where the Objector is identified as "Merck KGaA, Darmstadt – Germany." See **Annex 15** for screen shots of this redirection. Detailed information about the functionality and common uses of geotargeting are outlined in a Wikipedia article, provided as **Annex 16**. Moreover, the Objector has 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. These commitments are the subject of a current change request, in the interest of making them clear and explicit, and will be included in the Objector's Public Interest Commitments covering Questions 18 and 20 of its application. The Objector has informed the Respondent of its intent not to use and register domain names within North America. See **Annexes 17 and 18**.

**The LRO Elements** (Guidebook, art. 3.5.2; Procedure, art. 8(a)(iii)(bb))

**Elements (i) and (ii)**

35. The wording of standards (i) and (ii) is derived in large part from traditional trademark law provisions for the protection of well-known marks, which aims to provide broader protection beyond the standard scope of likelihood of confusion (see for example Article 5(2) of the First Council Directive of 21 December 1988 to approximate the laws of the Member States relating to trade marks (89/104/EEC) and Art. 9 c Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark).
36. The Respondent's intended use of the TLD clearly fulfills these standards. As noted above, the Objector's MERCK mark has a strong reputation in the countries outside of North America, and enjoys the status of a well-known mark.
37. As also mentioned above, outside North America the company name and stand-alone trademark MERCK are uniquely associated with the Objector and its activities within the pharmaceutical industry.
38. It is obvious, in light of the fact that the parties are active in the same sector and the MERCK gTLD is identical with Objector's trademark, that the average reasonably observant and circumspect Internet user, particularly outside the United States and Canada, would immediately associate content displayed on websites active at second-level domains within the TLD space with the Objector and its business endeavors. This association in the minds of Internet users would result in the dilution of the Objector's mark, since it would no longer serve

as a distinctive identifier of the Objector's goods within the world-wide marketplace. Noting that the Objector possesses the sole right to use the stand-alone MERCK mark in jurisdictions where 95% of the world's population is located, it is evident that the Respondent's ability to advertise its goods in those locales would result in confusion for potential customers seeking to identify the goods and services properly marketed under the MERCK trademark.

39. Therefore, the Respondent's proposed use of the space takes unfair advantage of the distinctive character and reputation of the Objector's mark, resulting in dilution of the mark's well-known character and blurring of its status as a source-identifier. If the Respondent were permitted to use the .MERCK TLD to promote its business in jurisdictions where it does not possess rights to use the Merck stand-alone mark, the mark would lose its ability to identify the goods or services of the Objector in the relevant international locations. Customers would find it difficult to differentiate the offerings of the Objector and Respondent, and the mark would cease to arouse an immediate association with the Objector's goods and services (for which it is registered on a global basis).
40. Additionally, as the Respondent intends to use the TLD space to brand itself as "Merck" and to allow affiliates and licensees to promote their goods on an international basis in jurisdictions where the Objector possesses sole rights to use the term, it is clear the Respondent intends to ride on the coat-tails of the stand-alone MERCK mark's reputation and to exploit the power of attraction, the reputation and the prestige of the mark which the Objector has built in its Merck trademark through 340 years of business
41. Such use of the gTLD would be severely detrimental to the Objector and take unfair advantage of the distinctive character and reputation of the Objector's rights within the meaning of the LRO substantive criteria.
42. Although the Respondent does possess the right to use the Merck trademark within the territory of North America, this fact does not prevent a finding that the Respondent's proposed use of the TLD constitutes an unjustified impairment of the Objector's rights. The Respondent intends to utilize the space to exceed the scope of its protection and to trade on the reputation of the Objector, which is impermissible under the standards of the LRO Policy. This is because the Respondent has dramatically overstepped the bounds of its trademark protection, and is attempting to take unfair advantage of the distinctive character of the Objector's mark in international jurisdictions for the Respondent's own economic advantage. By contrast, in the Objector's own application for the TLD space, provisions are already in place to prevent harm to the Respondent's mark, and to avoid encroachment on the Respondent's rights within its limited territory of protection.
43. The three elements of the LRO proceeding, unlike a UDRP procedure, do not contain any provision requiring bad faith activity on the part of the Respondent. Therefore, it is not necessary for the Objector to prove that the Respondent selected the TLD string in bad faith as a precondition for a Panel decision ordering the abandonment of the Respondent's application. The LRO procedure, rather, is concerned with the infringement of an Objector's trademark rights, and the resulting impairment of the distinctive character and reputation of the Objector's mark which would naturally result should the Respondent's application be granted. The Respondent's limited right to use the stand-alone MERCK mark within North America does not provide it with a sufficient basis for its application, as the use of the TLD outlined in its Application would cause irreparable harm to the Objector and its exclusive rights in the mark in all jurisdictions save North America.



44. As noted above, the Respondent has previously utilized a minimal form of disclaimer text on its websites, ostensibly attempting to ameliorate the risk of Internet user confusion. Such text is incapable of preventing harm to the Objector, particularly where the Respondent allows international traffic to view websites on which it self-identifies as “Merck.” In the context of the contested .MERCK TLD, the use of such disclaimers on websites displayed within the space would be woefully inadequate to prevent Internet user confusion or trademark infringement concerns. Even if the disclaimer were to be prominently displayed, Internet users familiar with the Objector’s trademark and its internationally recognized activities would still elect to visit the .MERCK TLD space on the erroneous assumption that the content thereon was provided by the Objector. This association will lead to a loss of trust in the Objector’s business, erosion of its reputation, and the gain of unjust financial benefit for the Respondent.
45. Furthermore, it is clear from the concept of use described in the Application that the Respondent will not and, given the text of its Application (wherein no provision is made to prevent entities located outside of North America from registering and using domains within the TLD), cannot use geo-targeting tools to prevent any Internet traffic originating from countries outside North America from accessing websites within the Respondent’s proposed .MERCK space. By contrast, the Objector already utilizes geo-targeting technology to prevent Internet user confusion on its many international websites, and has committed to doing so in its own application for the TLD space.
46. Perhaps more distressing, it is clearly the Respondent’s intention to allow the registration of domains by its corporate divisions, licensees and unspecified “affiliates” which are located and doing business in jurisdictions in which the Objector has the sole right to use the stand-alone Merck trademark. Had the Respondent provided for robust safeguard measures to avoid violating the scope of its rights, and to prevent any resulting harm to the Objector and confusion for Internet users (including, *inter alia*, binding provisions limiting registration of .MERCK domains to wholly-controlled entities operating only within North America and geo-targeting technologies to prevent access from Internet users outside that region), some of this harm might be mitigated. The Respondent has not done so, and indeed is affirmatively using its Application to unjustifiably trade on the reputation and goodwill of the Objector, and to improperly expand the geographically limited scope of its trademark rights.

**Element (iii)**

47. With regard to the third element above, the applied-for TLD and the Objector’s trademark are identical, and will be used in connection with the promotion and sale of the same categories of goods and services. The likelihood of confusion by Internet users is therefore a certainty.
48. The Respondent’s stated use of the TLD would take unfair advantage of the Objector’s MERCK trademark in numerous jurisdictions worldwide. The Objector is the registered owner of the MERCK mark in over 200 countries, which are the domicile of 95% of the world’s population. It is impossible to imagine that an average Internet user, upon seeing a domain name in the format “[text].MERCK”, would immediately recognize that the content displayed at such a site was not connected with the Objector, which holds the rights to use the MERCK trademark in most of the world. This is particularly the case where, as here, the Objector and Respondent are engaged in the same industry (for a description of the Respondent’s business activities, see §18 of its Application

(Annex 1)). The use of any disclaimer text, even if substantially more effective than the statements occasionally used by the Respondent at present, would be grossly ineffective to mitigate the risk of confusion, as Internet users outside of North America will immediately associate the “.MERCK” extension with the Objector. By the time the visitor is directed to the website and views the content thereon, the Objector has already been harmed by the association of the Respondent’s (or its various “licensees”) activities with the Objector’s mark.

### **The Eight Additional Factors**

49. The Respondent’s infringement of the above standards is further confirmed when the following non-exclusive eight factors are considered.

#### **Factor 1:**

50. The gTLD and the trademark are identical and are to be used in conjunction with the advertising and promotion of the same goods and services. Thus, the risk of confusion (and trademark infringement) is certain.

#### **Factor 2:**

51. As the Objector is the original owner of the MERCK mark, registered in 1900, the Objector’s acquisition and use of its rights in the mark are clearly *bona fide*. The Objector has made continuous, uninterrupted use of the MERCK mark throughout its long company history (see **Annex 8**) and the Merck brand is synonymous with the strong reputation and goodwill which the Objector has built through generations of outstanding customer service and quality innovation.

#### **Factor 3:**

52. As noted above, the Objector’s mark has been determined by numerous courts across the world to be well-known. Accordingly, a broad range of consumers, in countries comprising 95% of the world’s population, immediately associates the MERCK mark and name with the Objector.

#### **Factor 4:**

53. Given the fact that the Respondent was once a wholly-owned subsidiary of the Objector, and that the parties have for decades operated their businesses in accordance with a carefully-drafted (and periodically updated) reciprocal agreement for the appropriate use of their relevant trademarks, it is impossible to conclude that the Respondent selected the .MERCK TLD for registration without knowledge of the Objector and the Objector’s superior rights in the MERCK mark on a global basis. The Respondent was likewise aware that its use of the TLD outside of North America would constitute a breach of the parties’ agreement and infringement of the Objector’s rights, yet it elected not to include any provisions limiting the scope of use of the space nor any geo-targeting restrictions. Moreover, the Respondent’s alternative application for .MSD (Application No. 1-1704-5879) indicates that the Respondent would be able to operate a top-level space without infringing the Objector’s rights.

#### **Factor 5:**

54. Although the Respondent does retain limited geographic rights to use the stand-alone MERCK trademark within North America, the Respondent does not possess the right to use “Merck” as a trademark throughout the rest of the world. Thus, if the Respondent’s application for the .MERCK TLD were to be

granted, the vast majority of the Internet-using public would be misled as to the source of origin of the materials displayed on the TLD's webpages. Internet users worldwide would falsely associate the Respondent's advertising, marketing, and corporate information with the Objector, its direct competitor. This would result in tremendous detriment to the Objector's business and the destruction of its global trademark rights.

55. As noted above, the LRO procedure (unlike the UDRP) does not require a finding of "bad faith" on the part of a Respondent to warrant a finding in favor of an Objector. The mere fact that a Respondent possesses some limited rights in a trademark does not insulate that party from action under the LRO, where said Respondent is intending to utilize the applied-for TLD space to trade on the rights of another, to pass its goods and services off as those of another, and to unjustly expand the scope of its limited trademark rights in flagrant violation of an enforceable reciprocal trademark use agreement.

Factor 6:

56. As noted above, the Respondent does possess the right to use the stand-alone "Merck" mark on a limited basis, and the Respondent does maintain business activities on a global scale under other trademark and business designations. That said, however, any use of the TLD space by the Respondent outside of North America (either directly or via licensing to "affiliates" located or conducting business outside of North America), or to display content to Internet visitors located in other countries, is outside the scope of the Respondent's rights in the mark. Simply because the Respondent possesses some limited rights in the "Merck" name does not entitle it to use the TLD space to engage in trademark infringement on a global scale. The Respondent has placed no limitations on the geographic location of entities allowed to register domain names within the space, thus enabling its corporate partners and subsidiaries active in international jurisdictions to blatantly trade under the Objector's mark, and has not provided for the use of any geo-targeting tools to mitigate issues of trademark dilution and Internet user confusion.

Factor 7:

57. The Respondent's proposed use of the TLD space is not consistent with the scope of its rights in the MERCK mark. Although the Respondent does conduct *bona fide* business, both within North America and internationally, it does not possess the right to utilize the stand-alone MERCK name in connection with those activities on a global basis. The Objector and the Respondent are active in the same specialized scientific industry, and at one time enjoyed a parent-and-subsiary relationship. It is impossible to assume that Internet users outside of North America would associate the .MERCK TLD with the Respondent, particularly where the majority of the world has associated the MERCK name with the Objector for over 340 years. The Respondent's rights to use the MERCK mark do not extend beyond North America, and therefore its stated use of the TLD (to license domain names without regard for the licensees' geographic locations) is inconsistent with the limited scope of its rights.
58. As noted, the Objector possesses the sole right to use the stand-alone MERCK trademark in over 200 countries, comprising 95% of the world's population. Therefore, a far greater percentage of potential Internet users associate the name and trademark MERCK with the Objector than with the Respondent. There is thus no way in which the Respondent's intended use of the applied-for TLD would be consistent with the limited geographic nature of its rights.

59. The Respondent has made no provisions to limit the accessibility of any websites available under .MERCCK to Internet users within North America. Moreover, it has placed no restrictions (geographic, commercial, or otherwise) on the “affiliated” or “licensee” entities which may register and use second-level .MERCCK domain names. The Respondent has thus proposed to allow a potentially unlimited number of unknown companies, individuals and entities to trade on the international goodwill, reputation and fame of the Objector’s trademark.

**Factor 8:**

60. The Objector and the Respondent are active in the same industry, both maintain global customer bases, and both use the MERCK trademark. There is no conceivable use, consistent with the Application, to which the Respondent could put the .MERCCK TLD that would not result in confusion with the Objector’s prior (and wider-reaching) rights, as well as the blatant infringement of the Objector’s trademark rights on a global scale.

**VI. Panel (of Experts)**

(Procedure, art. 13; WIPO Rules for New gTLD Dispute Resolution, para. 8)

61. The Objector respectfully requests the Respondent to consent to the use of a three-member panel in resolving this dispute. If the Respondent will not agree to a three-member panel, as required under paragraph 3.4.4. of the Guidebook, the Objector will in the alternative request that the dispute be decided by a single-member Panel.

**VII. Other Legal Proceedings**

62. The Objector commenced legal action in the District Court of Hamburg, Germany, on March 11, 2013 with regard to trademark infringement committed by the Respondent in the context of social media and domain name registration. The Objector’s lawsuit also seeks an injunction against the Respondent’s potential use of the .MERCCK gTLD, on the basis of international trademark infringement.
63. Should the Respondent be interested in seeking mediation of this dispute, as provided for under Module 3, Article 16 of the Respondent Guidebook and paragraph 12 of the WIPO Rules for New gTLD Dispute Resolution for Existing Legal Rights Objections, the Objector would be willing to engage in such process in order to find an amicable solution.

**VIII. Communications**

(Procedure, art. 6(b), 7(b))

64. A copy of this Objection has been sent electronically to the Respondent on March 12, 2013 to Contact Information Redacted and to ICANN on March 12, 2013 by email to [newgtld@icann.org](mailto:newgtld@icann.org).

### **IX. Payment**

(Procedure, art. 8(c); WIPO Rules for New gTLD Dispute Resolution, para. 10;  
Annex D to WIPO Rules for New gTLD Dispute Resolution)

65. As required by the Procedure and WIPO Rules for New gTLD Dispute Resolution, payment in the amount of USD 10,000 shall be debited from the WIPO Account No. 11672 held by the objector (Merck KGaA).

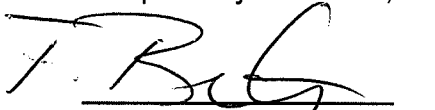
By submitting this Objection, the Objector acknowledges and agrees that further payments may be required, *e.g.*, in the event the parties elect Determination by a three-member Panel, or as may otherwise be provided in the Procedure and WIPO Rules for New gTLD Dispute Resolution.

### **X. Certification**

(Procedure, art. 1(d) and 22;  
WIPO Rules for New gTLD Dispute Resolution, para. 16)

66. The Objector understands and agrees that its claims and remedies concerning the application of the applied-for TLD, the instant Legal Rights Objection and the Determination thereof shall be solely against the Respondent, and neither the Expert(s)/Panel(ists), nor WIPO Center and its staff, nor ICANN and its Board members, employees and consultants shall be liable to any person for any act or omission in connection with any proceeding conducted under this Procedure.
67. By submitting this Objection to the WIPO Center the Objector hereby agrees to abide and be bound by the provisions of the applicable New gTLD Dispute Resolution Procedure and WIPO Rules for New gTLD Dispute Resolution.
68. The Objector certifies that the information contained in this Objection is to the best of the Objector's knowledge complete and accurate, that this Objection is not being presented for any improper purpose, such as to harass, and that the assertions in this Objection are warranted under the Procedure and under applicable law, as it now exists or as it may be extended by a good-faith and reasonable argument.

Respectfully submitted,

  
\_\_\_\_\_  
Dr. Torsten Bettinger

March 12, 2012

## **XI. Schedule of Annexes**

- Annex 1:** Copy of the Respondent's Application No. 1-1702-28003
- Annex 2:** Copy of Merck's 2011 annual report
- Annex 3:** List of Merck Group companies
- Annex 4:** Copy of the Objector's German Trademark No. DD45659
- Annex 5:** Copy of the Objector's Community Trademark No. 283986
- Annex 6:** Full list of the Objector's "MERCK" trademarks
- Annex 7:** Copies of the Objector's ".MERCK" trademarks
- Annex 8:** History of the Trademark MERCK
- Annex 9:** Copies of Court and Trademark Office decisions finding the Objector's MERCK trademark to be well-known
- Annex 10:** Full list of the Objector's Merck-formative domain name registrations
- Annex 11:** Current TM Agreement between the parties and a table illustrating the Agreement's functionality
- Annex 12:** Printouts from the Respondent's <merck.com> homepage and product-related websites
- Annex 13:** Copies of Merck & Co.'s social media homepages where they self-identify as "Merck"
- Annex 14:** Copy of the Objector's application for relief in the German courts, regarding Merck & Co.'s infringing activities
- Annex 15:** Screen print of the Objector's homepage at <merck.de> showing the use of geo-targeting tools which prevent access from visitors located in North America
- Annex 16:** Information about the functionality of geo-targeting tools, as shown on Wikipedia
- Annex 17:** Copy of the Objector's Change Request form
- Annex 18:** Copy of the Objector's Public Interest Commitment statement



## **LEGAL RIGHTS OBJECTION**

### **WIPO Model Form**

#### **(Annex A to WIPO Rules for New gTLD Dispute Resolution)**

This Legal Rights Objection model form must be used by parties wishing to file a Legal Rights Objection with the World Intellectual Property Organization Arbitration and Mediation Center ("WIPO Center") pursuant to the New gTLD Dispute Resolution Procedure ("Procedure"), provided as an Attachment to Module 3 of the gTLD Applicant Guidebook ("Applicant Guidebook") (v. 2012-01-11) approved by the Internet Corporation for Assigned Names and Numbers ("ICANN") on June 20, 2011 and as updated on January 11, 2012. The specific grounds on which a Legal Rights Objection may be filed are outlined in Applicant Guidebook Module 3, art. 3.5.2.

Upon filing, a copy of this Objection must be provided to the Respondent and ICANN.

In accordance with the Applicant Guidebook and Procedure, the following information will be publicly posted on the WIPO Center's website:

- (i) the proposed string to which the Objection is directed;
- (ii) the names of the Objector and the Respondent;
- (iii) the grounds for the Objection; and
- (iv) the date of the WIPO Center's receipt of the Objection.

By submitting this Objection to the WIPO Center the Objector hereby agrees to abide and be bound by the provisions of the Procedure and the World Intellectual Property Organization Rules for New gTLD Dispute Resolution for Existing Legal Rights Objections ("WIPO Rules for New gTLD Dispute Resolution") in effect on the day when the relevant Application for a new gTLD was submitted, pursuant to Procedure, art. 1(d).

Pursuant to Procedure, art. 5 all submissions made in connection with this Procedure must be made in English; parties may submit supporting evidence in its original language, provided and subject to the authority of the Panel to determine otherwise, that such evidence is accompanied by a certified or otherwise official English translation of all relevant text.

In the event of any questions relating to the filing of a Legal Rights Objection under the Procedure, parties are invited to contact the WIPO Center by email at [lro@wipo.int](mailto:lro@wipo.int), or by telephone to +41 22 338 8247 or (toll free) 0800 888 549.



*Before the:*

**WORLD INTELLECTUAL PROPERTY ORGANIZATION  
ARBITRATION AND MEDIATION CENTER**

Merck KGaA  
Frankfurter Straße 250  
64293 Darmstadt  
Germany

**(Objector)**

-v-

MSD Registry Holdings, Inc.  
One Merck Drive  
Whitehouse Station, NJ 08889  
United States of America

**(Respondent)**

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**TLD string objected to: <.MERCKMSD>  
Application ID: 1-1704-28482**

**LEGAL RIGHTS OBJECTION**

(Applicant Guidebook, Module 3; Procedure, art. 6, 7, 8;  
WIPO Rules for New gTLD Dispute Resolution, para. 4)

**I. Introduction**

1. This Legal Rights Objection is hereby submitted to the World Intellectual Property Organization Arbitration and Mediation Center ("WIPO Center") for determination in accordance with the New gTLD Dispute Resolution Procedure ("Procedure"), provided as an Attachment to Module 3 of the gTLD Applicant Guidebook ("Applicant Guidebook") approved by the Internet Corporation for Assigned Names and Numbers ("ICANN") on June 20, 2011 and as updated on January 11, 2012, and the World Intellectual Property Organization Rules for New gTLD Dispute Resolution for Existing Legal Rights Objections ("WIPO Rules for New gTLD Dispute Resolution") in effect on the day when the relevant Application for a new gTLD was submitted.

**II. The Parties**

**A. The Objector**

(Procedure, art. 8(a)(i))

2. The Objector in this proceeding is Merck KGaA, a partnership limited by shares incorporated under the laws of Germany, represented by its executive board,

consisting of Dr. Karl-Ludwig Kley (Chairman), Matthias Zachert, Dr. Kai Beckmann, Dr. Stefan Oschmann and Dr. Bernd Reckmann.

3. The Objector's contact details are:

Address: Contact Information Redacted

Phone:

E-mail:

Fax:

4. The Objector's authorized representative in this proceeding is:

Name: Dr. Torsten Bettinger

Address: Contact Information Redacted

Phone:

E-mail:

Fax:

5. The Objector's preferred contact details for purposes of this proceeding are:

For electronic-only material

Method: e-mail

Address: Contact Information Redacted

Contact: Dr. Torsten Bettinger

For any hardcopy material

Method: Fax

Address: n/a

Fax: Contact Information Redacted

Contact: Dr. Torsten Bettinger

### **B. The Respondent**

(Procedure, art. 11(d)(1))

6. The Respondent in this proceeding is MSD Registry Holdings, Inc., a subsidiary of the Merck Sharp & Dohme Corp. Copies of the printout of the relevant ICANN posting, showing the Respondent's application for the TLD .merck, are provided as **Annex 1**.

7. All information known to the Objector regarding how to contact the Respondent is as follows

The Respondent's contact details are:

Address: Contact Information Redacted

Phone:

E-mail:  
Fax:

The Respondent's authorized representative in this proceeding is:

Name: Mr. Joshua Bourne  
Address: Contact Information Redacted

Phone:  
E-mail:  
Fax:

**III. TLD string objected to (applied-for TLD string):**  
(Procedure, art. 7, 8)

8. This Objection concerns the applied-for TLD string identified below:

<.MERCKMSD>

9. The Objector is also filing LRO Complaints against two additional Applications filed by the Respondent, namely Application No. 1-1702-28003 and Application No. 1-1702-73085. All of these Complaints concern the Objector's trademark rights in the MERCK trademark and, accordingly, the Objector hereby requests that the three Complaints be consolidated for the purposes of the LRO proceeding.

**IV. Jurisdictional Basis for the Objection**  
(Procedure, art. 1(d), 4(b)(ii))

10. By applying for a new gTLD, the Respondent has accepted the applicability of the Procedure and the WIPO Rules for New gTLD Dispute Resolution.


By filing the present Objection to a new gTLD, the Objector accepts the applicability of this Procedure and the WIPO Rules for New gTLD Dispute Resolution.

The parties cannot derogate from the Procedure without the express approval of ICANN and from the WIPO Rules for New gTLD Dispute Resolution without the express approval of the WIPO Center.

**V. Factual and Legal Grounds**  
(Applicant Guidebook Module 3, art. 3.5.2; Procedure, art. 8)

11. Objector 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 Objector and its longstanding business presence, please see **Annex 2** for a copy of its most recent Annual Report.

12. Today Objector 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 trademark No. 30130670, , as their umbrella brand. A list of the Merck Companies is attached as **Annex 3**. In 2011, Objector had over 40,000 employees and realized total revenues of EUR 10.27 billion, € 6,41 billion within the pharmaceuticals business sector. (Annual Report, page 34, provided as **Annex 2**).

13. Pursuant to the Procedure, art. 8(a)(ii), the Objector's bases for standing are the Objector's rights in the MERCK trademark, which it has used in commerce for well over hundred years.

14. *Trademark Protection in Europe and Worldwide*

Objector has used the trademark MERCK in Germany since the 19<sup>th</sup> century, and registered its MERCK mark (no. DD45659) in September of 1900 for goods in classes 1-5. An extract of the official trademark database is provided as **Annex 4**.

15. Objector is also the owner of community trademark registration No. 283986 for MERCK. This registration bears an application date of April 1, 1996, and claimed priority via German trademark Nr. 45659 ("MERCK", applied for on January 11, 1900 and deleted upon request of the Objector on June 1, 2010). The Community trademark is registered in classes 3, 2, 16, 41 and 42. An extract of the official trademark database is provided as **Annex 5**.

16. Today, Merck KGaA holds rights in the name and the trademark "Merck" in more than 200 countries worldwide. A full list of the Objector's trademark registrations for the MERCK mark is attached as **Annex 6**. Additionally, the Objector is the owner of two registered trademarks for ".MERCK", which provide protection in 33 jurisdictions. Copies of these additional registrations are provided in **Annex 7**.

A Trademark History showing the development of the Trademark "Merck" over the last 340 years is provided as **Annex 8**.

17. *"Merck" is Entitled to Protection as a "Well-Known Mark"*

The company name and trademark "MERCK" were distinctive upon inception, as the name "Merck" is an unusual surname in Germany. This distinctiveness has been strengthened due to continuous and extensive use over a period dating back to the 19th century. Currently, in 2011, sales of EUR 10.27 billion were generated and the Objector's marketing budget exceeded EUR 2.39 billion. See the Merck Annual Report, page 126, provided as **Annex 2**.

18. The Company name and the trademark are therefore well-known in Europe and a multitude of countries outside North America, not only among doctors, pharmacists and other healthcare professionals but also among the general public.

19. The fact that the Objector's "Merck" trademark is "well-known" has been recognized by courts and trademark offices in numerous jurisdictions worldwide, including, for example, in Bulgaria, the Czech Republic, Egypt, Germany, Japan, Mexico, and South Korea. Due to WIPO's file size limitations, only a sampling of these decisions are provided as **Annex 9**, but additional decisions will be provided on request.

20. *Domain Names*

The Objector and members of its Merck Community are also the registrants of a vast number of domain names, which contain or consist solely of the Merck mark in both gTLD and ccTLD spaces, in almost all countries outside North America (where the Objector has the right to use the stand-alone trademark "Merck"). A full list of these Merck-formative domain names is provided as **Annex 10**.

21. *Historical Background and Agreements Between the Parties Concerning the Use of the Trademark and Company Name "Merck"*

The Respondent's parent company, Merck Sharp & Dohme, Corp. (formerly known as Merck & Co. Inc.)<sup>1</sup> was founded as a daughter company of the Objector, which the Objector held as a wholly-owned subsidiary until the end of the First World War and the imposition of the United States federal "Trading with the Enemy Act" of 1917. At that time, the Objector was forced to surrender its entire stake in the United States subsidiary. Since that time, the Respondent's parent Company has operated as a separate and independent American pharmaceuticals company.

22. In the 1930s, the two companies negotiated a solution for their coexistence. As at that time Objector had rights in the trademark and name "MERCK" worldwide (except within the US and Canada), and the Objector's former subsidiary, Merck & Co., Inc. (the Respondent's parent company) possessed domestic rights within North America, the companies agreed on a territorial differentiation of rights:

- a) The Respondent 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 the Respondent operates under "MSD Sharp & Dohme Limited" and the acronym "MSD." The Respondent does not, however, have the right to use any trademark comprised of "Merck MSD" outside of North America.
- b) With regard to the Objector and its subsidiaries, the situation is a mirror image. In North America (U.S. and Canada) the Objector and its international subsidiaries trade under the acronym "EMD." Throughout the rest of the world, the Objector has the exclusive right to use the MERCK mark as a brand and to use "Merck" in company names.

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<sup>1</sup> As the Applicant acts on behalf of its parent company, and (pursuant to its Application for the TLD space), intends to manage the TLD on behalf of its parent, all references to "the Respondent" shall refer jointly to Merck Registry Holdings, Inc. and Merck Sharp & Dohme, Corp.

23. This solution for mutual coexistence was codified in a binding contractual agreement between the parties. The first agreement was signed in 1932, and was later updated in 1955. These initial documents were replaced by a further agreement in January 1970, which is still valid and binding on both the Respondent and the Objector, who are the successors of the former contracting parties.
24. Objector has provided a copy of the currently-valid Agreement, signed in 1970 and a table illustrating the essential points of the agreement, as **Annex 11**. Within the context of this proceeding, no contractual claims are asserted, but the Objector believes this agreement may be of material assistance to the Panel in assessing the relevant legal positions of the parties.

25. *Recent Developments*

In recent years, the Respondent has taken numerous steps in an unauthorized attempt to dramatically expand its use of the term “Merck,” both as a stand-alone trademark on the Internet outside of North America, in direct violation of the Objector’s legal rights in the MERCK trademark and in a manner contrary to the provisions of the parties’ presently enforceable usage agreement.

26. The Respondent has registered and is using the domain name <merck.com> for a website which shows the company’s full range of products and services as well as the company’s other business activities. This website has prominently employed the trademark “Merck” and the figurative trademark



*Be well.* Printouts of the homepage and product-related websites are provided as **Annex 12**. The Respondent has also registered various additional domain names which utilize “merck” as the sole distinctive element, such as <merckengage.com>, <merckservices.com>, and <merckformothers.com>, and is actively using social media “handles” which identify the Respondent solely as “Merck,” including on such popular services as Facebook, Twitter, LinkedIn and YouTube. Printouts of the Respondent’s websites and online presences are provided as **Annex 13**. These websites and services are not limited to viewers in North America, and the Respondent has made no attempt to utilize geotargeting tools to prevent the damage caused by its actions. The only, grossly inadequate, measure the Respondent has taken in this regard is to provide some minimal fineprint disclaimer text on some of the home-pages for these services. For example, the Respondent uses a disclaimer in the Terms of Use on its product-related websites under “[www.merck.com](http://www.merck.com),” stating that “[t]he Product websites are intended for use in the United States, its territories and Puerto Rico ...” and on the Respondent’s Twitter Page, a small print statement reads “Intended for U.S. residents only.” No actual attempt to prevent visitors from outside of North America from viewing these pages, and thereby being misled as to the Respondent’s limited scope of rights in the Merck name, is made on any of the Respondent’s websites or social media homepages.

27. These websites and services are accessible to Internet users around the world, including in jurisdictions where the Respondent has no right to use the term “Merck” as a stand-alone mark. By the time an international visitor has navigated to the website, it has already suffered initial interest confusion, and indeed elected to visit the site solely on the misconception that the Respondent’s website or service, utilizing the stand-alone Merck mark, was instead provided by the Objector.

28. All these infringing activities are outside the boundaries of the parties' mutual trademark use agreement and also amount to an infringement of the Objector's rights in the MERCK mark and name on a global scale.
29. The Objector has objected regularly to the Respondent's above-mentioned infringing activities and proposed settlement agreements with regard to the use of the trademark Merck on the Internet. These settlement proposals and correspondence will be provided on request. As the parties could not find an amicable solution, on March 11, 2013 Objector took legal action against all of the Respondent's above-described infringing activities (amongst others) before the District Court of Hamburg (File No. 327 O 140/13), requesting an injunction against the Respondent's parent company MSD Merck Sharp & Dohme (MSD), its U.S. parent Company Merck & Co. Inc. and its German subsidiary MSD Sharp & Dohme GmbH. A copy of the request for relief as well as an English translation thereof is provided as **Annex 14**. The Objector is preparing additional legal measures in other jurisdictions. These judicial proceedings are unlikely to be resolved before decisions are rendered on Legal Rights Objections within the current ICANN application round.
30. The possible use of the .MERCKMSD TLD by the Respondent, however, would constitute a far greater harm than the above-mentioned concerns, due to the manner of use proposed within the Respondent's Application.
31. According to §18(a) of its Application, the Respondent intends to open the .MERCKMSD TLD for registration in 4 phases:
  - (i) First, a testing phase, in which to gauge operational capacity.
  - (ii) Second, an opening of the space to "more widespread internal corporate use." There is no provision limiting the registration of .MERCKMSD domain names to corporate entities operational within North America, despite the fact that registration of such names by entities in international jurisdictions would constitute a violation of the Objector's trademark rights.
  - (iii) Third, the space would be further opened to include registrations by "MSD licensees or strategic parties." Here again, no consideration of the parties' geographic concerns is provided and, additionally, the Respondent has provided no mechanism to mitigate the foreseeable and obvious harm to the Objector should an international entity with no connection to the Objector be issued a .MERCKMSD domain name.
  - (iv) Fourth, and perhaps most troubling, is the intention to "expand the gTLDs beyond corporate use." The Respondent intends to offer registrations to its "qualified subsidiaries, affiliates, licensees, and strategic parties," without any consideration of the geographic location of those entities, or the harm which would result to the Objector's should parties wholly unrelated to the Objector would be allowed to trade under the Merck name.
32. Thus, the Respondent has provided no geographically-based limitations on which corporate entities or "affiliates" may register domain names within the .MERCKMSD TLD. The Respondent intends to allow entities located outside of North America to register and use domain names within the .MERCKMSD space. This is a violation of the parties' trademark use and name agreement, and a drastic infringement of the Objector's trademark rights. If the Respondent

were permitted to identify its activities as those of “Merck” outside of North America, and to enable subsidiaries located potentially all around the world to self-brand under the .MERCKMSD TLD, it would cause substantial damage to the Objector’s worldwide reputation.

33. Additionally, there is no provision in the Respondent’s materials to indicate that it will limit access to the websites displayed under the .MERCKMSD TLD to users in North America, using geo-targeting or otherwise, nor any restrictions requiring potential third-party users to employ similar measures. Accordingly, the Objector has also requested the Court of Hamburg to issue an injunction against the Respondent’s use of the g TLD within Europe, should the Respondent’s application be delegated by ICANN. See **Annex 14**.
34. It is important to note in this context that the Objector does, in fact, utilize geo-targeting tools to ensure that visitors from North America cannot access website content in which the Objector is identified as “Merck.” (an Internet user in North America who enters “[www.merck.de](http://www.merck.de)” into a browser will automatically be redirected to “[www.emdgroup.com](http://www.emdgroup.com),” where the Objector is identified as “Merck KGaA, Darmstadt – Germany.” See **Annex 15** for screen shots of this redirection. Detailed information about the functionality and common uses of geotargeting are outlined in a Wikipedia article, provided as **Annex 16**. Moreover, the Objector has 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. These commitments are the subject of a current change request, in the interest of making them clear and explicit, and will be included in the Objector’s Public Interest Commitments covering Questions 18 and 20 of its application. The Objector has informed the Respondent of its intent not to use and register domains within North America. See **Annexes 17 and 18**.

**The LRO Elements** (Guidebook, art. 3.5.2; Procedure, art. 8(a)(iii)(bb))

**Elements (i) and (ii)**

35. Standards (i) and (ii) are derived in large part from traditional trademark law provisions for the protection of well-known marks, which aim to provide broader protection beyond the standard scope of likelihood of confusion (e.g. - Article 5(2) of the First Council Directive of 21 December 1988 to approximate the laws of the Member States relating to trade marks (89/104/EEC) and Art. 9 c Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark).
36. The Respondent’s intended use of the TLD clearly fulfills these standards. As noted above, the Objector’s MERCK mark has a strong reputation in the countries outside of North America, and enjoys the status of a well-known mark.
37. As also mentioned above, outside North America the company name and stand-alone trademark MERCK are uniquely associated with the Objector and its activities within the pharmaceutical industry.
38. The Respondent does not possess the right to use the Objector’s MERCK trademark, with or without the additional term “MSD” on an international scale. The .MERCKMSD string contains the Objector’s MERCK mark as the primary, and therefore dominant, element and thus the MERCK mark is made immediately apparent to any potential Internet user. The MSD component of



the string is both visually and phonetically separated from the MERCK mark, particularly as the abbreviation is difficult to pronounce. Together, the string would read: "Merck emm-es-de." The identifiable word in the string is clearly "Merck," the internationally well-known trademark that has been utilized by the Objector for over 340 years.

39. It is obvious, in light of the fact that the parties are active in the same sector and the .MERCKMSD gTLD contains the entirety of the Objector's trademark, that the average reasonably observant and circumspect Internet user, particularly outside the United States and Canada, would immediately associate content displayed on websites active at second-level domains within the TLD space with the Objector and its business endeavors. This association in the minds of Internet users would result in the dilution of the Objector's mark, since it would no longer serve as a distinctive identifier of the Objector's goods within the world-wide marketplace.
40. Therefore, the Respondent's proposed use of the space takes unfair advantage of the distinctive character and reputation of the Objector's mark, resulting in dilution of the mark's well-known character and blurring of its status as a source-identifier. If the Respondent were permitted to use the .MERCKMSD TLD to promote its business in jurisdictions where it does not possess rights to use the Merck stand-alone mark, nor the combination of MERCK with "MSD," the mark would lose its ability to identify the goods or services of the Objector in the relevant international locations. Customers would find it difficult to differentiate the offerings of the Objector and Respondent, and the mark would cease to arouse an immediate association with the Objector's goods and services (for which it is registered on a global basis).
41. Such use of the gTLD would be severely detrimental to the Objector and take unfair advantage of the distinctive character and reputation of the Objector's rights within the meaning of the LRO substantive criteria.
42. Although the Respondent does possess the right to use the Merck trademark within North America, this fact does not prevent a finding that the Respondent's proposed use of the TLD constitutes an unjustified impairment of the Objector's rights. The Respondent intends to utilize the space to vastly exceed the scope of its protection and to trade on the reputation of the Objector, which is impermissible under the standards of the LRO Policy. This is because the Respondent has overstepped the bounds of its trademark protection, and is attempting to take unfair advantage of the distinctive character of the Objector's mark in international jurisdictions for the Respondent's own economic advantage. By contrast, in the Objector's application for the TLD space, provisions are already in place to prevent harm to the Respondent's mark, and to avoid encroachment on the Respondent's rights within its limited territory of protection.
43. The three elements of the LRO proceeding, unlike a UDRP procedure, do not contain any provision requiring bad faith activity on the part of the Respondent. Therefore, it is not necessary for the Objector to prove the Respondent selected the TLD string in bad faith as a precondition for a Panel decision ordering the abandonment of the Respondent's application. The LRO procedure is concerned with the infringement of an Objector's trademark rights, and the resulting impairment of the distinctive character and reputation of the Objector's mark which would naturally result should the Respondent's application be granted. The Respondent's limited right to use the stand-alone MERCK mark within North America does not provide it with a sufficient basis for its application, as the use of the TLD outlined in its Application would cause irreparable harm to

the Objector and its exclusive rights in the mark in all jurisdictions save North America.

44. As noted above, the Respondent has previously utilized a minimal form of disclaimer text on its websites, ostensibly attempting to ameliorate the risk of Internet user confusion. Such text is incapable of preventing harm to the Objector, particularly where the Respondent allows international traffic to view websites on which it self-identifies as "Merck." In the context of the contested .MERCCKMSD TLD, the use of such disclaimers would be woefully inadequate to prevent Internet user confusion or trademark infringement concerns. Even if the disclaimer were to be prominently displayed, Internet users familiar with the Objector's trademark and its internationally recognized activities would still elect to visit the .MERCCKMSD TLD space on the erroneous assumption that the content thereon was provided by the Objector. This association will lead to a loss of trust in the Objector's business, erosion of its reputation, and the gain of unjust financial benefit for the Respondent.
45. Furthermore, it is clear from the concept of use described in the Application that the Respondent will not and, given the text of its Application (wherein no provision is made to prevent entities located outside of North America from registering and using domains within the TLD), cannot use geo-targeting tools to prevent any Internet traffic originating from countries outside North America from accessing websites within the Respondent's proposed .MERCCKMSD space. By contrast, the Objector already utilizes geo-targeting technology to prevent Internet user confusion on its many international websites, and has committed to doing so in its own application for the TLD space.
46. Perhaps more distressing, it is clearly the Respondent's intention to allow the registration of domains by its corporate divisions, licensees and unspecified "affiliates" which are located and doing business in jurisdictions in which the Objector has the sole right to use the stand-alone Merck trademark. Had the Respondent provided for robust safeguard measures to avoid violating the scope of its rights, and to prevent harm to the Objector and Internet user confusion (including, *inter alia*, binding provisions limiting registration of .MERCCKMSD domains to wholly-controlled entities operating only within North America and geo-targeting technologies to prevent access from international users), some of this harm might be mitigated. The Respondent has not done so, and is affirmatively using its Application to unjustifiably trade on the reputation and goodwill of the Objector, and to improperly expand the geographically limited scope of its trademark rights.

#### **Element (iii)**

47. With regard to the third element above, the applied-for TLD contains the entirety of the Objector's trademark in the primary, dominant position within the string, and will be used in connection with the promotion and sale of the same categories of goods and services. The likelihood of confusion by Internet users is therefore a certainty.
48. The Respondent's stated use of the TLD would take unfair advantage of the Objector's MERCK trademark in numerous jurisdictions worldwide. The Objector is the registered owner of the MERCK mark in over 200 countries, which are the domicile of 95% of the world's population. It is impossible to imagine that an average Internet user, upon seeing a domain name in the format "[text].MERCCKMSD", would immediately recognize that the content displayed at such a site was not connected with the Objector, which holds the rights to use the MERCK trademark in most of the world. This is particularly the case where,

as here, the Objector and Respondent are engaged in the same industry (see §18 of Respondent's Application (**Annex 1**)). The use of any disclaimer text, even if substantially more effective than the statements occasionally used by the Respondent at present, would be grossly ineffective to mitigate the risk of confusion, as Internet users outside of North America will immediately associate the ".MERCKMSD" extension with the Objector. By the time the visitor is directed to the website and views the content thereon, the Objector has already been harmed by the association of the Respondent's (or its various "licensees") activities with the Objector's mark.

### **The Eight Additional Factors**

49. The Respondent's infringement of the above standards is further confirmed when the following non-exclusive eight factors are considered.

#### **Factor 1:**

50. The gTLD contains the entirety of the trademark in the dominant and primary position, and is to be used in conjunction with the advertising and promotion of the same goods and services. Thus, the risk of confusion (and trademark infringement) is certain.

#### **Factor 2:**

51. As the Objector is the original owner of the MERCK mark, registered in 1900, the Objector's acquisition and use of its rights in the mark are clearly *bona fide*. The Objector has made continuous, uninterrupted use of the MERCK mark throughout its long company history (see **Annex 8**) and the Merck brand is synonymous with the strong reputation and goodwill which the Objector has built through generations of outstanding customer service and quality innovation.

#### **Factor 3:**

52. As noted above, the Objector's mark has been determined by numerous courts across the world to be well-known. Accordingly, a broad range of consumers, in countries comprising 95% of the world's population, immediately associates the MERCK mark and name with the Objector.

#### **Factor 4:**

53. Given the fact that the Respondent was once a subsidiary of the Objector, and that the parties have for decades operated their businesses in accordance with a carefully-drafted (and periodically updated) reciprocal agreement for the appropriate use of their relevant trademarks, it is impossible to conclude that the Respondent selected the .MERCKMSD TLD for registration without knowledge of the Objector and the Objector's superior rights in the MERCK mark on a global basis. The Respondent was likewise aware that its use of the TLD outside of North America would constitute a breach of the parties' agreement and infringement of the Objector's rights, yet it elected not to include any provisions limiting the scope of use of the space nor any geo-targeting restrictions. Moreover, the Respondent's alternative application for .MSD (Application No. 1-1704-5879) indicates that the Respondent would be able to operate a top-level space without infringing the Objector's rights.

#### **Factor 5:**

54. Although the Respondent does retain limited geographic rights to use the stand-alone MERCK trademark within North America, the Respondent does not possess the right to use “Merck” or “Merck MSD” as a trademark throughout the rest of the world. Thus, if the Respondent’s application for the .MERCKMSD TLD were to be granted, the vast majority of the Internet-using public would be misled as to the source of origin of the materials displayed on the TLD’s webpages. Internet users worldwide would falsely associate the Respondent’s advertising, marketing, and corporate information with the Objector, its direct competitor. This would result in tremendous detriment to the Objector’s business and the destruction of its global trademark rights.
55. As noted above, the LRO procedure (unlike the UDRP) does not require a finding of “bad faith” on the part of a Respondent to warrant a finding in favor of an Objector. The mere fact that a Respondent possesses some limited rights in a trademark does not insulate that party from action under the LRO, where said Respondent is intending to utilize the applied-for TLD space to trade on the rights of another, to pass its goods and services off as those of another, and to unjustly expand the scope of its limited trademark rights in flagrant violation of an enforceable reciprocal trademark use agreement.

Factor 6:

56. As noted above, the Respondent does possess the right to use the stand-alone “Merck” mark on a limited basis, and the Respondent does maintain business activities on a global scale under other trademark and business designations. That said, however, any use of the TLD space by the Respondent outside of North America (either directly or via licensing to “affiliates” located or conducting business outside of North America), or to display content to Internet visitors located in other countries, is outside the scope of the Respondent’s rights. Simply because the Respondent possesses some limited rights in the “Merck” name does not entitle it to use the TLD space to engage in trademark infringement on a global scale. The Respondent has placed no limitations on the geographic location of entities allowed to register domains within the space, thus enabling its corporate partners and subsidiaries active in international jurisdictions to blatantly trade under the Objector’s mark, and has not provided for the use of any geo-targeting tools to mitigate issues of trademark dilution and Internet user confusion.

Factor 7:

57. The Respondent’s proposed use of the TLD space is not consistent with the scope of its rights in the MERCK mark. Although the Respondent does conduct *bona fide* business, both within North America and internationally, it does not possess the right to utilize the stand-alone MERCK name in connection with those activities on a global basis. The Objector and the Respondent are active in the same specialized scientific industry, and at one time enjoyed a parent-and-subsiary relationship. It is impossible to assume that Internet users outside of North America would associate the .MERCKMSD TLD with the Respondent, particularly where the majority of the world has associated the MERCK name with the Objector for over 340 years. The Respondent’s rights to use the MERCK mark do not extend beyond North America, and therefore its stated use of the TLD (to license domains without regard for the licensees’ geographic locations) is inconsistent with the limited scope of its rights.
58. As noted, the Objector possesses the sole right to use the stand-alone MERCK trademark in over 200 countries, comprising 95% of the world’s population. Therefore, a far greater percentage of potential Internet users associate the

name and trademark MERCK with the Objector than with the Respondent. There is thus no way in which the Respondent's intended use of the applied-for TLD would be consistent with its limited geographic rights.

59. The Respondent has made no provisions to limit the accessibility of any websites available under .MERCKMSD to Internet users within North America. Moreover, it has placed no restrictions (geographic, commercial, or otherwise) on the "affiliated" or "licensee" entities which may register and use second-level .MERCKMSD domain names. The Respondent has thus proposed to allow a potentially unlimited number of unknown companies, individuals and entities to trade on the international goodwill, reputation and fame of the Objector's trademark.

**Factor 8:**

60. The Objector and the Respondent are active in the same industry, both maintain global customer bases, and both use the MERCK trademark. There can be no question that the Respondent's use of the TLD, if it were to be granted, would create an impermissible likelihood of confusion with the Objector's mark as to the source, sponsorship, or endorsement of the gTLD. There is no conceivable use, consistent with the Application, to which the Respondent could put the .MERCKMSD TLD that would not result in confusion with the Objector's prior (and wider-reaching) rights, as well as the blatant infringement of the Objector's trademark rights on a global scale.

**VI. Panel (of Experts)**

(Procedure, art. 13; WIPO Rules for New gTLD Dispute Resolution, para. 8)

61. The Objector respectfully requests the Respondent to consent to the use of a three-member panel in resolving this dispute. If the Respondent will not agree to a three-member panel, as required under paragraph 3.4.4. of the Guidebook, the Objector will in the alternative request that the dispute be decided by a single-member Panel.

**VII. Other Legal Proceedings**

62. The Objector has commenced legal action in the District Court of Hamburg, Germany, on March 11, 2013 with regard to trademark infringement committed by the Respondent in the context of social media and domain name registration. The Objector's lawsuit also seeks an injunction against the Respondent's potential use of the .MERCKMSD gTLD, on the basis of international trademark infringement.
63. Should the Respondent be interested in seeking mediation of this dispute, as provided for under Module 3, Article 16 of the Respondent Guidebook and paragraph 12 of the WIPO Rules for New gTLD Dispute Resolution for Existing Legal Rights Objections, the Objector would be willing to engage in such process in order to find an amicable solution.

**VIII. Communications**  
(Procedure, art. 6(b), 7(b))

64. A copy of this Objection has been sent electronically to the Respondent on March 12, 2013 by email to Contact Information Redacted and to ICANN on March 12, 2013 by email to [newgtld@icann.org](mailto:newgtld@icann.org).

**IX. Payment**  
(Procedure, art. 8(c); WIPO Rules for New gTLD Dispute Resolution, para. 10;  
Annex D to WIPO Rules for New gTLD Dispute Resolution)

65. As required by the Procedure and WIPO Rules for New gTLD Dispute Resolution, payment in the amount of USD 10,000 shall be debited from the WIPO Account No. 11672 held by the objector (Merck KGaA).

By submitting this Objection, the Objector acknowledges and agrees that further payments may be required, *e.g.*, in the event the parties elect Determination by a three-member Panel, or as may otherwise be provided in the Procedure and WIPO Rules for New gTLD Dispute Resolution.

**X. Certification**  
(Procedure, art. 1(d) and 22;  
WIPO Rules for New gTLD Dispute Resolution, para. 16)

66. The Objector understands and agrees that its claims and remedies concerning the application of the applied-for TLD, the instant Legal Rights Objection and the Determination thereof shall be solely against the Respondent, and neither the Expert(s)/Panel(ists), nor WIPO Center and its staff, nor ICANN and its Board members, employees and consultants shall be liable to any person for any act or omission in connection with any proceeding conducted under this Procedure.
67. By submitting this Objection to the WIPO Center the Objector hereby agrees to abide and be bound by the provisions of the applicable New gTLD Dispute Resolution Procedure and WIPO Rules for New gTLD Dispute Resolution.
68. The Objector certifies that the information contained in this Objection is to the best of the Objector's knowledge complete and accurate, that this Objection is not being presented for any improper purpose, such as to harass, and that the assertions in this Objection are warranted under the Procedure and under applicable law, as it now exists or as it may be extended by a good-faith and reasonable argument.

Respectfully submitted,

  
Dr. Torsten Bettinger

March 12, 2013

## **XI. Schedule of Annexes**

- Annex 1:** Copy of the Respondent's Application No. 1-1704-28482
- Annex 2:** Copy of Merck's 2011 annual report
- Annex 3:** List of Merck Group companies
- Annex 4:** Copy of the Objector's German Trademark No. DD45659
- Annex 5:** Copy of the Objector's Community Trademark No. 283986
- Annex 6:** Full list of the Objector's "MERCK" trademarks
- Annex 7:** Copies of the Objector's ".MERCK" trademarks
- Annex 8:** History of the Trademark MERCK
- Annex 9:** Copies of Court and Trademark Office decisions finding the Objector's MERCK trademark to be well-known
- Annex 10:** Full list of the Objector's Merck-formative domain name registrations
- Annex 11:** Current TM Agreement between the parties and a table illustrating the Agreement's functionality
- Annex 12:** Printouts from the Respondent's <merck.com> homepage and product-related websites
- Annex 13:** Copies of Merck & Co.'s social media homepages where they self-identify as "Merck"
- Annex 14:** Copy of the Objector's application for relief in the German courts, regarding Merck & Co.'s infringing activities
- Annex 15:** Screen print of the Objector's homepage at <merck.de> showing the use of geo-targeting tools which prevent access from visitors located in North America
- Annex 16:** Information about the functionality of geo-targeting tools, as shown on Wikipedia
- Annex 17:** Copy of the Objector's Change Request form
- Annex 18:** Copy of the Objector's Public Interest Commitment statement





**OBJECTOR's SUR-REPLY**

**Respondent's Request for Termination**

The Respondent opens its arguments and allegations with a long discourse in which it claims that "it is not possible" to address the majority of the critical and decisive issues which form the basis of this Legal Rights Objection. The Respondent claims, unconvincingly, that it cannot provide a full and substantiated reply in these proceedings, since to do so would "influence" the ongoing court actions between the parties.

There is no basis whatsoever for these claims. The Respondent is simply attempting to use the ongoing litigation between the parties as a mechanism for denying the Objector an opportunity to assert its rights in the context of the New gTLD application cycle. The claims asserted by the Objector, in both the ongoing litigation cases before the German and UK courts, address (*inter alia*) issues of name and trademark infringement in social media contexts and the Respondent's use of the <merck.com> domain name. There is nothing which prevents the Respondent from filing a full and complete response in this manner, and indeed its failure to do so suggests that it has no compelling arguments to support its application for the TLD space.

The Respondent then claims that the parties' ongoing litigation should prevent the Panel from entering a finding in this matter, and that the case should be terminated. There is no basis for this request. As the Panel may see for himself, the Objector has provided copies of the court-based litigation, and the claims therein do not concern the delegation of the TLD space. Only one of the twenty asserted claims in the German court action concerns the potential use of the .MERCK gTLD space, and that claim is aimed at preventing the Respondent from using the TLD within Europe via an injunction order. These issues concern potential post-delegation harms, and seek to address future behavior. The courts of neither Germany nor the UK have the authority to either grant or prevent delegation of a TLD space by ICANN. Thus, there is no reason to assume that the court actions would result in the resolution of the present conflict in this LRO proceeding. Moreover, there is no risk of conflicting decisions between the order of this Panel and the eventual outcome of the national court litigation actions. The Objector's legal proceedings in the UK and Germany against the Respondent further only concern the territory of the European Union, whereas Respondent's gTLD application infringes Objector's rights in over 200 countries.

Indeed, the LRO mechanism is the only ICANN DSRP for the resolution of pre-delegation trademark-based disputes in the context of the New gTLDs. This is the correct and sole forum wherein trademark holders and current applicants may assert competing claims. By requesting the Panel in this instance to dismiss the action, the Respondent is attempting to deny the Objector its opportunity to protect its trademark rights in the context of the New gTLD application cycle. The ongoing litigation does not, and cannot, assess the question of pre-delegation legal rights, and this Panel is the sole body qualified to make such a finding. The Respondent's only goal in this regard is to cut off a legal remedy which is open to the Objector, in order to prevent it from asserting its claims concerning the .MERCK TLD.

**Respondent's Claim for a "Family of Marks"**

Further under section 8 of its Response, the Respondent states that "[d]uring this time, Respondent has established a family of MERCK and MERCK-composite trademarks registered in various countries throughout the world." This statement, however, is extremely misleading. Within North America, the Respondent has registered a number of various "Merck"-formative marks, which it is permitted to use under the parties' reciprocal agreement. Outside of North America, however, the Respondent's only trademark registrations are for "MSD," "Merck Sharp & Dohme" or one of these terms in conjunction with additional text. These marks do not constitute an internationally-registered "family of MERCK marks". Nor do these registrations give rise to any right to use the term MERCK as a stand-alone identifier, or formative mark component, anywhere outside of North America...

Moreover, by the time Respondent was granted status as an independent corporate entity in 1917, the Objector had already secured registration of its MERCK trademark on an international basis, and had been using the term in commerce for a substantial period of time (see the Annexes to the Objection). The Objector's MERCK marks claim priority via an early German trademark dating from

1900, well before the Respondent's company became an independent entity. Accordingly, all of the Respondent's trademarks (including their alleged North American "family" of marks, as well as their "Merck Sharp & Dohme mark) were registered long after the Objector's MERCK trademark. The Objector's MERCK mark thus enjoys both priority of registration and a substantially broader geographic scope of exclusive use.

#### Respondent's Claim that Prior UDRP Decisions Show Exclusive Right to "Merck"

It is well-known that UDRP decisions have never been held to constitute an absolute disposition of trademark rights as against any other, non-involved third party user of a given mark. Several panelists have included express notes to this effect in their decisions, where evidence of a third-party user was of concern in the given case. A sampling of these decisions would include *NVT Birmingham, LLC d/b/a CBS 42 WIAT-TV v. ZJ*, WIPO Case No. D2007-1079; *Société Air France v. Domain Park Limited*, WIPO Case No. D2007-0818; and *Parrot S.A. v. Whois Service, Belize Domain WHOIS Service*, WIPO Case No. D2007-0779.

The UDRP elements evaluate only a complainant's claim versus that of the relevant domain name holder, and do not assess the weight of every potential rights-holder worldwide, who may have either registered or unregistered rights in an identical or confusingly similar mark. Additionally, it has long been held under the UDRP that the jurisdiction of the complainant's trademark rights is irrelevant for the purposes of assessing the parties' rights under the Policy. In UDRP actions, it is not necessary to demonstrate global rights in a given mark, and indeed rights in a single jurisdiction are generally sufficient to ground a request for transfer. Therefore, the Respondent's limited rights within North America would naturally provide it with a claim for remedy vis-à-vis a domain name holder with no connection to the Merck name. The fact that some domain names have been ordered transferred to them has absolutely no bearing on the strength of its mark vis-à-vis the Objector, as the Objector was not a party to those actions.

Similarly, the Objector has successfully requested the transfer of numerous domain names containing its MERCK mark via the UDRP procedure. Some of these cases include: *Merck KGaA v. Douglas Draper*, WIPO Case No. D2003-0203, (<merck.net> and <merck.org>); *Merck KGaA v. Blue Sea Co. Inc.*, WIPO Case No. D2003-0394 (<merckonline.com>); *Merck KGaA v. Sunmeet Jolly*, WIPO Case No. D2004-0195 (<merckindia.com>); *Merck KGaA v. Taha Chhipa*, WIPO Case No. D2004-0905 (<merck-euro.info>); *Merck KGaA v. Private Registration Service, NETNIC Private Registration Service*, WIPO Case No. D2006-1433 (<merck-serono.info> and <merckserono.info>); *Merck KGaA v. JSJ Incheon*, WIPO Case No. D2006-1541 (<merckserono.com>); *Merck KGaA v. JSJ Incheon*, WIPO Case No. D2006-1596 (<merck-serono.com>); *Merck KGaA v. Mauritania Investments Ltd.*, WIPO Case No. DBZ2005-0001 (<merck.bz>); *Merck KGaA v. David Sun, China DNS, Inc.*, WIPO Case No. D2010-1971 (<merck-chemicals.net>); *Merck KGaA v. Registrant [3644982]: Chen Yan Hua*, WIPO Case No. D2011-1010 (<merck-de.com>); *Merck KGaA v. Pearline Henry*, WIPO Case No. D2011-1013 (<mercklifesciences.com>); *Merck KGaA v. c/o whoisproxy.com Ltd / Galib Gahramanov, G Domains*, WIPO Case No. D2011-1271 (<merckde.com>); and *Merck KGaA v. yan xiansheng*, WIPO Case No. D2011-2161 (<mercktrading.com>).

#### Respondent's Claim to a "Famous Mark"

Respondent then claims that "[t]hrough Respondent's longstanding use of its family of MERCK and MERCK-composite trademarks internationally, they have become famous for their association with Respondent..." This statement is both misleading and unsubstantiated. The Respondent has provided no evidence whatsoever to indicate that its mark has been deemed famous by any court of law in any jurisdiction worldwide. Moreover, the Respondent's claim to have used "MERCK and MERCK-composite trademarks internationally" is extremely misleading. The Respondent cannot use the stand-alone "Merck" trademark outside of the US, Canada and their territories. Therefore, it cannot claim to have become known by the "Merck" name internationally, since it does not use it on a global basis. Moreover, it has no right to register "Merck" with additional terms (other than as part of the "Merck Sharp & Dohme" mark) outside of North America. In all locations outside of North America, the Respondent trades as MSD.

Based on its exclusive right to use the MERCK mark in over 200 jurisdictions, the Objector has installed global watching tools to obtain early knowledge of any infringing registration and/or use of

any signs which may be identical or similar to its name and brand MERCK. Any attempt to use confusingly similar signs by any third party - including the Respondent - has continuously been observed and prosecuted by the Objector since the establishment of its MERCK rights in each jurisdiction worldwide. Upon request of the Panel, the Objector will be ready to provide further details of these proceedings.

Similarly, the Respondent's only "MERCK-composite" marks which are registered for use outside of North America comprise the full text of "Merck Sharp & Dohme" without or without device or additional textual components. There is no international "family" of Merck marks owned by the Respondent, and its attempt to lead the Panel to infer that such rights do, in fact, exist is disingenuous, particularly where the Panel can easily review the Respondent's annexes to fact-check.

Unlike under the UDRP, where the mere existence of a single trademark registration in one jurisdiction is sufficient to justify the transfer of a disputed domain name from a registrant without trademark rights, the LRO procedure is designed to weigh the respective rights of two qualified mark owners. The mere fact that the Respondent is a junior user of the Objector's longstanding mark, and the fact that it uses its MERCK marks within North America, does not give it the right to trade on the global fame, notoriety and goodwill which the Objector has built in the Merck name throughout its 340-year history. Having rights in one or two jurisdictions does not grant the Respondent the right to commit unfettered trademark infringement throughout the entirety of the rest of the world.

As noted in the Objector's own applications for the .MERCK space, the Objector has taken carefully-calculated steps to prevent any infringement of the Respondent's trademarks, and to ensure that the Objector will not be identified as "Merck" to consumers within the US and Canada. The Respondent, however, has clearly indicated in both its application and Response that it has no interest in respecting the rights of the Objector, of acting within the boundaries and scope of its limited rights, and thereby has shown its intent to trade on the goodwill and international fame of the Objector's mark for its own commercial gain.

The Objector also notes that within this section of text the Respondent has made several claims regarding its medical manual publications. While the Objector notes that the Respondent does issue such publications, it expressly denies that the Respondent has the right to register "Merck Manual" as a trademark outside of the US and Canada. The Respondent has, in fact, agreed not to use "Merck Manual" as a trademark, and has cancelled trademark registrations for "Merck Manual" in the past, as such registrations infringe the Objector's rights and the parties' agreement. This issue has been the subject of correspondence about the interpretation of the agreement between the parties, and should the Panel require additional information, further documentation will be provided on request.

#### Respondent's Claim that the Objector was Founded in 1995

Under paragraph 9 of the Response, the Respondent makes an odd comment in which it indicates that it "does not dispute that Objector was established as a company in 1995." This section of the Response allegedly replied to paragraphs 11-13 of the Objection, in which the Objector correctly indicated that it was originally founded in 1668. Thus, the Respondent's statement here is both misplaced and unclear.

The Objector notes that during a routine corporate restructuring (which a 300+ year old company naturally will do from time to time), the current name of the Objector was shifted to reflect the modern naming convention. There is no question, however, that the company has remained the same throughout its longstanding history, as each corporate form has been the predecessor-in-interest of the previous. This is, of course, the natural progression of business entities, and there is nothing to suggest that the Objector underwent any fundamental change in ownership or interest at that time. The Objector's company remains the oldest pharmaceutical company in the world, and has traded in the industry for over 340 years.

#### Respondent's Claim to Global Recognition

Further in paragraph 9, the Respondent claims that worldwide public recognition of the MERCK name is due to its efforts, rather than those of the Objector, and cites as its only support a single

philanthropic endeavor. The Respondent offers no substantiating evidence on this point whatsoever. It offers no court findings, no evidence of its use of the MERCK name outside of North America (which indeed, it cannot), and no publications to support this bald claim.

The Objector does not dispute that the Respondent conducts substantial business within the US and Canada under its MERCK mark, nor that it enjoys a global presence as international pharmaceutical company using its MSD and Merck Sharp & Dohme marks. The Respondent cannot, however, make any claim to be “well known” let alone “famous” under the MERCK name on an international scale. The Respondent has no right to use the MERCK name outside of North America, and indeed does not do so. It is impossible for the Respondent to claim that it is known by “Merck” internationally as it does not trade as “Merck” throughout the majority of the world.

#### Respondent's Allegations Regarding Geo-Targeting

The Respondent goes on to claim that the Objector's provision for geo-targeting made in its application for the .MERCK TLD space, while clearly protecting the parties' respective rights and preserving the *status quo* of their trademark use agreement, is inappropriate because it could result in the “Balkanization” of the Internet. This argument is unconvincing, particularly in light of the fact that, regardless of ICANN's ultimate decision regarding delegation, the .MERCK space will operate as a closed TLD. The Respondent's comments about open Internet access might have some bearing on a generic TLD, but under both the Objector's and the Respondent's proposals for the space, registration will be tightly controlled. The geotargeting technology presently employed by the Objector has become an accepted, industry-standard mechanism for addressing copyright and related territorial concerns, and will enable the Objector to utilize the TLD in a manner consistent with the parties' respective rights.

The Respondent then claims that the examples of geo-targeting technology shown by the Objector cannot be used to block access, but merely to selectively display content, and that accordingly the Objector's model for the .MERCK space is somehow flawed. This argument is incorrect for two reasons. First, the Objector has never indicated that it will simply provide a blank page (or something similar) to visitors from North America who wish to access the site. Similarly to the mechanism currently employed by the Objector, North American visitors will simply be routed to an appropriate webpage, where the Objector is identified in a manner consistent with the parties' trademark use agreement. Secondly, geo-targeting is currently used to block access to restricted content on a geographic basis, as numerous companies (including YouTube, Google, The Guardian news agency, etc) utilize the geographic location of users' IP addresses to provide access only to appropriate, geographically-relevant materials. YouTube, for example, will not allow streaming of certain copyright-protected videos in countries outside of the United States.

In this same line, the Respondent later states (in its final paragraph before turning to a review of the eight factors, that “[a]s set out in its application for .MERCK, Respondent will take appropriate steps to ensure that it will not be perceived as being associated in any way whatsoever with Objector.” The Respondent did not, at any time, in its application provide any concrete provision for the protection of the Objector's rights (See the Objector's Annex 1 for a copy of the Respondent's application). Indeed, the Respondent has shown a blatant disregard for the Objector's rights throughout the New gTLD application process. The Respondent has indicated not only that it intends to use the .MERCK space internationally (where it has no rights in the MERCK trademark whatsoever), but also that it intends to sell and license domain names to unspecified “affiliates” located anywhere throughout the world. This is in no way consistent with its obligations under the parties' trademark agreement, and certainly offers no protection of the Objector's rights. The Respondent has made no attempt to respect or protect the Objector's rights, and nothing in its pleadings before this Panel have provided any indication of such a commitment.

#### Respondent's Claims with Regard to Factor 3

The Respondent has elected to misquote the Objector and the Objection under this section, in order to avoid addressing a key substantive point in this proceeding. The Respondent appears to allege that the Objector has claimed to have received court rulings (holding the Objector's MERCK mark to be famous) in 95% of the world's countries. This is a clear mischaracterization of the Objection. Nowhere in the text does the Objector claim to have received rulings in 95% of the world's countries.

The Objector factually indicates that it has received such rulings in numerous courts, and further that it is the rights-holder of the MERCK mark throughout the majority of the world's countries (where 95% of the global population resides). The Objector further notes that its MERCK mark is inherently associated with its activities on a worldwide scale. This is due to the fact that its mark has been held to be famous internationally, and, it is the only rights-holder authorized to self-identify, conduct business, or advertise as "Merck" throughout the world outside of the US, Canada and their territories.

While the Objector recognizes that the Respondent does conduct business within North America using the Merck brand, and as MSD internationally, there is no evidence at all on the present record to suggest that the Respondent is known as "Merck" outside of this region. The Respondent's decision in 2009 to substitute Merck Sharp & Dohme with MSD outside of US and CA further indicates that the Respondent is not even known under the combination Merck Sharp & Dohme, but only as MSD. The Respondent thus cannot make such a showing, since this is clearly outside the scope of its limited rights in the trademark, and since it does not self-identify under any Merck-formative name due to its election to utilize "MSD" instead of its Merck Sharp & Dohme mark.


The Respondent then claims that the provided Japanese court decision stands for the proposition that consumers in Japan are more likely to associate "Merck" with the Respondent. This is not the case. The court, although noting that both parties conducted business within Japan and that the Respondent had the right to use "Merck" within the US and Canada, held that the Respondent (via its Japanese subsidiary) was not only acting in breach of the valid and existing trademark use agreement but committing a flagrant act of infringement of the Objector's rights. The court confirmed that the Respondent had no right to trade as "Merck" in Japan. Thus, it is clear the Respondent has no right to trade as "Merck" in Japan, and indeed no right to do so in any country outside of the US and Canada (and their associated territories).

#### Summary

The above comments have been provided, for the Panel's consideration, in order to refute blatant falsehoods and/or misleading statements made by the Respondent. Since there is no express provision for the submission of additional materials by either party, the Objector has striven to keep these comments narrowly focused and brief. To reply adequately to all points raised in the Response would require a lengthy amount of both time and evidence, and therefore, only the most egregious issues have been herein raised. The Objector in no way concedes any points made by the Respondent, and reiterates all of the arguments and evidence presented in its original Objection.

Munich, the June 21, 2013

Respectfully submitted,

  
Dr. Torsten Beltinger



## OBJECTOR's SUR-REPLY

### Respondent's Request for Termination

The Respondent opens its arguments and allegations with a long discourse in which it claims that "it is not possible" to address the majority of the critical and decisive issues which form the basis of this Legal Rights Objection. The Respondent claims, unconvincingly, that it cannot provide a full and substantiated reply in these proceedings, since to do so would "influence" the ongoing court actions between the parties.

There is no basis whatsoever for these claims. The Respondent is simply attempting to use the ongoing litigation between the parties as a mechanism for denying the Objector an opportunity to assert its rights in the context of the New gTLD application cycle. The claims asserted by the Objector, in both the ongoing litigation cases before the German and UK courts, address (*inter alia*) issues of name and trademark infringement in social media contexts and the Respondent's use of the <merck.com> domain name. There is nothing which prevents the Respondent from filing a full and complete response in this manner, and indeed its failure to do so suggests that it has no compelling arguments to support its application for the TLD space.

The Respondent then claims that the parties' ongoing litigation should prevent the Panel from entering a finding in this matter, and that the case should be terminated. There is no basis for this request. As the Panel may see for himself, the Objector has provided copies of the court-based litigation, and the claims therein do not concern the delegation of the TLD space. Only one of the twenty asserted claims in the German court action concerns the potential use of the .MERCK gTLD space, and that claim is aimed at preventing the Respondent from using the TLD within Europe via an injunction order. These issues concern potential post-delegation harms, and seek to address future behavior. The courts of neither Germany nor the UK have the authority to either grant or prevent delegation of a TLD space by ICANN. Thus, there is no reason to assume that the court actions would result in the resolution of the present conflict in this LRO proceeding. Moreover, there is no risk of conflicting decisions between the order of this Panel and the eventual outcome of the national court litigation actions. The Objector's legal proceedings in the UK and Germany against the Respondent further only concern the territory of the European Union, whereas Respondent's gTLD application infringes Objector's rights in over 200 countries.

Indeed, the LRO mechanism is the only ICANN DSRP for the resolution of pre-delegation trademark-based disputes in the context of the New gTLDs. This is the correct and sole forum wherein trademark holders and current applicants may assert competing claims. By requesting the Panel in this instance to dismiss the action, the Respondent is attempting to deny the Objector its opportunity to protect its trademark rights in the context of the New gTLD application cycle. The ongoing litigation does not, and cannot, assess the question of pre-delegation legal rights, and this Panel is the sole body qualified to make such a finding. The Respondent's only goal in this regard is to cut off a legal remedy which is open to the Objector, in order to prevent it from asserting its claims concerning the .MERCK TLD.

### Respondent's Claim for a "Family of Marks"

Further under section 8 of its Response, the Respondent states that "[d]uring this time, Respondent has established a family of MERCK and MERCK-composite trademarks registered in various countries throughout the world." This statement, however, is extremely misleading. Within North America, the Respondent has registered a number of various "Merck"-formative marks, which it is permitted to use under the parties' reciprocal agreement. Outside of North America, however, the Respondent's only trademark registrations are for "MSD," "Merck Sharp & Dohme" or one of these terms in conjunction with additional text. These marks do not constitute an internationally-registered "family of MERCK marks". Nor do these registrations give rise to any right to use the term MERCK as a stand-alone identifier, or formative mark component, anywhere outside of North America...

Moreover, by the time Respondent was granted status as an independent corporate entity in 1917, the Objector had already secured registration of its MERCK trademark on an international basis, and had been using the term in commerce for a substantial period of time (see the Annexes to the Objection). The Objector's MERCK marks claim priority via an early German trademark dating from

1900, well before the Respondent's company became an independent entity. Accordingly, all of the Respondent's trademarks (including their alleged North American "family" of marks, as well as their "Merck Sharp & Dohme mark) were registered long after the Objector's MERCK trademark. The Objector's MERCK mark thus enjoys both priority of registration and a substantially broader geographic scope of exclusive use.

#### Respondent's Claim that Prior UDRP Decisions Show Exclusive Right to "Merck"

It is well-known that UDRP decisions have never been held to constitute an absolute disposition of trademark rights as against any other, non-involved third party user of a given mark. Several panelists have included express notes to this effect in their decisions, where evidence of a third-party user was of concern in the given case. A sampling of these decisions would include *NVT Birmingham, LLC d/b/a CBS 42 WIAT-TV v. ZJ*, WIPO Case No. D2007-1079; *Société Air France v. Domain Park Limited*, WIPO Case No. D2007-0818; and *Parrot S.A. v. Whois Service, Belize Domain WHOIS Service*, WIPO Case No. D2007-0779.

The UDRP elements evaluate only a complainant's claim versus that of the relevant domain name holder, and do not assess the weight of every potential rights-holder worldwide, who may have either registered or unregistered rights in an identical or confusingly similar mark. Additionally, it has long been held under the UDRP that the jurisdiction of the complainant's trademark rights is irrelevant for the purposes of assessing the parties' rights under the Policy. In UDRP actions, it is not necessary to demonstrate global rights in a given mark, and indeed rights in a single jurisdiction are generally sufficient to ground a request for transfer. Therefore, the Respondent's limited rights within North America would naturally provide it with a claim for remedy vis-à-vis a domain name holder with no connection to the Merck name. The fact that some domain names have been ordered transferred to them has absolutely no bearing on the strength of its mark vis-à-vis the Objector, as the Objector was not a party to those actions.

Similarly, the Objector has successfully requested the transfer of numerous domain names containing its MERCK mark via the UDRP procedure. Some of these cases include: *Merck KGaA v. Douglas Draper*, WIPO Case No. D2003-0203, (<merck.net> and <merck.org>); *Merck KGaA v. Blue Sea Co. Inc.*, WIPO Case No. D2003-0394 (<merckonline.com>); *Merck KGaA v. Sunmeet Jolly*, WIPO Case No. D2004-0195 (<merckindia.com>); *Merck KGaA v. Taha Chhipa*, WIPO Case No. D2004-0905 (<merck-euro.info>); *Merck KGaA v. Private Registration Service, NETNIC Private Registration Service*, WIPO Case No. D2006-1433 (<merck-serono.info> and <merckserono.info>); *Merck KGaA v. JSJ Incheon*, WIPO Case No. D2006-1541 (<merckserono.com>); *Merck KGaA v. JSJ Incheon*, WIPO Case No. D2006-1596 (<merck-serono.com>); *Merck KGaA v. Mauritania Investments Ltd.*, WIPO Case No. DBZ2005-0001 (<merck.bz>); *Merck KGaA v. David Sun, China DNS, Inc.*, WIPO Case No. D2010-1971 (<merck-chemicals.net>); *Merck KGaA v. Registrant [3644982]: Chen Yan Hua*, WIPO Case No. D2011-1010 (<merck-de.com>); *Merck KGaA v. Pearlina Henry*, WIPO Case No. D2011-1013 (<mercklifesciences.com>); *Merck KGaA v. c/o whoisproxy.com Ltd / Galib Gahramanov, G Domains*, WIPO Case No. D2011-1271 (<merckde.com>); and *Merck KGaA v. yan xiansheng*, WIPO Case No. D2011-2161 (<mercktrading.com>).

#### Respondent's Claim to a "Famous Mark"

Respondent then claims that "[t]hrough Respondent's longstanding use of its family of MERCK and MERCK-composite trademarks internationally, they have become famous for their association with Respondent..." This statement is both misleading and unsubstantiated. The Respondent has provided no evidence whatsoever to indicate that its mark has been deemed famous by any court of law in any jurisdiction worldwide. Moreover, the Respondent's claim to have used "MERCK and MERCK-composite trademarks internationally" is extremely misleading. The Respondent cannot use the stand-alone "Merck" trademark outside of the US, Canada and their territories. Therefore, it cannot claim to have become known by the "Merck" name internationally, since it does not use it on a global basis. Moreover, it has no right to register "Merck" with additional terms (other than as part of the "Merck Sharp & Dohme" mark) outside of North America. In all locations outside of North America, the Respondent trades as MSD.

Based on its exclusive right to use the MERCK mark in over 200 jurisdictions, the Objector has installed global watching tools to obtain early knowledge of any infringing registration and/or use of



any signs which may be identical or similar to its name and brand MERCK. Any attempt to use confusingly similar signs by any third party - including the Respondent - has continuously been observed and prosecuted by the Objector since the establishment of its MERCK rights in each jurisdiction worldwide. Upon request of the Panel, the Objector will be ready to provide further details of these proceedings.

Similarly, the Respondent's only "MERCK-composite" marks which are registered for use outside of North America comprise the full text of "Merck Sharp & Dohme" without or without device or additional textual components. There is no international "family" of Merck marks owned by the Respondent, and its attempt to lead the Panel to infer that such rights do, in fact, exist is disingenuous, particularly where the Panel can easily review the Respondent's annexes to fact-check.

Unlike under the UDRP, where the mere existence of a single trademark registration in one jurisdiction is sufficient to justify the transfer of a disputed domain name from a registrant without trademark rights, the LRO procedure is designed to weigh the respective rights of two qualified mark owners. The mere fact that the Respondent is a junior user of the Objector's longstanding mark, and the fact that it uses its MERCK marks within North America, does not give it the right to trade on the global fame, notoriety and goodwill which the Objector has built in the Merck name throughout its 340-year history. Having rights in one or two jurisdictions does not grant the Respondent the right to commit unfettered trademark infringement throughout the entirety of the rest of the world.

As noted in the Objector's own applications for the .MERCK space, the Objector has taken carefully-calculated steps to prevent any infringement of the Respondent's trademarks, and to ensure that the Objector will not be identified as "Merck" to consumers within the US and Canada. The Respondent, however, has clearly indicated in both its application and Response that it has no interest in respecting the rights of the Objector, of acting within the boundaries and scope of its limited rights, and thereby has shown its intent to trade on the goodwill and international fame of the Objector's mark for its own commercial gain.

The Objector also notes that within this section of text the Respondent has made several claims regarding its medical manual publications. While the Objector notes that the Respondent does issue such publications, it expressly denies that the Respondent has the right to register "Merck Manual" as a trademark outside of the US and Canada. The Respondent has, in fact, agreed not to use "Merck Manual" as a trademark, and has cancelled trademark registrations for "Merck Manual" in the past, as such registrations infringe the Objector's rights and the parties' agreement. This issue has been the subject of correspondence about the interpretation of the agreement between the parties, and should the Panel require additional information, further documentation will be provided on request.

#### Respondent's Claim that the Objector was Founded in 1995

Under paragraph 9 of the Response, the Respondent makes an odd comment in which it indicates that it "does not dispute that Objector was established as a company in 1995." This section of the Response allegedly replied to paragraphs 11-13 of the Objection, in which the Objector correctly indicated that it was originally founded in 1668. Thus, the Respondent's statement here is both misplaced and unclear.

The Objector notes that during a routine corporate restructuring (which a 300+ year old company naturally will do from time to time), the current name of the Objector was shifted to reflect the modern naming convention. There is no question, however, that the company has remained the same throughout its longstanding history, as each corporate form has been the predecessor-in-interest of the previous. This is, of course, the natural progression of business entities, and there is nothing to suggest that the Objector underwent any fundamental change in ownership or interest at that time. The Objector's company remains the oldest pharmaceutical company in the world, and has traded in the industry for over 340 years.

#### Respondent's Claim to Global Recognition

Further in paragraph 9, the Respondent claims that worldwide public recognition of the MERCK name is due to its efforts, rather than those of the Objector, and cites as its only support a single

philanthropic endeavor. The Respondent offers no substantiating evidence on this point whatsoever. It offers no court findings, no evidence of its use of the MERCK name outside of North America (which indeed, it cannot), and no publications to support this bald claim.

The Objector does not dispute that the Respondent conducts substantial business within the US and Canada under its MERCK mark, nor that it enjoys a global presence as international pharmaceutical company using its MSD and Merck Sharp & Dohme marks. The Respondent cannot, however, make any claim to be "well known" let alone "famous" under the MERCK name on an international scale. The Respondent has no right to use the MERCK name outside of North America, and indeed does not do so. It is impossible for the Respondent to claim that it is known by "Merck" internationally as it does not trade as "Merck" throughout the majority of the world.

#### Respondent's Allegations Regarding Geo-Targeting

The Respondent goes on to claim that the Objector's provision for geo-targeting made in its application for the .MERCK TLD space, while clearly protecting the parties' respective rights and preserving the *status quo* of their trademark use agreement, is inappropriate because it could result in the "Balkanization" of the Internet. This argument is unconvincing, particularly in light of the fact that, regardless of ICANN's ultimate decision regarding delegation, the .MERCK space will operate as a closed TLD. The Respondent's comments about open Internet access might have some bearing on a generic TLD, but under both the Objector's and the Respondent's proposals for the space, registration will be tightly controlled. The geotargeting technology presently employed by the Objector has become an accepted, industry-standard mechanism for addressing copyright and related territorial concerns, and will enable the Objector to utilize the TLD in a manner consistent with the parties' respective rights.

The Respondent then claims that the examples of geo-targeting technology shown by the Objector cannot be used to block access, but merely to selectively display content, and that accordingly the Objector's model for the .MERCK space is somehow flawed. This argument is incorrect for two reasons. First, the Objector has never indicated that it will simply provide a blank page (or something similar) to visitors from North America who wish to access the site. Similarly to the mechanism currently employed by the Objector, North American visitors will simply be routed to an appropriate webpage, where the Objector is identified in a manner consistent with the parties' trademark use agreement. Secondly, geo-targeting is currently used to block access to restricted content on a geographic basis, as numerous companies (including YouTube, Google, The Guardian news agency, etc) utilize the geographic location of users' IP addresses to provide access only to appropriate, geographically-relevant materials. YouTube, for example, will not allow streaming of certain copyright-protected videos in countries outside of the United States.

In this same line, the Respondent later states (in its final paragraph before turning to a review of the eight factors, that "[a]s set out in its application for .MERCK, Respondent will take appropriate steps to ensure that it will not be perceived as being associated in any way whatsoever with Objector." The Respondent did not, at any time, in its application provide any concrete provision for the protection of the Objector's rights (See the Objector's Annex 1 for a copy of the Respondent's application). Indeed, the Respondent has shown a blatant disregard for the Objector's rights throughout the New gTLD application process. The Respondent has indicated not only that it intends to use the .MERCK space internationally (where it has no rights in the MERCK trademark whatsoever), but also that it intends to sell and license domain names to unspecified "affiliates" located anywhere throughout the world. This is in no way consistent with its obligations under the parties' trademark agreement, and certainly offers no protection of the Objector's rights. The Respondent has made no attempt to respect or protect the Objector's rights, and nothing in its pleadings before this Panel have provided any indication of such a commitment.

#### Respondent's Claims with Regard to Factor 3

The Respondent has elected to misquote the Objector and the Objection under this section, in order to avoid addressing a key substantive point in this proceeding. The Respondent appears to allege that the Objector has claimed to have received court rulings (holding the Objector's MERCK mark to be famous) in 95% of the world's countries. This is a clear mischaracterization of the Objection. Nowhere in the text does the Objector claim to have received rulings in 95% of the world's countries.

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While the Objector recognizes that the Respondent does conduct business within North America using the Merck brand, and as MSD internationally, there is no evidence at all on the present record to suggest that the Respondent is known as "Merck" outside of this region. The Respondent's decision in 2009 to substitute Merck Sharp & Dohme with MSD outside of US and CA further indicates that the Respondent is not even known under the combination Merck Sharp & Dohme, but only as MSD. The Respondent thus cannot make such a showing, since this is clearly outside the scope of its limited rights in the trademark, and since it does not self-identify under any Merck-formative name due to its election to utilize "MSD" instead of its Merck Sharp & Dohme mark.

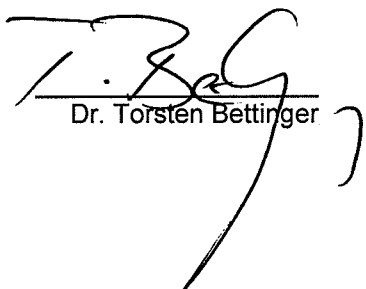
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#### Summary

The above comments have been provided, for the Panel's consideration, in order to refute blatant falsehoods and/or misleading statements made by the Respondent. Since there is no express provision for the submission of additional materials by either party, the Objector has striven to keep these comments narrowly focused and brief. To reply adequately to all points raised in the Response would require a lengthy amount of both time and evidence, and therefore, only the most egregious issues have been herein raised. The Objector in no way concedes any points made by the Respondent, and reiterates all of the arguments and evidence presented in its original Objection.

Munich, June 21, 2013

Respectfully submitted,

  
Dr. Torsten Bettinger



## OBJECTOR's SUR-REPLY

### Respondent's Request for Termination

Respondent opens its arguments and allegations with a long discourse in which it claims that "it is not possible" to address the majority of the critical and decisive issues which form the basis of this Legal Rights Objection. Respondent claims, unconvincingly, that it cannot provide a full and substantiated reply in these proceedings, since to do so would "influence" the ongoing court actions between the parties.

There is no basis whatsoever for these claims. Respondent is simply attempting to use the ongoing litigation between the parties as a mechanism for denying the Objector an opportunity to assert its rights in the context of the New gTLD application cycle. The claims asserted by Objector, in both the ongoing litigation cases before the German and UK courts, address (*inter alia*) issues of name and trademark infringement in social media contexts and Respondent's use of the <merck.com> domain name. There is nothing which prevents Respondent from filing a full and complete response in this manner, and indeed its failure to do so suggests that it has no compelling arguments to support its application for the TLD space.

Respondent then claims that the parties' ongoing litigation should prevent the Panel from entering a finding in this matter, and that the case should be terminated. There is no basis for this request. As the Panel may see for himself, Objector has provided copies of the court-based litigation, and the claims therein do not concern the delegation of the TLD space. Only one of the twenty asserted claims in the German court action concerns the potential use of the .MERCK gTLD space, and that claim is aimed at preventing Respondent from using the TLD within Europe via an injunction order. These issues concern potential post-delegation harms, and seek to address future behavior. The courts of neither Germany nor the UK have the authority to either grant or prevent delegation of a TLD space by ICANN. Thus, there is no reason to assume that the court actions would result in the resolution of the present conflict in this LRO proceeding. Moreover, there is no risk of conflicting decisions between the order of this Panel and the eventual outcome of the national court litigation actions. The Objector's legal proceedings in the UK and Germany against the Respondent further only concern the territory of the European Union, whereas Respondent's gTLD application infringes Objector's rights in over 200 countries.

Indeed, the LRO mechanism is the only ICANN DSRP for the resolution of pre-delegation trademark-based disputes in the context of the New gTLDs. This is the correct and sole forum wherein trademark holders and current applicants may assert competing claims. By requesting the Panel in this instance to dismiss the action, Respondent is attempting to deny Objector its opportunity to protect its trademark rights in the context of the New gTLD application cycle. The ongoing litigation does not, and cannot, assess the question of pre-delegation legal rights, and this Panel is the sole body qualified to make such a finding. The Respondent's only goal in this regard is to cut off a legal remedy which is open to Objector, in order to prevent it from challenging Respondent's application for the .MERCKMSD TLD.

### Respondent's Claim for a "Family of Marks"

Further under section 8 of its Response, the Respondent states that "[d]uring this time, Respondent has established a family of MERCK and MERCK-composite trademarks registered in various countries throughout the world." This statement, however, is extremely misleading. Within North America, the Respondent has registered a number of various "Merck"-formative marks, which it is permitted to use under the parties' reciprocal agreement. Outside of North America, however, the Respondent's only trademark registrations are for "MSD," "Merck Sharp & Dohme" or one of these terms in conjunction with additional text. These marks do not constitute an internationally-registered "family of MERCK marks". Nor do these registrations give rise to any right to use the term MERCK as a stand-alone identifier, or formative mark component, anywhere outside of North America, including as "MERCKMSD." The Respondent has no right to register any "MERCKMSD" trademarks outside of the US and Canada, nor to use such designation outside this limited geographic region.

Moreover, by the time Respondent was granted status as an independent corporate entity in 1917, the Objector had already<sup>1</sup> secured registration of its MERCK trademark on an international basis, and had been using the term in commerce for a substantial period of time (see the Annexes to the Objection). The Objector's MERCK marks claim priority via an early German trademark dating from 1900, well before the Respondent's company became an independent entity. Accordingly, all of the Respondent's trademarks (including their alleged North American "family" of marks, as well as their "Merck Sharp & Dohme mark) were registered long after the Objector's MERCK trademark. The Objector's MERCK mark thus enjoys both priority of registration and a substantially broader geographic scope of exclusive use.

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It is well-known that UDRP decisions have never been held to constitute an absolute disposition of trademark rights as against any other, non-involved third party user of a given mark. Several panelists have included express notes to this effect in their decisions, where evidence of a third-party user was of concern in the given case. A sampling of these decisions would include *NVT Birmingham, LLC d/b/a CBS 42 WIAT-TV v. ZJ*, WIPO Case No. D2007-1079; *Société Air France v. Domain Park Limited*, WIPO Case No. D2007-0818; and *Parrot S.A. v. Whois Service, Belize Domain WHOIS Service*, WIPO Case No. D2007-0779.

The UDRP elements evaluate only a complainant's claim versus that of the relevant domain name holder, and do not assess the weight of every potential rights-holder worldwide, who may have either registered or unregistered rights in an identical or confusingly similar mark. Additionally, it has long been held under the UDRP that the jurisdiction of the complainant's trademark rights is irrelevant for the purposes of assessing the parties' rights under the Policy. In UDRP actions, it is not necessary to demonstrate global rights in a given mark, and indeed rights in a single jurisdiction are generally sufficient to ground a request for transfer. Therefore, the Respondent's limited rights within North America would naturally provide it with a claim for remedy vis-à-vis a domain name holder with no connection to the Merck name. The fact that some domain names have been ordered transferred to them has absolutely no bearing on the strength of its mark vis-à-vis the Objector, as the Objector was not a party to those actions.

Similarly, the Objector has successfully requested the transfer of numerous domain names containing its MERCK mark via the UDRP procedure. Some of these cases include: *Merck KGaA v. Douglas Draper*, WIPO Case No. D2003-0203, (<merck.net> and <merck.org>); *Merck KGaA v. Blue Sea Co. Inc.*, WIPO Case No. D2003-0394 (<merckonline.com>); *Merck KGaA v. Sunmeet Jolly*, WIPO Case No. D2004-0195 (<merckindia.com>); *Merck KGaA v. Taha Chhipa*, WIPO Case No. D2004-0905 (<merck-euro.info>); *Merck KGaA v. Private Registration Service, NETNIC Private Registration Service*, WIPO Case No. D2006-1433 (<merck-serono.info> and <merckserono.info>); *Merck KGaA v. JSJ Incheon*, WIPO Case No. D2006-1541 (<merckserono.com>); *Merck KGaA v. JSJ Incheon*, WIPO Case No. D2006-1596 (<merck-serono.com>); *Merck KGaA v. Mauritania Investments Ltd.*, WIPO Case No. DBZ2005-0001 (<merck.bz>); *Merck KGaA v. David Sun, China DNS, Inc.*, WIPO Case No. D2010-1971 (<merck-chemicals.net>); *Merck KGaA v. Registrant [3644982]: Chen Yan Hua*, WIPO Case No. D2011-1010 (<merck-de.com>); *Merck KGaA v. Pearline Henry*, WIPO Case No. D2011-1013 (<mercklifesciences.com>); *Merck KGaA v. c/o whoisproxy.com Ltd / Galib Gahramanov, G Domains*, WIPO Case No. D2011-1271 (<merckde.com>); and *Merck KGaA v. yan xiansheng*, WIPO Case No. D2011-2161 (<mercktrading.com>).

#### Respondent's Claim to a "Famous Mark"

Respondent then claims that "[t]hrough Respondent's longstanding use of its family of MERCK and MERCK-composite trademarks internationally, they have become famous for their association with Respondent..." This statement is both misleading and unsubstantiated. The Respondent has provided no evidence whatsoever to indicate that its mark has been deemed famous by any court of law in any jurisdiction worldwide. Moreover, the Respondent's claim to have used "MERCK and MERCK-composite trademarks internationally" is extremely misleading. The Respondent cannot use the stand-alone "Merck" trademark outside of the US, Canada and their territories. Therefore, it cannot claim to have become known by the "Merck" name internationally, since it does not use it on a

global basis. Moreover, it has no right to register “Merck” with additional terms (other than as part of the “Merck Sharp & Dohme” mark) outside of North America. In all locations outside of North America, the Respondent trades as MSD.

Based on its exclusive right to use the MERCK mark in over 200 jurisdictions, the Objector has installed global watching tools to obtain early knowledge of any infringing registration and/or use of any signs which may be identical or similar to its name and brand MERCK. Any attempt to use confusingly similar signs by any third party - including the Respondent - has continuously been observed and prosecuted by the Objector since the establishment of its MERCK rights in each jurisdiction worldwide. Upon request of the Panel, the Objector will be ready to provide further details of these proceedings.

Similarly, the Respondent’s only “MERCK-composite” marks which are registered for use outside of North America comprise the full text of “Merck Sharp & Dohme” without or without device or additional textual components. There is no international “family” of Merck marks owned by the Respondent, and its attempt to lead the Panel to infer that such rights do, in fact, exist is disingenuous, particularly where the Panel can easily review the Respondent’s annexes to fact-check. It is important to note in this regard that the Respondent self-identifies as “MSD”, not as “MERCK MSD.” It would be impossible for the Respondent to use “MERCK MSD” on an international basis, as this is expressly forbidden by the parties’ mutual use agreement.

Unlike under the UDRP, where the mere existence of a single trademark registration in one jurisdiction is sufficient to justify the transfer of a disputed domain name from a registrant without trademark rights, the LRO procedure is designed to weigh the respective rights of two qualified mark owners. The mere fact that the Respondent is a junior user of the Objector’s longstanding mark, and the fact that it uses its MERCK marks within North America, does not give it the right to trade on the global fame, notoriety and goodwill which the Objector has built in the Merck name throughout its 340-year history. Having rights in one or two jurisdictions does not grant the Respondent the right to commit unfettered trademark infringement throughout the entirety of the rest of the world.

As noted in the Objector’s own applications for the .MERCK space, the Objector has taken carefully-calculated steps to prevent any infringement of the Respondent’s trademarks, and to ensure that the Objector will not be identified as “Merck” to consumers within the US and Canada. The Respondent, however, has clearly indicated in each of its applications, for both the .MERCK and .MERCKMSD spaces, that has no interest in respecting the rights of the Objector, of acting within the boundaries and scope of its limited rights, and thereby has shown its intent to trade on the goodwill and international fame of the Objector’s mark for its own commercial gain.

The Objector also notes that within this section of text the Respondent has made several claims regarding its medical manual publications. While the Objector notes that the Respondent does issue such publications, it expressly denies that the Respondent has the right to register “Merck Manual” as a trademark outside of the US and Canada. The Respondent has, in fact, agreed not to use “Merck Manual” as a trademark, and has cancelled trademark registrations for “Merck Manual” in the past, as such registrations infringe the Objector’s rights and the parties’ agreement. This issue has been the subject of correspondence about the interpretation of the agreement between the parties, and should the Panel require additional information, further documentation will be provided on request.

#### Respondent’s Claim that the Objector was Founded in 1995

Under paragraph 9 of the Response, the Respondent makes an odd comment in which it indicates that it “does not dispute that Objector was established as a company in 1995.” This section of the Response allegedly replied to paragraphs 11-13 of the Objection, in which the Objector correctly indicated that it was originally founded in 1668. Thus, the Respondent’s statement here is both misplaced and unclear.

The Objector notes that during a routine corporate restructuring (which a 300+ year old company naturally will do from time to time), the current name of the Objector was shifted to reflect the modern naming convention. There is no question, however, that the company has remained the same throughout its longstanding history, as each corporate form has been the predecessor-in-interest of the previous. This is, of course, the natural progression of business entities, and there is nothing to

suggest that the Objector underwent any fundamental change in ownership or interest at that time. The Objector's company remains the oldest pharmaceutical company in the world, and has traded in the industry for over 340 years.

#### Respondent's Claim to Global Recognition

Further in paragraph 9, the Respondent claims that worldwide public recognition of the MERCK name is due to its efforts, rather than those of the Objector, and cites as its only support a single philanthropic endeavor. The Respondent offers no substantiating evidence on this point whatsoever. It offers no court findings, no evidence of its use of the MERCK name outside of North America (which indeed, it cannot), and no publications to support this bald claim.

The Objector does not dispute that the Respondent conducts substantial business within the US and Canada under its MERCK mark, nor that it enjoys a global presence as international pharmaceutical company using its MSD and Merck Sharp & Dohme marks. The Objector notes, however, that the Respondent is not known as "MERCK MSD" on an international basis, that it has no right to use the mark or name "MERCK MSD" outside of the US and Canada, and furthermore that the Respondent has provided absolutely no proof (not even a single example) to show that it actively trades or advertises under any alleged "MERCK MSD" trademark even within North America.

#### Respondent's Allegations Regarding Geo-Targeting

The Respondent goes on to claim that the Objector's provision for geo-targeting made in its application for the .MERCK TLD space, while clearly protecting the parties' respective rights and preserving the *status quo* of their trademark use agreement, is inappropriate because it could result in the "Balkanization" of the Internet. This argument is unconvincing, particularly in light of the fact that, regardless of ICANN's ultimate decision regarding delegation, the .MERCK space (as well as the .MERCKMSD space) will operate as a closed TLD. The Respondent's comments about open Internet access might have some bearing on a generic TLD, but under both the Objector's and the Respondent's proposals for the space, registration will be tightly controlled. The geotargeting technology presently employed by the Objector has become an accepted, industry-standard mechanism for addressing copyright and related territorial concerns, and will enable the Objector to utilize the TLD in a manner consistent with the parties' respective rights.

The Respondent then claims that the examples of geo-targeting technology shown by the Objector cannot be used to block access, but merely to selectively display content, and that accordingly geo-targeting would be an inappropriate mechanism for resolving the present conflict between the parties. This argument is incorrect for two reasons. First, the Objector has never indicated that it will simply provide a blank page (or something similar) to visitors from North America who wish to access the site. Similarly to the mechanism currently employed by the Objector, North American visitors will simply be routed to an appropriate webpage, where the Objector is identified in a manner consistent with the parties' trademark use agreement. Secondly, geo-targeting is currently used to block access to restricted content on a geographic basis as numerous companies (including YouTube, Google, The Guardian news agency, etc) utilize the geographic location of users' IP addresses to provide access only to appropriate, geographically-relevant materials. YouTube, for example, will not allow streaming of certain copyright-protected videos in countries outside of the United States.

In this same line, the Respondent later states (in its final paragraph before turning to a review of the eight factors, that "[a]s set out in its application for .MERCKMSD, Respondent will take appropriate steps to ensure that it will not be perceived as being associated in any way whatsoever with Objector." The Respondent did not, at any time, in its application provide any concrete provision for the protection of the Objector's rights (See the Objector's Annex 1 for a copy of the Respondent's application). Indeed, the Respondent has shown a blatant disregard for the Objector's rights throughout the New gTLD application process. The Respondent has indicated not only that it intends to use the .MERCKMSD space internationally (where it has no rights in the MERCK trademark whatsoever, and no right to register or use any potential "MERCK MSD" mark), but also that it intends to sell and license domain names to unspecified "affiliates" located anywhere throughout the world. This is in no way consistent with its obligations under the parties' trademark agreement, and certainly offers no protection of the Objector's rights. The Respondent has made no attempt to



respect or protect the Objector's rights, and nothing in its pleadings before this Panel have provided any indication of such a commitment.

Respondent's Claims with Regard to Factor 3

The Respondent has elected to misquote the Objector and the Objection under this section, in order to avoid addressing a key substantive point in this proceeding. The Respondent appears to allege that the Objector has claimed to have received court rulings (holding the Objector's MERCK mark to be famous) in 95% of the world's countries. This is a clear mischaracterization of the Objection. Nowhere in the text does the Objector claim to have received rulings in 95% of the world's countries. The Objector factually indicates that it has received such rulings in numerous courts, and further that it is the rights-holder of the MERCK mark throughout the majority of the world's countries (where 95% of the global population resides). The Objector further notes that its MERCK mark is inherently associated with its activities on a worldwide scale. This is due to the fact that its mark has been held to be famous internationally, and, it is the only rights-holder authorized to self-identify, conduct business, or advertise as "Merck" throughout the world outside of the US, Canada and their territories.

While the Objector recognizes that the Respondent does conduct business within North America using the Merck brand, and as MSD internationally, there is no evidence at all on the present record to suggest that the Respondent is known as "Merck" outside of this region. The Respondent's decision in 2009 to substitute Merck Sharp & Dohme with MSD outside of US and CA further indicates that Respondent is not even known under the combination Merck Sharp & Dohme, but only as MSD. Respondent thus cannot make such a showing, since this is clearly outside the scope of its limited rights in the trademark, and since it does not self-identify under any Merck-formative name due to its election to utilize "MSD" instead of its Merck Sharp & Dohme mark.

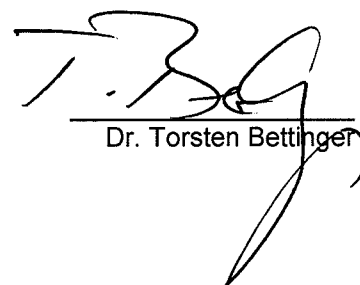
The Respondent then claims that the provided Japanese court decision stands for the proposition that consumers in Japan are more likely to associate "Merck" with the Respondent. This is not the case. The court, although noting that both parties conducted business within Japan and that the Respondent had the right to use "Merck" within the US and Canada, held that the Respondent (via its Japanese subsidiary) was not only acting in breach of the valid and existing trademark use agreement but committing a flagrant act of infringement of the Objector's rights. The court confirmed that the Respondent had no right to trade as "Merck" in Japan. Thus, it is clear the Respondent has no right to trade as "Merck" in Japan, and indeed no right to do so in any country outside of the US and Canada (and their associated territories).

Summary

The above comments have been provided, for the Panel's consideration, in order to refute blatant falsehoods and/or misleading statements made by the Respondent. Since there is no express provision for the submission of additional materials by either party, the Objector has striven to keep these comments narrowly focused and brief. To reply adequately to all points raised in the Response would require a lengthy amount of both time and evidence, and therefore, only the most egregious issues have been herein raised. The Objector in no way concedes any points made by the Respondent, and reiterates all of the arguments and evidence presented in its original Objection.

Munich, June 21, 1013

Respectfully submitted



Dr. Torsten Bettinger

# **ANNEX 32**

## **EXPERT DETERMINATION LEGAL RIGHTS OBJECTION**

Merck & Co, Inc. v. Merck KGaA

Case No. LRO2013-0068

### **1. The Parties**

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

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

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

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

### **3. Procedural History**

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

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

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

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

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

## 4. Factual Background

### Objector

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

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

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

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

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

### Applicant

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

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

Applicant’s application for the Disputed gTLD String was originally posted on June 13, 2012 under Application ID: 1-980-60636. In that application the mission/purpose of the application was described *inter alia* in the following terms: “The ‘.EMERCK TLD’ will combine all applications of information and communication technologies in support of Merck’s online business activities. The ‘.EMERCK’ space will, accordingly, provide information to Merck KGaA’s online visitors from across the globe, and the space will offer users an interconnected, well-organized network of information about Merck’s activities.”

### The common history of Objector and Applicant

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

In the 1930s the groups of companies of Objector and Applicant agreed on co-existence. The group of companies of Objector obtained the right to use the name MERCK in the United States and Canada. The group of companies of Applicant obtained the right to use the name MERCK everywhere except for the United States and Canada. The group of companies of Objector mainly uses the name and trademark MSD for its activities outside the United States and Canada. The co-existence agreements were amended in the 1970s.

## **5. Parties' Contentions**

### **A. Objector**

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

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

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

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

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

### **B. Applicant**

Applicant expressly denies Objector's contentions.

Objector has taken numerous steps in an unauthorized attempt to dramatically expand its use of the MERCK

mark in direct violation of Applicant's legal rights, and in a manner contrary to the provisions of the co-existence agreements. The violations include its applications through Objector's affiliated company Merck Registry Holdings, Inc. for the <.merck> gTLD.

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

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

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

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

## **6. Discussion and Findings**

### **Introduction**

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

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

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

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

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

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

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

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

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

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

### **Trademark Infringement**

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

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

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

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

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

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

The question is whether a *bona fide* trademark owner that owns trademark rights in certain countries but does not have rights to a certain trademark in all countries of the world, should for that reason be prevented from obtaining a gTLD. In the view of the Panel, such a proposition does not make sense. If the opposite view would be accepted, it would be expected from any trademark owner interested in a gTLD to have trademark registrations in all countries of the world as otherwise another party could register one trademark in an “uncovered” country and thus prevent the first trademark owner from applying for and using its own gTLD.

In essence there should not be a significant difference between the criteria for the legal rights objection as included in the Guidebook on the one hand and the provisions included in the Uniform Domain Name

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

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

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

For the aforementioned reasons the Panel rejects the Objection.

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

The Panel addresses each of them in turn:

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

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

WIPO Overview 2.0 describes this test as follows:

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

However: Some panels have additionally required that, for a domain name to be regarded as confusingly similar to the complainant's trademark, there must be a risk that Internet users may actually believe there to be a real connection between the domain name and the complainant and/or its goods and services. Such panels would typically assess this risk having regard to such factors as the overall impression created by the domain name, the distinguishing value (if any) of any terms, letters or numbers in the domain name additional to the relied-upon mark, and whether an Internet user unfamiliar with any meaning of the disputed domain name seeking the complainant's goods or services on the world wide web would necessarily comprehend such distinguishing value vis-à-vis the relevant mark.



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

The Panel, however, agrees with Objector that an "e" prefix has long been recognized as a designation for goods or services sold or delivered electronically over the Internet, e.g., "ecommerce" and that the "e" prefix has come to be known worldwide as an all-purpose prefix connoting internet-related activity. In that sense Internet users could recognize EMERCK as an "electronic" MERCK.

The Panel finds that the Disputed gTLD String and Objector's trademark are similar.

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

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

iii. Whether and to what extent there is recognition in the relevant sector of the public of the sign corresponding to the gTLD, as the mark of Objector, of Applicant or of a third party.

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

iv. Applicant's intent in applying for the gTLD, including whether Applicant, at the time of application for the gTLD, had knowledge of Objector's mark, or could not have reasonably been unaware of that mark, and including whether Applicant has engaged in a pattern of conduct whereby it applied for or operates TLDs or registrations in TLDs which are identical or confusingly similar to the marks of others.

Applicant had – given the common history referred to above – obviously knowledge of Objector's mark. There is, however, nothing before this Panel that would lead to conclusion the Applicant has engaged in a pattern of conduct whereby it applied for or operates TLDs or registrations in TLDs which are identical or confusingly similar to the marks of others.

v. Whether and to what extent Applicant has used, or has made demonstrable preparations to use, the sign corresponding to the gTLD in connection with a *bona fide* offering of goods or services or a *bona fide* provision of information in a way that does not interfere with the legitimate exercise by Objector of its mark rights.

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

vi. Whether Applicant has marks or other intellectual property rights in the sign corresponding to the gTLD, and, if so, whether any acquisition of such a right in the sign, and use of the sign, has been *bona fide*, and whether the purported or likely use of the gTLD by Applicant is consistent with such acquisition or use.

Applicant has used EMERCK (and MERCK) for many years in connection with the *bona fide* offering of goods and services and owns trademarks for EMERCK (and MERCK) in many countries of the world. In the view of the Panel such *bona fide* use as such does not interfere with the legitimate exercise by Objector of its trademark rights. If Applicant would use the Disputed gTLD String in a way that infringes the rights of

Objector, Objector shall be free to take the appropriate legal measures. The purported use of the gTLD by Applicant is consistent with use Applicant has made of the EMERCK (and MERCK) trademarks.

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

Applicant has been commonly known by the name MERCK as it is the distinctive element of its full name. Given the fact that also Objector indicated that an “e” prefix has long been recognized as a designation for goods or services sold or delivered electronically over the Internet, e.g. in “ecommerce”, and that the “e” prefix has come to be known worldwide as an all-purpose prefix connoting Internet-related activity, as well as the fact that parts of the group of companies to which Applicant belongs uses the trademark EMERCK as trading name, the Panel considers that Applicant is commonly known by a sign that corresponds to the Disputed gTLD String. As discussed above, the Panel does not see that use Applicant would make of the Disputed gTLD String would not be consistent or *bona fide* therewith.

- viii. Whether Applicant’s intended use of the gTLD would create a likelihood of confusion with Objector’s mark as to the source, sponsorship, affiliation, or endorsement of the gTLD.

It is possible that Applicant’s use of the Disputed gTLD String could create a likelihood of confusion with Objector’s mark as to the source, sponsorship, affiliation, or endorsement of the Disputed gTLD String. However, such possible confusion would not be greater than any that may already exist as a result of two similar companies using a similar trademark as the result of a common history. Applicant has made it clear that it will take all necessary measures, including geo-targeting, to avoid that Internet users in the territories in which Objector has trademark rights, will be able to visit websites that use the Disputed gTLD String. Should Applicant use the Disputed gTLD String in a way that infringes the rights of Objector, Objector shall be free to take the appropriate legal measures.

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

## 7. Decision

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

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

The Panel rejects the Objection.

[signed]

**Willem J.H. Leppink**  
Sole Panel Expert  
Date: July 30, 2013

## **EXPERT DETERMINATION LEGAL RIGHTS OBJECTION**

Merck & Co, Inc. v. Merck KGaA

Case No. LRO2013-0069

### **1. The Parties**

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

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

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

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

### **3. Procedural History**

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

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

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

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

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

## 4. Factual Background

### Objector

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

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

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

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

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

### Applicant

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

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

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

### The common history of Objector and Applicant

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

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

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

## **5. Parties' Contentions**

### **A. Objector**

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

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

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

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

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

## **B. Applicant**

Applicant expressly denies Objector's contentions.

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

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

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

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

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

## **6. Discussion and Findings**

### **Introduction**

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

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

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

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

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

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

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

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

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

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

### **Trademark Infringement**

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

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

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

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

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

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

The question is whether a *bona fide* trademark owner that owns trademark rights in certain countries but does not have rights to a certain trademark in all countries of the world, should for that reason be prevented from obtaining a gTLD. In the view of the Panel, such a proposition does not make sense. If the opposite

view would be accepted, it would be expected from any trademark owner interested in a gTLD to have trademark registrations in all countries of the world as otherwise another party could register one trademark in an “uncovered” country and thus prevent the first trademark owner from applying for and using its own gTLD.

In essence there should not be a significant difference between the criteria for the legal rights objection as included in the Guidebook on the one hand and the provisions included in the Uniform Domain Name Dispute Resolution Policy (“UDRP”). If the applicant for a new gTLD is *bona fide*, it will not be likely that one of the three criteria will be met. It might be that advantage of the distinctive character or the reputation of the objector’s registered trademark is taken, but it is then likely not unfair. It might be that the distinctive character or reputation of the objector’s registered trademark is being impaired, but it is likely justified. It might be that a likelihood of confusion between the Disputed gTLD String and the objector’s mark is created, but it is not necessarily impermissible.

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

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

For the aforementioned reasons the Panel rejects the Objection.

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

The Panel addresses each of them in turn:

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

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

WIPO Overview 2.0 describes this test as follows:

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

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



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

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

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

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

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

iii. Whether and to what extent there is recognition in the relevant sector of the public of the sign corresponding to the gTLD, as the mark of Objector, of Applicant or of a third party.

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

iv. Applicant's intent in applying for the gTLD, including whether Applicant, at the time of application for the gTLD, had knowledge of Objector's mark, or could not have reasonably been unaware of that mark, and including whether Applicant has engaged in a pattern of conduct whereby it applied for or operates TLDs or registrations in TLDs which are identical or confusingly similar to the marks of others.

Applicant had – given the common history referred to above – obviously knowledge of Objector's mark. There is, however, nothing before this Panel that would lead to conclusion the Applicant has engaged in a pattern of conduct whereby it applied for or operates TLDs or registrations in TLDs which are identical or confusingly similar to the marks of others.

v. Whether and to what extent Applicant has used, or has made demonstrable preparations to use, the sign corresponding to the gTLD in connection with a *bona fide* offering of goods or services or a *bona fide* provision of information in a way that does not interfere with the legitimate exercise by Objector of its mark rights.

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

vi. Whether Applicant has marks or other intellectual property rights in the sign corresponding to the gTLD, and, if so, whether any acquisition of such a right in the sign, and use of the sign, has been *bona fide*, and whether the purported or likely use of the gTLD by Applicant is consistent with such acquisition or use.

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

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

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

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

viii. Whether Applicant's intended use of the gTLD would create a likelihood of confusion with Objector's mark as to the source, sponsorship, affiliation, or endorsement of the gTLD.

It is possible that Applicant's use of the Disputed gTLD String could create a likelihood of confusion with Objector's mark as to the source, sponsorship, affiliation, or endorsement of the Disputed gTLD String. However, such possible confusion would not be greater than any that may already exist as a result of two similar companies using a similar trademark as the result of a common history. Applicant has made it clear that it will take all necessary measures, including geo-targeting, to avoid that Internet users in the territories in which Objector has trademark rights, will be able to visit websites that use the Disputed gTLD String. Should Applicant use the Disputed gTLD String in a way that infringes the rights of Objector, Objector shall be free to take the appropriate legal measures.

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

## 7. Decision

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

(i) take unfair advantage of the distinctive character or the reputation of Objector's registered or unregistered trademark or service mark, or

(ii) unjustifiably impair the distinctive character or the reputation of Objector's mark, or

(iii) otherwise create an impermissible likelihood of confusion between the Disputed gTLD String and Objector's mark.

The Panel rejects the Objection.

[signed]

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

# **ANNEX 33**

## **EXPERT DETERMINATION LEGAL RIGHTS OBJECTION**

Merck KGaA v. Merck Registry Holdings, Inc.

Case No. LRO2013-0009

### **1. The Parties**

Objector/Complainant is Merck KGaA, Germany, represented by Bettinger Schneider Schramm, Germany.

Applicant/Respondent is Merck Registry Holdings, Inc., United States of America represented by Hogan Lovells (Paris) LLP, France.

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

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

### **3. Procedural History**

The Legal Rights Objection (“LRO”) was filed with the WIPO Arbitration and Mediation Center (the “WIPO Center”) on March 12, 2013 pursuant to the New gTLD Dispute Resolution Procedure (the “Procedure”).

In accordance with Article 9 of the Procedure, the WIPO Center has completed the review of the Objection on March 20, 2013 and has determined that the Objection complies with the requirements of the Procedure and the World Intellectual Property Organization Rules for New gTLD Dispute Resolution for Existing Legal Rights Objections (the “WIPO Rules for New gTLD Dispute Resolution”).

The WIPO Center received a proposal from Objector to consolidate the LRO Objections WIPO Case No. LRO2013-0009, WIPO Case No. LRO2013-0010 and WIPO Case No. LRO2013-0011 on April 23, 2013. Respondent indicated opposition to aspects of the consolidation proposal. In accordance with Article 12 of Procedure and Paragraph 7(d) of the WIPO Rules for New gTLD Dispute Resolution, the WIPO Center has not made a decision to consolidate the WIPO Case No. LRO2013-0009, WIPO Case No. LRO2013-0010 and WIPO Case No. LRO2013-0011 for purposes of Article 12(b) of the Procedure.

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

Following initial party communications concerning options for mediation pursuant to Article 16(d) of the Procedure and Paragraph 12 of the WIPO Rules for New gTLD Dispute Resolution, the Parties in the end did not proceed to such mediation.

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

On June 18, 2013, further to a request from Objector, the Panel issued Panel Order No. 1 in which Objector was granted permission to submit a short reply of maximum five pages (including any possible Annexes) ("Reply") and giving Applicant permission to submit a rejoinder of a similar size ("Rejoinder"). The Panel ordered that the Reply should be limited to observations and arguments relating to new or unforeseen arguments brought forward by Applicant in the Response and that the Rejoinder should only relate to observations and arguments brought forward in the Reply. The Panel communicated that it will disregard any other observations and arguments in the Reply and Rejoinder. The Panel ordered that the Reply should be filed electronically with the WIPO Center by June 21, 2013 and that the Rejoinder should be filed electronically with the WIPO Center within three working days after the WIPO Center acknowledged receipt of the Reply.

The Reply was received by the WIPO Center on June 21, 2013. On June 24, 2013, Applicant objected to the fact that the Panel granted the opportunity to file additional submissions and objected to the fact that it was granted a deadline for the Rejoinder of three working days after the WIPO Center acknowledged receipt of the Reply. On June 27, 2013, Applicant submitted the Rejoinder, named "Applicant/Respondent's Reply to Unsolicited Supplemental Filing from Objector", reserving the right to amend and supplement this submission.

On June 27, 2013, the Panel issued Panel Order No. 2 in which the Panel granted Applicant a ten-day extension to amend and supplement the Rejoinder. Within this period of ten days after June 27, 2013, Applicant has not submitted any document to amend and supplement the Rejoinder it had previously submitted.

#### **4. Factual Background**

##### **Objector**

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

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

##### **Applicant**

Applicant of the Disputed gTLD String, Applicant in this Procedure, is a United States company, located in Whitehouse Station, New Jersey. The parent of Applicant is Merck Sharp & Dohme Corp. and the ultimate

parent of Applicant is Merck & Co., Inc. that is also located in Whitehouse Station, New Jersey<sup>1</sup>. Applicant is one of the largest pharmaceutical companies in the world.

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

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

Applicant also owns various trademark registrations for MERCK SHARPE & DOHME throughout the world, outside Canada and the United States.

Applicant’s application for the Disputed gTLD String was originally posted on June 13, 2012 under Application ID: 1-1702-28003. In that application the mission/purpose of the application was described *inter alia* in the following terms:

“The potential use of the .MERCK gTLD by these or other business segments will primarily be driven by MSD’s future business strategies as identified in its annual report and investor filings, see ‘<http://www.merck.com/investors/home.html>’. The intended future mission and purpose of the .MERCK gTLD is to serve as a trusted, hierarchical, and intuitive namespace for MSD and end-users, and potentially MSD’s qualified subsidiaries and affiliates and potentially its licensees and other strategic parties.”

### **The common history of Objector and Applicant**

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

In the 1930s the groups of companies of Objector and Applicant agreed on co-existence. The group of companies of Applicant obtained the right to use the name MERCK in the United States and Canada. The group of companies of Objector obtained the right to use the name MERCK everywhere except outside the United States and Canada. The co-existence agreements were amended in the 1970s.

## **5. Parties’ Contentions**

### **A. Objector**

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

Objector is a company that long ago was part of a single organization with Applicant. Since the split, both Objector and Applicant have used MERCK marks in countries around the world pursuant to a series of co-existence agreements. Applicant has taken numerous steps in an unauthorized attempt to dramatically expand its use of the MERCK mark in direct violation of Objector’s legal rights, and in a manner contrary to the provisions of the co-existence agreements.

Applicant has also registered the domain name <merck.com> and various other domain names which

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<sup>1</sup> As both Objector and Applicant have included in their submissions that, although Applicant, Merck Sharp & Dohme Corp and Merck & Co are distinct legal entities, references to Applicant are deemed to include references to Merck Sharp & Dohme Corp and/or Merck & Co, the Panel will follow this example where there is no useful purpose served in identifying any particular of these companies.

include the element “merck” and also use the same name for social media such as Facebook, Twitter, LinkedIn and YouTube. All of the above websites are not geo-limited to views in North America. These activities are outside the boundaries of the co-existence agreements and constitute an infringement of Objector’s rights. Applicant and Objector (and/or its group companies) are currently involved in legal proceedings before the District Court of Hamburg, Germany and are preparing additional legal measures.

Applicant 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 Objector’s rights. In addition the space would also be opened to Applicant’s licensees or strategic parties without any geographical limitation. Finally, Applicant’s intention is to expand use beyond corporate use, again without any geographical limitation.

Contrary to Applicant, Objector uses geo-targeting tools to ensure that visitors from North America cannot access website content in which Objector is identified as “Merck”. Internet users in North America that enter “www.merck.de” into a browser will be redirected to “www.emdgroup.com”.

## **B. Applicant**

Applicant expressly denies Objector’s contentions.

Objector has in addition to the proceedings in Hamburg, also commenced legal proceedings in the United Kingdom of Great Britain and Northern Ireland claiming trademark infringement and breach of the co-existence agreements.

Applicant cannot address Objector’s claims without influencing the wider litigation action and requests the Panel to terminate the Procedure as per Paragraph 13(b) of the WIPO Rules for New gTLD Dispute Resolution, which state: “In the event of any legal proceedings initiated prior to or during a proceeding conducted under the Procedure, the Panel shall have the discretion to decide whether to suspend or terminate such proceeding under the Procedure, or to proceed to an Expert Determination.”

Applicant does not believe that the Procedure, due to the current litigation in two jurisdictions, is the appropriate forum.

Objector is a German company. Its parent long ago was part of a single organization with Applicant. That single entity was split into two nearly one hundred years ago. Since then, both Objector and Applicant have used MERCK marks in countries around the world pursuant to a series of co-existence agreements.

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

## **6. Discussion and Findings**

### **Preliminary matter: Applicant’s request for termination**

Applicant has requested termination of the Procedure due to the pending litigation in the United Kingdom and Germany.

Pursuant to Paragraph 13(b) of the WIPO Rules for New gTLD Dispute Resolution the Panel has the discretion to decide whether to suspend or terminate the Procedure or to proceed to an Expert Determination. Applicant has hardly substantiated its request for termination. Without giving further details it has only argued that if it would address Objector’s claims that it would influence the wider litigation action and that the Procedure is not the appropriate forum.

The Panel does not agree. Applicant has submitted a lengthy Response giving many arguments why the

Panel should reject the Objection. The Panel is not convinced that Applicant's position is affected by the Panel proceeding to an Expert Determination.

## **Introduction**

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

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

Accordingly, for a Legal Rights Objection to succeed Objector has to satisfy the Panel that it has relevant existing legal rights and that use of the string comprising the potential new gTLD infringes those rights.

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

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

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

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

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

Objector has provided sufficient evidence that it is the owner of various trademark registrations in countries throughout the world for the word mark MERCK for *inter alia* pharmaceutical products, including the German trademark filed on January 11, 1900 (registration number) DD45659 and the Community Trademark applied for on April 1, 1996 (registration number 283986). The Panel therefore finds that Objector has standing in the present case.

## **Trademark Infringement**

Objector contends that Applicant by operating the Disputed gTLD String would infringe Objector's trademarks as the Disputed gTLD String will not only be used in North America where Applicant has rights, but also outside North America where Objector has trademark rights.

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

- (i) takes unfair advantage of the distinctive character or the reputation of Objector's registered trademark; and/or



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

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

This is the essence of this dispute between the Parties. Objector has rights to use MERCK in certain parts of the world and Applicant has rights to use MERCK in other parts of the world.

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

The question is whether a *bona fide* trademark owner that owns trademark rights in certain countries but does not have rights to a certain trademark in all countries of the world, should for that reason be prevented from obtaining a gTLD. In the view of the Panel, such a proposition does not make sense. If the opposite view would be accepted, it would be expected from any trademark owner interested in a gTLD to have trademark registrations in all countries of the world as otherwise another party could register one trademark in an "uncovered" country and thus prevent the first trademark owner from applying for and using its own gTLD.

In essence there should not be a significant difference between the criteria for the legal rights objection as included in the Guidebook on the one hand and the provisions included in the Uniform Domain Name Dispute Resolution Policy ("UDRP"). If the applicant for a new gTLD is *bona fide*, it will not be likely that one of the three criteria will be met. It might be that advantage of the distinctive character or the reputation of the objector's registered trademark is taken, but it is then likely not unfair. It might be that the distinctive character or reputation of the objector's registered trademark is being impaired, but it is likely justified. It might be that a likelihood of confusion between the Disputed gTLD String and the objector's mark is created, but it is not necessarily impermissible.

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

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

For the aforementioned reasons the Panel rejects the Objection.

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

The Panel addresses each of them in turn:

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

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

WIPO Overview 2.0 describes this test as follows:

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

However: Some panels have additionally required that, for a domain name to be regarded as confusingly similar to the complainant's trademark, there must be a risk that Internet users may actually believe there to be a real connection between the domain name and the complainant and/or its goods and services. Such panels would typically assess this risk having regard to such factors as the overall impression created by the domain name, the distinguishing value (if any) of any terms, letters or numbers in the domain name additional to the relied-upon mark, and whether an Internet user unfamiliar with any meaning of the disputed domain name seeking the complainant's goods or services on the world wide web would necessarily comprehend such distinguishing value vis-à-vis the relevant mark.

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

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

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

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

iii. Whether and to what extent there is recognition in the relevant sector of the public of the sign corresponding to the gTLD, as the mark of Objector, of Applicant or of a third party.

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

iv. Applicant's intent in applying for the gTLD, including whether Applicant, at the time of application for the gTLD, had knowledge of Objector's mark, or could not have reasonably been unaware of that mark, and including whether Applicant has engaged in a pattern of conduct whereby it applied for or operates TLDs or registrations in TLDs which are identical or confusingly similar to the marks of others.

Applicant had – given the common history referred to above – obviously knowledge of Objector's mark.

There is, however, nothing before this Panel that would lead to the conclusion Applicant has engaged in a pattern of conduct whereby it applied for or operates TLDs or registrations in TLDs which are identical or confusingly similar to the marks of others.

v. Whether and to what extent Applicant has used, or has made demonstrable preparations to use, the sign corresponding to the gTLD in connection with a *bona fide* offering of goods or services or a *bona fide* provision of information in a way that does not interfere with the legitimate exercise by Objector of its mark rights.

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

vi. Whether Applicant has marks or other intellectual property rights in the sign corresponding to the gTLD, and, if so, whether any acquisition of such a right in the sign, and use of the sign, has been *bona fide*, and whether the purported or likely use of the gTLD by Applicant is consistent with such acquisition or use.

Applicant has used MERCK for many years in connection with the *bona fide* offering of goods and services and owns trademarks for MERCK in North America. In the view of the Panel such *bona fide* use as such does not interfere with the legitimate exercise by Objector of its trademark rights. If Applicant would use the Disputed gTLD String in a way that infringes the rights of Objector, Objector shall be free to take the appropriate legal measures. The purported use of the Disputed gTLD String by Applicant is consistent with use Applicant has made of the MERCK trademarks.

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

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

viii. Whether Applicant's intended use of the gTLD would create a likelihood of confusion with Objector's mark as to the source, sponsorship, affiliation, or endorsement of the gTLD.

It is possible that Applicant's use of the Disputed gTLD String could create a likelihood of confusion with Objector's mark as to the source, sponsorship, affiliation, or endorsement of the Disputed gTLD String. However, such possible confusion would not be greater than any that may already exist as a result of two similar companies using a similar trademark as the result of a common history. Applicant has made it clear that it will take all necessary measures, including geo-targeting, to avoid that Internet users in the territories in which Objector has trademark rights, will be able to visit websites that use the Disputed gTLD String. Should Applicant use the Disputed gTLD String in a way that infringes the rights of Objector, Objector shall be free to take the appropriate legal measures.

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

## 7. Decision

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

(i) take unfair advantage of the distinctive character or the reputation of Objector's registered or unregistered trademark or service mark, or

(ii) unjustifiably impair the distinctive character or the reputation of Objector's mark, or

(iii) otherwise create an impermissible likelihood of confusion between the Disputed gTLD String and Objector's mark.

The Panel rejects the Objection.

[signed]

**Willem J.H. Leppink**

Sole Panel Expert

Date: September 6, 2013

## ADDENDUM

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

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

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

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

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

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

“Applicant has made it clear that it will take all necessary measures, including geo-targeting, to avoid that Internet users in the territories in which Objector has trademark rights, will be able to visit websites that use the Disputed gTLD String.”

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

Having noted this, the Panelist should make clear that, in reviewing LRO2013-0009, LRO2013-0010 and LRO2013-0011, he was in fact aware of the distinction in this regard, as reflected in the pleadings as cited and summarized in the Expert Determinations, between the latter three cases and cases LRO2013-0068 and LRO2013-0069 in relation to the competing applications at stake.

In any event, the Panelist considers it important to confirm that the above-mentioned sentence as such is immaterial to the conclusion which the Panelist reached in rejecting the Objections.

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

“The question is whether a bona fide trademark owner that owns trademark rights in certain countries but does not have rights to a certain trademark in all countries of the world, should for that reason be prevented from obtaining a gTLD. In the view of the Panel, such a proposition does not make sense. If the opposite view would be accepted, it would be expected from any trademark owner interested in a gTLD to have trademark registrations in all countries of the world as otherwise another party could register one trademark in an ‘uncovered’ country and thus prevent the first trademark owner from applying for and using its own gTLD.

In essence there should not be a significant difference between the criteria for the legal rights objection as included in the Guidebook on the one hand and the provisions included in the Uniform Domain Name Dispute Resolution Policy ('UDRP'). If the applicant for a new gTLD is bona fide, it will not be likely that one of the three criteria will be met. It might be that advantage of the distinctive character or the reputation of the objector's registered trademark is taken, but it is then likely not unfair. It might be that the distinctive character or reputation of the objector's registered trademark is being impaired, but it is likely justified. It might be that a likelihood of confusion between the Disputed gTLD String and the objector's mark is created, but it is not necessarily impermissible."

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

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

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

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

The Panelist trusts that the above in any event serves to clarify the factual record of cases LRO2013-0009, LRO2013-0010 and LRO2013-0011 as compared to cases LRO2013-0068 and LRO2013-0069.

Willem Leppink  
September 24, 2013

## **EXPERT DETERMINATION LEGAL RIGHTS OBJECTION**

Merck KGaA v. Merck Registry Holdings, Inc.

Case No. LRO2013-0010

### **1. The Parties**

Objector/Complainant is Merck KGaA, Germany, represented by Bettinger Schneider Schramm, Germany.

Applicant/Respondent is Merck Registry Holdings, Inc., United States of America represented by Hogan Lovells (Paris) LLP, France.

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

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

### **3. Procedural History**

The Legal Rights Objection (“LRO”) was filed with the WIPO Arbitration and Mediation Center (the “WIPO Center”) on March 12, 2013 pursuant to the New gTLD Dispute Resolution Procedure (the “Procedure”).

In accordance with Article 9 of the Procedure, the WIPO Center has completed the review of the Objection on March 20, 2013 and has determined that the Objection complies with the requirements of the Procedure and the World Intellectual Property Organization Rules for New gTLD Dispute Resolution for Existing Legal Rights Objections (the “WIPO Rules for New gTLD Dispute Resolution”).

The WIPO Center received a proposal from Objector to consolidate the LRO Objections WIPO Case No. LRO2013-0009, WIPO Case No. LRO2013-0010 and WIPO Case No. LRO2013-0011 on April 23, 2013. Respondent indicated opposition to aspects of the consolidation proposal. In accordance with Article 12 of Procedure and Paragraph 7(d) of the WIPO Rules for New gTLD Dispute Resolution, the WIPO Center has not made a decision to consolidate the WIPO Case No. LRO2013-0009, WIPO Case No. LRO2013-0010 and WIPO Case No. LRO2013-0011 for purposes of Article 12(b) of the Procedure.

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

Following initial party communications concerning options for mediation pursuant to Article 16(d) of the Procedure and Paragraph 12 of the WIPO Rules for New gTLD Dispute Resolution, the Parties in the end did not proceed to such mediation.

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

On June 18, 2013, further to a request from Objector, the Panel issued Panel Order no. 1 in which Objector was granted permission to submit a short reply of maximum five pages (including any possible Annexes) ("Reply") and giving Applicant permission to submit a rejoinder of a similar size ("Rejoinder"). The Panel ordered that the Reply should be limited to observations and arguments relating to new or unforeseen arguments brought forward by Applicant in the Response and that the Rejoinder should only relate to observations and arguments brought forward in the Reply. The Panel communicated that it will disregard any other observations and arguments in the Reply and Rejoinder. The Panel ordered that the Reply should be filed electronically with the WIPO Center by June 21, 2013 and that the Rejoinder should be filed electronically with the WIPO Center within three working days after the WIPO Center acknowledged receipt of the Reply.

The Reply was received by the WIPO Center on June 21, 2013. On June 24, 2013, Applicant objected to the fact that the Panel granted the opportunity to file additional submissions and objected to the fact that it was granted a deadline for the Rejoinder of three working days after the WIPO Center acknowledged receipt of the Reply. On June 27, 2013, Applicant submitted the Rejoinder, named "Applicant/Respondent's Reply to Unsolicited Supplemental Filing from Objector", reserving the right to amend and supplement this submission.

On June 27, 2013, the Panel issued Panel Order No. 2 in which the Panel granted Applicant a ten-day extension to amend and supplement the Rejoinder. Within this period of ten days after June 27, 2013, Applicant has not submitted any document to amend and supplement the Rejoinder it had previously submitted.

#### **4. Factual Background**

##### **Objector**

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

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

##### **Applicant**

Applicant of the Disputed gTLD String, Applicant in this Procedure, is a United States company, located in Whitehouse Station, New Jersey. The parent of Applicant is Merck Sharp & Dohme Corp. and the ultimate



parent of Applicant is Merck & Co., Inc. that is also located in Whitehouse Station, New Jersey.<sup>1</sup> Applicant is one of the largest pharmaceutical companies in the world.

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

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

Applicant also owns various trademark registrations for MERCK SHARPE & DOHME throughout the world, outside Canada and the United States.

Applicant’s application for the Disputed gTLD String was originally posted on June 13, 2012 under Application ID: 1-1702-73085. In that application the primary mission/purpose of the application was described in the following terms:

“The primary mission and purpose of the .MERCK gTLD is to provide a trusted, hierarchical, and intuitive online marketplace for Internet users seeking the services of, or information about, Merck community members. As such, the .MERCK gTLD will be reserved for the exclusive use of members of the clearly defined Merck community.”

### **The common history of Objector and Applicant**

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

In the 1930s the groups of companies of Objector and Applicant agreed on co-existence. The group of companies of Applicant obtained the right to use the name MERCK in the United States and Canada. The group of companies of Objector obtained the right to use the name MERCK everywhere except outside the United States and Canada. The co-existence agreements were amended in the 1970s.

## **5. Parties’ Contentions**

### **A. Objector**

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

Objector is a company that long ago was part of a single organization with Applicant. Since the split, both Objector and Applicant have used MERCK marks in countries around the world pursuant to a series of co-existence agreements. Applicant has taken numerous steps in an unauthorized attempt to dramatically expand its use of the MERCK mark in direct violation of Objector’s legal rights, and in a manner contrary to the provisions of the co-existence agreements.

Applicant has also registered the domain name <merck.com> and various other domain names which include the element “merck” and also use the same name for social media such as Facebook, Twitter,

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<sup>1</sup> As both Objector and Applicant have included in their submissions that, although Applicant, Merck Sharp & Dohme Corp and Merck & Co are distinct legal entities, references to Applicant are deemed to include references to Merck Sharp & Dohme Corp and/or Merck & Co, the Panel will follow this example where there is no useful purpose served in identifying any particular of these companies.

LinkedIn and YouTube. All of the above websites are not geo-limited to views in North America. These activities are outside the boundaries of the co-existence agreements and constitute an infringement of Objector's rights. Applicant and Objector (and/or its group companies) are currently involved in legal proceedings before the District Court of Hamburg, Germany and are preparing additional legal measures.

Applicant 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 Objector's rights. In addition the space would also be opened to Applicant's licensees or strategic parties without any geographical limitation. Finally, Applicant's intention is to expand use beyond corporate use, again without any geographical limitation.

Contrary to Applicant, Objector uses geo-targeting tools to ensure that visitors from North America cannot access website content in which Objector is identified as "Merck". Internet users in North America that enter "www.merck.de" into a browser will be redirected to "www.emdgroup.com".

## **B. Applicant**

Applicant expressly denies Objector's contentions.

Objector has in addition to the proceedings in Hamburg, also commenced legal proceedings in the United Kingdom of Great Britain and Northern Ireland claiming trademark infringement and breach of the co-existence agreements.

Applicant cannot address Objector's claims without influencing the wider litigation action and requests the Panel to terminate the Procedure as per Paragraph 13(b) of the WIPO Rules for New gTLD Dispute Resolution, which state: "In the event of any legal proceedings initiated prior to or during a proceeding conducted under the Procedure, the Panel shall have the discretion to decide whether to suspend or terminate such proceeding under the Procedure, or to proceed to an Expert Determination."

Applicant does not believe that the Procedure, due to the current litigation in two jurisdictions, is the appropriate forum.

Objector is a German company. Its parent long ago was part of a single organization with Applicant. That single entity was split into two nearly one hundred years ago. Since then, both Objector and Applicant have used MERCK marks in countries around the world pursuant to a series of co-existence agreements.

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

## **6. Discussion and Findings**

### **Preliminary matter: Applicant's request for termination**

Applicant has requested termination of the Procedure due to the pending litigation in the United Kingdom and Germany.

Pursuant to Paragraph 13(b) of the WIPO Rules for New gTLD Dispute Resolution the Panel has the discretion to decide whether to suspend or terminate the Procedure or to proceed to an Expert Determination. Applicant has hardly substantiated its request for termination. Without giving further details it has only argued that if it would address Objector's claims that it would influence the wider litigation action and that the Procedure is not the appropriate forum.

The Panel does not agree. Applicant has submitted a lengthy Response giving many arguments why the Panel should reject the Objection. The Panel is not convinced that Applicant's position is affected by the

Panel proceeding to an Expert Determination.

## Introduction

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

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

Accordingly, for a Legal Rights Objection to succeed Objector has to satisfy the Panel that it has relevant existing legal rights and that use of the string comprising the potential new gTLD infringes those rights.

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

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

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

## Objector's Existing Legal Rights

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

Objector has provided sufficient evidence that it is the owner of various trademark registrations in countries throughout the world for the word mark MERCK for *inter alia* pharmaceutical products, including the German trademark filed on January 11, 1900 (registration number) DD45659 and the Community Trademark applied for on April 1, 1996 (registration number 283986). The Panel therefore finds that Objector has standing in the present case.

## Trademark Infringement

Objector contends that Applicant by operating the Disputed gTLD String would infringe Objector's trademarks as the Disputed gTLD String will not only be used in North America where Applicant has rights, but also outside North America where Objector has trademark rights.

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

- (i) takes unfair advantage of the distinctive character or the reputation of Objector's registered trademark; and/or
- (ii) unjustifiably impairs the distinctive character or reputation of Objector's registered trademark; and/or

(iii) otherwise creates an impermissible likelihood of confusion between the Disputed gTLD String and Objector's mark.

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

This is the essence of this dispute between the Parties. Objector has rights to use MERCK in certain parts of the world and Applicant has rights to use MERCK in other parts of the world.

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

The question is whether a *bona fide* trademark owner that owns trademark rights in certain countries but does not have rights to a certain trademark in all countries of the world, should for that reason be prevented from obtaining a gTLD. In the view of the Panel, such a proposition does not make sense. If the opposite view would be accepted, it would be expected from any trademark owner interested in a gTLD to have trademark registrations in all countries of the world as otherwise another party could register one trademark in an "uncovered" country and thus prevent the first trademark owner from applying for and using its own gTLD.

In essence there should not be a significant difference between the criteria for the legal rights objection as included in the Guidebook on the one hand and the provisions included in the Uniform Domain Name Dispute Resolution Policy ("UDRP"). If the applicant for a new gTLD is *bona fide*, it will not be likely that one of the three criteria will be met. It might be that advantage of the distinctive character or the reputation of the objector's registered trademark is taken, but it is then likely not unfair. It might be that the distinctive character or reputation of the objector's registered trademark is being impaired, but it is likely justified. It might be that a likelihood of confusion between the Disputed gTLD String and the objector's mark is created, but it is not necessarily impermissible.

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

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

For the aforementioned reasons the Panel rejects the Objection.

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

The Panel addresses each of them in turn:

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

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

WIPO Overview 2.0 describes this test as follows:

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

However: Some panels have additionally required that, for a domain name to be regarded as confusingly similar to the complainant's trademark, there must be a risk that Internet users may actually believe there to be a real connection between the domain name and the complainant and/or its goods and services. Such panels would typically assess this risk having regard to such factors as the overall impression created by the domain name, the distinguishing value (if any) of any terms, letters or numbers in the domain name additional to the relied-upon mark, and whether an Internet user unfamiliar with any meaning of the disputed domain name seeking the complainant's goods or services on the world wide web would necessarily comprehend such distinguishing value vis-à-vis the relevant mark.

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

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

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

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

iii. Whether and to what extent there is recognition in the relevant sector of the public of the sign corresponding to the gTLD, as the mark of Objector, of Applicant or of a third party.

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

iv. Applicant's intent in applying for the gTLD, including whether Applicant, at the time of application for the gTLD, had knowledge of Objector's mark, or could not have reasonably been unaware of that mark, and including whether Applicant has engaged in a pattern of conduct whereby it applied for or operates TLDs or registrations in TLDs which are identical or confusingly similar to the marks of others.

Applicant had – given the common history referred to above – obviously knowledge of Objector's mark.

There is, however, nothing before this Panel that would lead to the conclusion Applicant has engaged in a pattern of conduct whereby it applied for or operates TLDs or registrations in TLDs which are identical or confusingly similar to the marks of others.

v. Whether and to what extent Applicant has used, or has made demonstrable preparations to use, the sign corresponding to the gTLD in connection with a *bona fide* offering of goods or services or a *bona fide* provision of information in a way that does not interfere with the legitimate exercise by Objector of its mark rights.

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

vi. Whether Applicant has marks or other intellectual property rights in the sign corresponding to the gTLD, and, if so, whether any acquisition of such a right in the sign, and use of the sign, has been *bona fide*, and whether the purported or likely use of the gTLD by Applicant is consistent with such acquisition or use.

Applicant has used MERCK for many years in connection with the *bona fide* offering of goods and services and owns trademarks for MERCK in North America. In the view of the Panel such *bona fide* use as such does not interfere with the legitimate exercise by Objector of its trademark rights. If Applicant would use the Disputed gTLD String in a way that infringes the rights of Objector, Objector shall be free to take the appropriate legal measures. The purported use of the Disputed gTLD String by Applicant is consistent with use Applicant has made of the MERCK trademarks.

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

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

viii. Whether Applicant's intended use of the gTLD would create a likelihood of confusion with Objector's mark as to the source, sponsorship, affiliation, or endorsement of the gTLD.

It is possible that Applicant's use of the Disputed gTLD String could create a likelihood of confusion with Objector's mark as to the source, sponsorship, affiliation, or endorsement of the Disputed gTLD String. However, such possible confusion would not be greater than any that may already exist as a result of two similar companies using a similar trademark as the result of a common history. Applicant has made it clear that it will take all necessary measures, including geo-targeting, to avoid that Internet users in the territories in which Objector has trademark rights, will be able to visit websites that use the Disputed gTLD String. Should Applicant use the Disputed gTLD String in a way that infringes the rights of Objector, Objector shall be free to take the appropriate legal measures.

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

## **7. Decision**

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

(i) take unfair advantage of the distinctive character or the reputation of Objector's registered or unregistered trademark or service mark, or

(ii) unjustifiably impair the distinctive character or the reputation of Objector's mark, or

(iii) otherwise create an impermissible likelihood of confusion between the Disputed gTLD String and Objector's mark.

The Panel rejects the Objection.

[signed]

**Willem J.H. Leppink**

Sole Panel Expert

Date: September 6, 2013

## ADDENDUM

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

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

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

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

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

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

“Applicant has made it clear that it will take all necessary measures, including geo-targeting, to avoid that Internet users in the territories in which Objector has trademark rights, will be able to visit websites that use the Disputed gTLD String.”

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

Having noted this, the Panelist should make clear that, in reviewing LRO2013-0009, LRO2013-0010 and LRO2013-0011, he was in fact aware of the distinction in this regard, as reflected in the pleadings as cited and summarized in the Expert Determinations, between the latter three cases and cases LRO2013-0068 and LRO2013-0069 in relation to the competing applications at stake.

In any event, the Panelist considers it important to confirm that the above-mentioned sentence as such is immaterial to the conclusion which the Panelist reached in rejecting the Objections.

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

“The question is whether a bona fide trademark owner that owns trademark rights in certain countries but does not have rights to a certain trademark in all countries of the world, should for that reason be prevented from obtaining a gTLD. In the view of the Panel, such a proposition does not make sense. If the opposite view would be accepted, it would be expected from any trademark owner interested in a gTLD to have trademark registrations in all countries of the world as otherwise another party could register one trademark in an ‘uncovered’ country and thus prevent the first trademark owner from applying for and using its own gTLD.



In essence there should not be a significant difference between the criteria for the legal rights objection as included in the Guidebook on the one hand and the provisions included in the Uniform Domain Name Dispute Resolution Policy ('UDRP'). If the applicant for a new gTLD is bona fide, it will not be likely that one of the three criteria will be met. It might be that advantage of the distinctive character or the reputation of the objector's registered trademark is taken, but it is then likely not unfair. It might be that the distinctive character or reputation of the objector's registered trademark is being impaired, but it is likely justified. It might be that a likelihood of confusion between the Disputed gTLD String and the objector's mark is created, but it is not necessarily impermissible."

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

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

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

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

The Panelist trusts that the above in any event serves to clarify the factual record of cases LRO2013-0009, LRO2013-0010 and LRO2013-0011 as compared to cases LRO2013-0068 and LRO2013-0069.

Willem Leppink  
September 24, 2013

## **EXPERT DETERMINATION LEGAL RIGHTS OBJECTION**

Merck KGaA v. MSD Registry Holdings, Inc.

Case No. LRO2013-0011

### **1. The Parties**

Objector/Complainant is Merck KGaA, Germany, represented by Bettinger Schneider Schramm, Germany.

Applicant/Respondent is MSD Registry Holdings, Inc., United States of America represented by Hogan Lovells (Paris) LLP, France.

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

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

### **3. Procedural History**

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

In accordance with Article 9 of the Procedure, the WIPO Center has completed the review of the Objection on March 20, 2013 and has determined that the Objection complies with the requirements of the Procedure and the World Intellectual Property Organization Rules for New gTLD Dispute Resolution for Existing Legal Rights Objections (the “WIPO Rules for New gTLD Dispute Resolution”).

The WIPO Center received a proposal from Objector to consolidate the LRO Objections WIPO Case No. LRO2013-0009, WIPO Case No. LRO2013-00010 and WIPO Case No. LRO2013-0011 on April 23, 2013. Respondent indicated opposition to aspects of the consolidation proposal. In accordance with Article 12 of Procedure and Paragraph 7(d) of the WIPO Rules for New gTLD Dispute Resolution, the WIPO Center has not made a decision to consolidate the WIPO Case No. LRO2013-0009, WIPO Case No. LRO2013-0010 and WIPO Case No. LRO2013-0011 for purposes of Article 12(b) of the Procedure.

In accordance with Article 11(a) of the Procedure, the WIPO Center formally notified Respondent of the Objection, and the proceedings commenced on April 16, 2013. In accordance with Article 11(b) and relevant

communication provisions of the Procedure, the Response was timely filed with the WIPO Center on May 16, 2013.

Following initial party communications concerning options for mediation pursuant to Article 16(d) of the Procedure and Paragraph 12 of the WIPO Rules for New gTLD Dispute Resolution, the Parties in the end did not proceed to such mediation.

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

On June 18, 2013, further to a request from Objector, the Panel issued Panel Order No. 1 in which Objector was granted permission to submit a short reply of maximum five pages (including any possible Annexes) ("Reply") and giving Applicant permission to submit a rejoinder of a similar size ("Rejoinder"). The Panel ordered that the Reply should be limited to observations and arguments relating to new or unforeseen arguments brought forward by Applicant in the Response and that the Rejoinder should only relate to observations and arguments brought forward in the Reply. The Panel communicated that it will disregard any other observations and arguments in the Reply and Rejoinder. The Panel ordered that the Reply should be filed electronically with the WIPO Center by June 21, 2013 and that the Rejoinder should be filed electronically with the WIPO Center within three working days after the WIPO Center acknowledged receipt of the Reply.

The Reply was received by the WIPO Center on June 21, 2013. On June 24, 2013, Applicant objected to the fact that the Panel granted the opportunity to file additional submissions and objected to the fact that it was granted a deadline for the Rejoinder of three working days after the WIPO Center acknowledged receipt of the Reply. On June 27, 2013, Applicant submitted the Rejoinder, named "Applicant/Respondent's Reply to Unsolicited Supplemental Filing from Objector", reserving the right to amend and supplement this submission.

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#### **4. Factual Background**

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

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

##### **Applicant**

Applicant of the Disputed gTLD String, Respondent in this Procedure, is a United States company, located in Whitehouse Station, New Jersey. The parent of Applicant is Merck Sharp & Dohme Corp. and the ultimate

parent of Applicant is Merck & Co., Inc. that is also located in Whitehouse Station, New Jersey.<sup>1</sup> Applicant is one of the largest pharmaceutical companies in the world.

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

Applicant is the owner and operator of the website "www.merck.com".

Applicant also owns various trademark registrations for MERCK SHARPE & DOHME by itself and in combination with MSD, in many countries throughout the world, outside Canada and the United States. It has filed for a registration in the United States for MERCKMSD on April 9, 2012 (application No. 85592104).

Applicant's application for the Disputed gTLD String was originally posted on June 13, 2012 under Application ID: 1-1704-28482. In that application the mission/purpose of the application was described *inter alia* in the following terms:

"The potential use of the .MERCKMSD gTLD by these or other business segments will primarily be driven by MSD's future business strategies as identified in its annual report and investor filings, see 'http://www.merck.com/investors/home.html'. The intended future mission and purpose of the .MERCKMSD gTLD is to serve as a trusted, hierarchical, and intuitive namespace for MSD and end-users, and potentially MSD's qualified subsidiaries and affiliates and potentially its licensees and other strategic parties."

### **The common history of Objector and Applicant**

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

In the 1930s the groups of companies of Objector and Applicant agreed on co-existence. The group of companies of Applicant obtained the right to use the name MERCK in the United States and Canada. The group of companies of Objector obtained the right to use the name MERCK everywhere except outside the United States and Canada. The co-existence agreements were amended in the 1970s.

## **5. Parties' Contentions**

### **A. Objector**

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

Objector is a company that long ago was part of a single organization with Applicant. Since the split, both Objector and Applicant have used MERCK marks in countries around the world pursuant to a series of co-existence agreements. Applicant has taken numerous steps in an unauthorized attempt to dramatically expand its use of the MERCK mark in direct violation of Objector's legal rights, and in a manner contrary to the provisions of the co-existence agreements.

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<sup>1</sup> As both Objector and Applicant have included in their submissions that, although Applicant, Merck Sharp & Dohme Corp and Merck & Co are distinct legal entities, references to Applicant are deemed to include references to Merck Sharp & Dohme Corp and/or Merck & Co, the Panel will follow this example where there is no useful purpose served in identifying any particular of these companies.

Applicant has also registered the domain name <merck.com> and various other domain names which include the element “merck” and also use the same name for social media such as Facebook, Twitter, LinkedIn and YouTube. All of the above websites are not geo-limited to views in North America. These activities are outside the boundaries of the co-existence agreements and constitute an infringement of Objector’s rights. Applicant and Objector (and/or its group companies) are currently involved in legal proceedings before the District Court of Hamburg, Germany and are preparing additional legal measures.

Applicant 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 Objector’s rights. In addition the space would also be opened to Applicant’s licensees or strategic parties without any geographical limitation. Finally, Applicant’s intention is to expand use beyond corporate use, again without any geographical limitation.

Contrary to Applicant, Objector uses geo-targeting tools to ensure that visitors from North America cannot access website content in which Objector is identified as “Merck”. Internet users in North America that enter “www.merck.de” into a browser will be redirected to “www.emdgroup.com”.

## **B. Applicant**

Applicant expressly denies Objector’s contentions.

Objector has in addition to the proceedings in Hamburg, also commenced legal proceedings in the United Kingdom of Great Britain and Northern Ireland claiming trademark infringement and breach of the co-existence agreements.

Applicant cannot address Objector’s claims without influencing the wider litigation action and requests the Panel to terminate the Procedure as per Paragraph 13(b) of the WIPO Rules for New gTLD Dispute Resolution, which state: “In the event of any legal proceedings initiated prior to or during a proceeding conducted under the Procedure, the Panel shall have the discretion to decide whether to suspend or terminate such proceeding under the Procedure, or to proceed to an Expert Determination.”

Applicant does not believe that the Procedure, due to the current litigation in two jurisdictions, is the appropriate forum.

Objector is a German company. Its parent long ago was part of a single organization with Applicant. That single entity was split into two nearly one hundred years ago. Since then, both Objector and Applicant have used MERCK marks in countries around the world pursuant to a series of co-existence agreements.

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

## **6. Discussion and Findings**

### **Preliminary matter: Applicant’s request for termination**

Applicant has requested termination of the Procedure due to the pending litigation in the United Kingdom and Germany.

Pursuant to Paragraph 13(b) of the WIPO Rules for New gTLD Dispute Resolution the Panel has the discretion to decide whether to suspend or terminate the Procedure or to proceed to an Expert Determination. Applicant has hardly substantiated its request for termination. Without giving further details it has only argued that if it would address Objector’s claims that it would influence the wider litigation action and that the Procedure is not the appropriate forum.

The Panel does not agree. Applicant has submitted a lengthy Response giving many arguments why the Panel should reject the Objection. The Panel is not convinced that Applicant's position is affected by the Panel proceeding to an Expert Determination.

## **Introduction**

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

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

Accordingly, for a Legal Rights Objection to succeed Objector has to satisfy the Panel that it has relevant existing legal rights and that use of the string comprising the potential new gTLD infringes those rights.

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

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

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

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

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

Objector has provided sufficient evidence that it is the owner of various trademark registrations in countries throughout the world for the word mark MERCK for *inter alia* pharmaceutical products, including the German trademark filed on January 11, 1900 (registration number) DD45659 and the Community Trademark applied for on April 1, 1996 (registration number 283986). The Panel therefore finds that Objector has standing in the present case.

## **Trademark Infringement**

Objector contends that Applicant by operating the Disputed gTLD String would infringe Objector's trademarks as the Disputed gTLD String will not only be used in North America where Applicant has rights, but also outside North America where Objector has trademark rights.

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

- (i) takes unfair advantage of the distinctive character or the reputation of Objector's registered trademark; and/or

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

If Applicant is granted the Disputed gTLD String necessarily, as contended by Objector, Applicant will be using a sign that is confusingly similar to MERCK in territories where Objector has rights; it will thus be using in certain territories a sign which is confusingly to Objector's trademark in relation to identical or similar services.

This is the essence of this dispute between the Parties. Objector has rights to use MERCK in certain parts of the world and Applicant has rights to use MERCK in other parts of the world.

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

The question is whether a *bona fide* trademark owner that owns trademark rights in certain countries but does not have rights to a certain trademark in all countries of the world, should for that reason be prevented from obtaining a gTLD. In the view of the Panel, such a proposition does not make sense. If the opposite view would be accepted, it would be expected from any trademark owner interested in a gTLD to have trademark registrations in all countries of the world as otherwise another party could register one trademark in an "uncovered" country and thus prevent the first trademark owner from applying for and using its own gTLD.

In essence there should not be a significant difference between the criteria for the legal rights objection as included in the Guidebook on the one hand and the provisions included in the Uniform Domain Name Dispute Resolution Policy ("UDRP"). If the applicant for a new gTLD is *bona fide*, it will not be likely that one of the three criteria will be met. It might be that advantage of the distinctive character or the reputation of the objector's registered trademark is taken, but it is then likely not unfair. It might be that the distinctive character or reputation of the objector's registered trademark is being impaired, but it is likely justified. It might be that a likelihood of confusion between the Disputed gTLD String and the objector's mark is created, but it is not necessarily impermissible.

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

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

For the aforementioned reasons the Panel rejects the Objection.

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

The Panel addresses each of them in turn:

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

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

recognized principles of law in relation to Internet identifiers.

WIPO Overview 2.0 describes this test as follows:

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

However: Some panels have additionally required that, for a domain name to be regarded as confusingly similar to the complainant’s trademark, there must be a risk that Internet users may actually believe there to be a real connection between the domain name and the complainant and/or its goods and services. Such panels would typically assess this risk having regard to such factors as the overall impression created by the domain name, the distinguishing value (if any) of any terms, letters or numbers in the domain name additional to the relied-upon mark, and whether an Internet user unfamiliar with any meaning of the disputed domain name seeking the complainant’s goods or services on the world wide web would necessarily comprehend such distinguishing value *vis-à-vis* the relevant mark.

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

Objector’s trademark MERCK is clearly recognizable as such in the Disputed gTLD String. The fact that MERCK is followed by the abbreviation “MSD” does not alter the fact to the Panel that the Disputed gTLD String and Objector’s trademark have to be considered as confusingly similar.

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

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

iii. Whether and to what extent there is recognition in the relevant sector of the public of the sign corresponding to the gTLD, as the mark of Objector, of Applicant or of a third party.

There is no doubt that in certain markets there is recognition in the relevant sector of the public that MERCK is the mark of Objector and that in other markets it is the sign of Applicant. In addition MERCKMSD will also be recognized as mark of Applicant (given Applicant’s activity in relation to “MSD”) and given the similarity found between MERCK and MERCKMSD the mark likely will also be recognized as the mark of Objector.

No relevant information is before the Panel as to third-party rights.



iv. Applicant's intent in applying for the gTLD, including whether Applicant, at the time of application for the gTLD, had knowledge of Objector's mark, or could not have reasonably been unaware of that mark, and including whether Applicant has engaged in a pattern of conduct whereby it applied for or operates TLDs or registrations in TLDs which are identical or confusingly similar to the marks of others.

Applicant had – given the common history referred to above – obviously knowledge of Objector's mark. There is, however, nothing before this Panel that would lead to the conclusion Applicant has engaged in a pattern of conduct whereby it applied for or operates TLDs or registrations in TLDs which are identical or confusingly similar to the marks of others.

v. Whether and to what extent Applicant has used, or has made demonstrable preparations to use, the sign corresponding to the gTLD in connection with a *bona fide* offering of goods or services or a *bona fide* provision of information in a way that does not interfere with the legitimate exercise by Objector of its mark rights.

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

vi. Whether Applicant has marks or other intellectual property rights in the sign corresponding to the gTLD, and, if so, whether any acquisition of such a right in the sign, and use of the sign, has been *bona fide*, and whether the purported or likely use of the gTLD by Applicant is consistent with such acquisition or use.

Applicant has used MERCK and MSD for many years in connection with the *bona fide* offering of goods and services and owns trademarks at least for MERCK in North America. In the view of the Panel such *bona fide* use as such does not interfere with the legitimate exercise by Objector of its trademark rights. If Applicant would use the Disputed gTLD String in a way that infringes the rights of Objector, Objector shall be free to take the appropriate legal measures. The purported use of the Disputed gTLD String by Applicant is consistent with use Applicant has made of the MERCK and MSD trademarks.

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

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

viii. Whether Applicant's intended use of the gTLD would create a likelihood of confusion with Objector's mark as to the source, sponsorship, affiliation, or endorsement of the gTLD.

It is possible that Applicant's use of the Disputed gTLD String could create a likelihood of confusion with Objector's mark as to the source, sponsorship, affiliation, or endorsement of the Disputed gTLD String. However, such possible confusion would not be greater than any that may already exist as a result of two similar companies using a similar trademark as the result of a common history. Applicant has made it clear that it will take all necessary measures, including geo-targeting, to avoid that Internet users in the territories in which Objector has trademark rights, will be able to visit websites that use the Disputed gTLD String. Should Applicant use the Disputed gTLD String in a way that infringes the rights of Objector, Objector shall be free to take the appropriate legal measures.

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

## 7. Decision

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

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

The Panel rejects the Objection.

[signed]

**Willem J.H. Leppink**  
Sole Panel Expert  
Date: September 9, 2013

## ADDENDUM

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

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

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

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

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

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

“Applicant has made it clear that it will take all necessary measures, including geo-targeting, to avoid that Internet users in the territories in which Objector has trademark rights, will be able to visit websites that use the Disputed gTLD String.”

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

Having noted this, the Panelist should make clear that, in reviewing LRO2013-0009, LRO2013-0010 and LRO2013-0011, he was in fact aware of the distinction in this regard, as reflected in the pleadings as cited and summarized in the Expert Determinations, between the latter three cases and cases LRO2013-0068 and LRO2013-0069 in relation to the competing applications at stake.

In any event, the Panelist considers it important to confirm that the above-mentioned sentence as such is immaterial to the conclusion which the Panelist reached in rejecting the Objections.

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

“The question is whether a bona fide trademark owner that owns trademark rights in certain countries but does not have rights to a certain trademark in all countries of the world, should for that reason be prevented from obtaining a gTLD. In the view of the Panel, such a proposition does not make sense. If the opposite view would be accepted, it would be expected from any trademark owner interested in a gTLD to have trademark registrations in all countries of the world as otherwise another party could register one trademark in an ‘uncovered’ country and thus prevent the first trademark owner from applying for and using its own gTLD.

In essence there should not be a significant difference between the criteria for the legal rights objection as included in the Guidebook on the one hand and the provisions included in the Uniform Domain Name Dispute Resolution Policy ('UDRP'). If the applicant for a new gTLD is bona fide, it will not be likely that one of the three criteria will be met. It might be that advantage of the distinctive character or the reputation of the objector's registered trademark is taken, but it is then likely not unfair. It might be that the distinctive character or reputation of the objector's registered trademark is being impaired, but it is likely justified. It might be that a likelihood of confusion between the Disputed gTLD String and the objector's mark is created, but it is not necessarily impermissible."

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

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

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

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

The Panelist trusts that the above in any event serves to clarify the factual record of cases LRO2013-0009, LRO2013-0010 and LRO2013-0011 as compared to cases LRO2013-0068 and LRO2013-0069.

Willem Leppink  
September 24, 2013

# **ANNEX 34**



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<sup>1</sup>Fachanwalt für  
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gewerblichen Rechtsschutz

Munich, September 23, 2013

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

Dear Ms. Spencer and Mr. Wilbers,

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

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

### **Misstating critical key facts of the Applicant's position**

The Panel based his decisions in all three matters on the fact that Applicant will take all necessary measures, including geo-targeting, to avoid Internet users in which the Objector has trademark rights. To quote from the decisions:

“It is possible that Applicant’s use of the Disputed gTLD String could create a likelihood of confusion with Objector’s mark as to the source, sponsorship, affiliation, or endorsement of the Disputed gTLD String. However, such possible confusion would not be greater than any that may already exist as a result of two similar companies using a similar trademark as the result of a common history. **Applicant has made it clear that it will take all necessary measures, including geo-targeting, to avoid that Internet users in the territories in which Objector has trademark rights, will be able to visit websites that use the Disputed gTLD String.** Should Applicant use the Disputed gTLD String in a way that infringes the rights of Objector, Objector shall be free to take the appropriate legal measures.” [emphasis added]

All three of these problematic decisions (Cases LRO2013-0009, LRO2013-0010 and LRO2011) include the same text, and are indeed little more than copy-and-paste duplicates of one another. Thus, the errors are identical in all three decisions, which raises serious questions as to whether the Panel spent adequate time reviewing the facts and preparing his reasoned decision in each case.

It is the Objector, not the Applicant/Respondent in these cases, that has made geo-targeting provisions! The Respondent has clearly and unambiguously stated that it will not make any such allowances. The Objector’s commitment to using geo-targeting was made clear from the exhibits in the case, as it already employs similar technology on its current second-level domain spaces, and has affirmatively committed to using geo-targeting in its application for the .MERCCK TLD space. At no time has the Respondent indicated that it would consider using geo-targeting, or taking any other affirmative measures to prevent infringement or confusion.

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

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

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

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

"It is possible that Applicant's use of the Disputed gTLD String could create a likelihood of confusion with Objector's mark as to the source, sponsorship, affiliation, or endorsement of the Disputed gTLD String. However, such possible confusion would not be greater than any that may already exist as a result of two similar companies using a similar trademark as the result of a common history. **Applicant has made it clear that it will take all necessary measures, including geo-targeting, to avoid that Internet users in the territories in which Objector has trademark rights, will be able to visit websites that use the Disputed gTLD String.** Should Applicant use the Disputed gTLD String in a way that infringes the rights of Objector, Objector shall be free to take the appropriate legal measures.

Against this background, the Panel on the record before it determines that the Objection fails." [emphasis added]

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **Misinterpretation of the LRO Standard**

Moreover, I would also note that the Panel has not elected to consider the three elements of the LRO policy, but has essentially decided the case on the basis of UDRP jurisprudence and the assumption. To quote from the decisions: “In essence there should not be a significant difference between the criteria for the legal rights objection as included in the Guidebook on the one hand and the provisions included in the Uniform Domain Name Dispute Resolution Policy (‘UDRP’).”

The Panel does not, however, cite any authority for this statement, which is not based on any plausible interpretation of the LRO Policy, the Guidebook, or any public recommendations from ICANN. Had ICANN intended to use the UDRP as the standard for the LRO mechanism, it would have been extremely easy to simply indicate this requirement in the Guidebook, instead of developing an entirely novel procedure based heavily on the tenets and wording of EU trademark law.

Indeed, there is very little similarity between the UDRP and the LRO procedure. Perhaps most critically, there is no “bad faith” requirement under the LRO procedure, and the elements of the dispute process are based on trademark law (rather than on the UDRP model, which is designed only to deal with cases of second-level abusive cybersquatting). The LRO procedure was conceived by ICANN to resolve issues of trademark infringement, not mere abusive domain registration, and as such contains wording directly parallel to WIPO’s “Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks” and traditional EU trademark law. Thus, it is the Panel’s duty to review key trademark issues, such as the scope of the parties’ rights, the existence of trademark use agreements, and the potential harm caused by the use of the TLD by the Respondent. The Panel claims that it cannot anticipate all possible uses of the TLD by the Respondent, but this is not the question at hand. The Respondent’s intended use of the TLD not a speculative question, but is indeed circumscribed by the statements made in its Application, to which it is bound under ICANN regulations. There is no question, therefore, that the Respondent intends to use the TLD in the jurisdictions where the Objector has the sole and exclusive right to use the MERCK trademark, and no question that the Respondent intends to license domain names to entities located outside of North America to parties who have no relationship whatsoever to the Objector.

Nothing in the LRO Policy or the Guidebook indicates that the LRO procedure should be handled in the same fashion as the UDRP, and that the complex trademark analysis required by the LRO Policy can be simply ignored by Panelists who are more comfortable with the cut-and-dried UDRP approach. The LRO Policy concerns the protection of trademark rights and, as there is no bad faith requirement, the simple fact that a respondent may have limited geographic rights in a mark does not in any way entitle it to use the new gTLD process for illegal means (including wide-scale trademark infringement). It is extremely unclear, therefore, why the Panel in these cases has elected to disregard the LRO procedure and to decide the cases solely on the inappropriate basis of the UDRP standards.

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

Instead of deciding these cases on the basis of the LRO Policy (which is, in itself, far more akin to a traditional trademark procedure than the UDRP), the Panel has elected to “make up” his own principles of interpretation, and has failed to take an accurate assessment of the crucial and relevant facts.

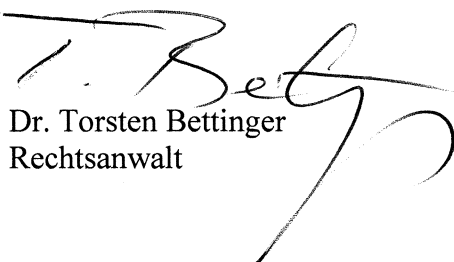
These decisions cannot be allowed to stand. They were issued on the basis of an incorrect interpretation of the fact pattern, and a perversion of the LRO Policy. There are major issues of both fact and law which were improperly handled, and accordingly the decisions must be reviewed and reissued on the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

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

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

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

With best regards,

  
Dr. Torsten Bettinger  
Rechtsanwalt

# **ANNEX 35**

From: Jonas Koelle/EMD/Merck  
To: [allen.grogan@icann.org](mailto:allen.grogan@icann.org), [amy.stathos@icann.org](mailto:amy.stathos@icann.org),  
Cc: Martin Andre/EMD/Merck  
Date: 06.12.2013 13:43  
Subject: ICANN's position on WIPO determinations WIPO-LRO2013-0009, WIPO-LRO2013-0010, and WIPO-LRO2013-0011

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Dear Amy, dear Allen,

I wish to thank you for your time in Buenos Aires and the fruitful discussions we had about the ICANN policies and procedures and its interpretation through the various providers and panellists dealing with our applications for new gTLDs.

In the meantime there had been further progress at the ICC as they have reviewed the MSD community objections against our two gTLD applications and on December 3, 2013 reconfirmed its original refusal to accept MSD's objection. Referring to the message received from Allen we now would expect further progress for our application .EMERCK and we are looking forward to receiving the ICANN contract.

I further wish to refer to our discussion about the lack of fundamental principles of law in context of the WIPO decisions in our objection cases WIPO-LRO2013-0009, WIPO-LRO2013-0010, and WIPO-LRO2013-0011.

You mentioned that it might be possible to file a Request for Reconsideration process in this context. The underlying recommendations were issued by a WIPO panelist in the context of the LRO dispute procedure, and contain serious errors of fact and law amounting to a violation of fundamental due process.

The WIPO Panel has incorrectly assessed the cases on the basis of the Uniform Domain Name Dispute Resolution Policy (UDRP) jurisprudence and thus only assessed whether the potential use of the applied-for gTLD by the Applicant MSD would take unfair advantage of the distinctive character or the reputation our registered or unregistered trademarks by using of the gTLD in "bad faith". However, the LRO regulations specifically require the arbitration panel to affirmatively assess whether the expected use of a gTLD according to the gTLD application made at ICANN is likely to infringe on third party's intellectual property rights. This WIPO has not done in our case, although it has in the *Del Monte* case. In other words, WIPO has abdicated the responsibility conferred on it by ICANN to rule on the substance of our objections.

Moreover, WIPO has based its expert determination on the expectation that Applicant MSD undertook to take all necessary measures, including geo-targeting to avoid infringement of our rights and internet users' confusion where we have exclusive rights to the trademark Merck. But in fact, only we have committed to this course in our application, whereas in its application MSD has made absolutely no provision for geo-targeting but rather made clear it will not take such steps should the contested TLDs be delegated to its control.

We contacted WIPO shortly after the issuance of the instant recommendations, in order to address our concerns, which WIPO communicated to the appointed expert. However, in his answer the panelist again refused to apply the LRO standards and failed to reconsider the case on the basis of the correct facts.

The Reconsideration Request, which is codified in the ICANN Bylaws, specifically states that the procedure may be used to challenge the "actions or inactions" of ICANN staff or of the ICANN Board. We discussed the difference between ICANN board and staff actions as referred to in the ICANN Bylaws and actions of the ADR providers during our meeting in Buenos Aires.

As noted, under the ICANN Bylaws, it is clearly stated that staff and ICANN Board actions are subject to review under the procedure. There is however nothing in the Applicant Guidebook indicating whether third-party "vendors," such as the various ADR providers, fall into the category of "staff" or "ICANN Board." Moreover the website of ICANN contains a section for the ICANN staff not mentioning any of the third-party vendors in this context.

Under ICANN's Applicant Guidebook, the expert determinations of ADRs are only recommendations to the attention of ICANN, so that they should logically always be formally endorsed by ICANN to be in full force and effect. We have however not yet received any confirmation from ICANN that it formally approved or endorsed the above mentioned WIPO recommendations.



You mentioned and we have now noticed that the expert determinations have been published on the ICANN website. However, there is no indication whether this is done following a formal endorsement of such determinations by ICANN, which obviously leaves uncertainty as to the legal validity of such determination under ICANN's Bylaws.

In any case, even if such a public communication was to be considered as some sort of official endorsement of the WIPO recommendations on behalf of ICANN, such endorsement had not been communicated to us as the affected party. Such communication in form of mere publication would fail to comply with commonly accepted fundamental procedural rights, which comprise the obligation to be individually notified of a decision affecting oneself and the obligation to indicate the available recourses, such as ICANN's Reconsideration request process.

In case ICANN has decided that it would appear appropriate that a Request for Consideration be available following a ADR expert determination, such determination being considered as decisions of the "staff" or Board of ICANN, such decision must be communicated by ICANN as otherwise, applicants could easily be deprived from their right to file a Request for Reconsideration against, which would be particularly shocking in cases like ours, where the decision of an ADR provider contains serious errors of law and facts.

Accordingly, I am contacting you to ask whether ICANN has to your knowledge formally adopted the determinations of the WIPO expert in the above mentioned WIPO recommendations and if not, what would be your advice for us to ensure that such WIPO determinations become indeed endorsed decisions of ICANN, so that we can file a Request for Reconsideration to address the aforesaid factual and legal errors contained in such determinations.

I will await your guidance in this matter, and will remain available should you require any additional information.

Thanking you in advance for your support!

With best regards,

Jonas Kölle  
Rechtsanwalt | Senior Corporate Counsel  
Director | Head of LE-TB  
Group Legal & Compliance | Trademarks

## **Merck – Living Innovation**

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# **ANNEX 36**

**Von:** Amy Stathos [amy.stathos@icann.org]

**Gesendet:** 12/18/2013 09:21 AM PST

**An:** Jonas Koelle

**Cc:** Allen Grogan <[allen.grogan@icann.org](mailto:allen.grogan@icann.org)>; Martin Andre; Christine Willett <[christine.willett@icann.org](mailto:christine.willett@icann.org)>; Trang Nguyen <[trang.nguyen@icann.org](mailto:trang.nguyen@icann.org)>

**Betreff:** Re: ICANN's position on WIPO determinations WIPO-LRO2013-0009, WIPO-LRO2013-0010, and WIPO-LRO2013-0011

\* PGP - S/MIME Signed by an unverified key: 12/18/2013 at 06:21:23 PM

Dear Jonas: I did not receive your earlier email so thank you for following up. As we discussed during our meeting in Buenos Aires, the date on which ICANN posts the Expert Determination at issue is the final date from which the time to submit a reconsideration request based on that Expert Determination or based on ICANN accepting that Expert Determination is calculated. I am copying Christine Willet and Trang Nguyen for their information as they were also at the meeting in Buenos Aires.

Thank you and Happy Holidays.

Amy A. Stathos  
Deputy General Counsel  
Internet Corporation for Assigned Names and Numbers  
+1-310-301-3866 (direct)  
[amy.stathos@icann.org](mailto:amy.stathos@icann.org)

# **ANNEX 37**

**Von:** [Jonas.Koelle@merckgroup.com](mailto:Jonas.Koelle@merckgroup.com) [<mailto:Jonas.Koelle@merckgroup.com>]

**Gesendet:** Donnerstag, 6. Februar 2014 16:58

**An:** Amy Stathos; Allen Grogan; Christine Willett; Trang Nguyen; [Cherine.Chalaby@icann.org](mailto:Cherine.Chalaby@icann.org)

**Cc:** [martin.andre@merckgroup.com](mailto:martin.andre@merckgroup.com)

**Betreff:** Re: ICANN's position on WIPO determinations WIPO-LRO2013-0009, WIPO-LRO2013-0010, and WIPO-LRO2013-0011

Dear all,

I am writing to you again with regard to the possibility of filing a Request for Reconsideration in the context of a third-party ADR dispute handled by one of the three accredited New gTLD providers. The underlying decisions in question were issued by a WIPO panelist in the context of the LRO dispute procedure, and contain serious errors of fact and law amounting to a violation of fundamental due process. The decision numbers for the disputed cases are as follows: WIPO Decision LRO2013-0009, WIPO Decision LRO2013-0010, and WIPO Decision LRO2013-0011.

We contacted WIPO shortly after the decisions were issued, in order to address our concerns about the panelist's failure to utilize the ICANN-mandated LRO elements in reaching his decision, and his serious errors with regard to the underlying facts of the case (see attached letter to the WIPO Arbitration and Mediation Center dated September 23, 2013). The WIPO Arbitration and Mediation Center communicated our message to the appointed expert; however, in his answer dated September 24, 2013 the panelist again refused to apply the LRO standards and failed to reconsider the case on the basis of the correct facts.

No advice on applicable remedies against the Expert's Decisions and the subsequent reconsiderations of these decisions have been communicated to Merck KGaA by either ICANN or the WIPO Arbitration and Mediation Center, and instead the WIPO Mediation Center stated that there was no appeal to the Panelist's decision within the LRO system.

Additionally, following the issue of a particularly troubling LRO decision, our counsel Dr. Torsten Bettinger contacted the head of the Arbitration and Mediation Center (Mr. Erik Wilbers) directly who also stated that it was his impression that there was no "appeals" process possible for panel decisions, and that ICANN could not (and would not) accept any LRO matters for review or challenge. Thus, even the appointed provider in question believes that the Reconsideration Request process is not open to filing parties under the LRO procedure, and we therefore have no reason to believe that the Request for Reconsideration procedure would be considered as a possible recourse against the LRO decisions.

To date ICANN has not issued any explicit decision stating that it has reviewed and accepted the Expert Panel's findings and his reconsideration of these decisions as published in an addendum to the decisions, nor has ICANN taken any further actions in the gTLD application process based on the Expert Panel's decisions. Thus, although Merck KGaA was aware of the possibility of submitting a request for reconsideration or review of an ICANN action or inaction (in fact Merck filed a Request for Reconsideration against an NGPC Resolution of July 13, 2013, on August 30, 2012) it reasonably assumed that there was no scope for the use of the Reconsideration Request to challenge an Expert Panel decision, since such decision cannot be regarded as an ICANN board or ICANN staff action if ICANN did not issue an ultimate decision to accept the Expert Panel's advice.

That said, however, it has come to our attention (following discussion with an ICANN staff member at the Buenos Aires meeting) that there may, in some cases, be scope for the filing of a Reconsideration Request directly against Expert Panel Determination established by the Arbitration and Mediation Center of the World Intellectual Property Organization.

However, as the staff members in question were not sure whether the Reconsideration procedure would be applicable in cases of third-party ADR matters, we want to request the New gTLD Program Committee to determine the precise scope of the procedure.

The Reconsideration Request, which is codified in the ICANN Bylaws, specifically states that the procedure may only be used to challenge the "actions or inactions" of ICANN staff or the ICANN Board.

Article IV, Section 2.2 of that version of ICANN's Bylaws states that any entity may submit a request for

reconsideration or review of an ICANN action or inaction to the extent that it has been adversely affected by:

- (a) one or more staff actions or inactions that contradict established ICANN policy(ies); or
- (b) one or more actions or inactions of the ICANN Board that have been taken or refused to be taken without consideration of material information, except where the party submitting the request could have submitted, but did not submit, the information for the Board's consideration at the time of action or refusal to act; or
- (c) 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.

There is nothing in the Applicant Guidebook and the ICANN Bylaws to indicate that third-party "vendors," such as the various ADR providers, fall into the category of "staff" or "ICANN Board", nor do the New gTLD Dispute Resolution Procedure and WIPO Rules for New gTLDs contemplate or permit a losing party to file a Request for Reconsideration seeking a substantive review of the Expert's Panel decision or the consideration of policy or process violations of an Expert Panel.

Furthermore, Section 3.4.6. of the Applicant Guidebook states that: "The findings of the panel will be considered an expert determination and advice that ICANN will accept within the dispute resolution process." There is nothing in the Applicant Guidebook to indicate that an Expert Panel's decision would automatically be accepted by ICANN and could therefore be considered as an ICANN staff or Board decision. Indeed, it appears obvious that an automatic acceptance of an Expert Panel decision without any quality review, even of a panel which violated ICANN's policies and processes in reaching its decision, would be contrary to ICANN's mandate to act transparently and with fairness.

As mentioned above, following discussion with ICANN staff members at the Buenos Aires meeting, Merck KGaA became aware that the Board of Governance Committee (BGC) in the face of a multitude of inconsistent Expert Decisions with regard to string similarity objections and legal rights objection and the lack of an appeal process against these decisions, issued recommendations to the New gTLD Program Committee that the Request for Reconsideration process can also be invoked for challenges of decisions of an Expert Panel established by the Dispute Resolution Provider where it can be stated that either the Dispute Resolution Provider failed to follow the established policies or processed in reaching its decision or that ICANN staff failed to follow its policies in accepting that decision.

These Recommendations and the subsequent NGPC actions adopting these Recommendations in fact suggest that ICANN automatically accepts the Expert Panel's advice without any review of policy or process violation and that the Expert Panel's determination may be considered as an ICANN action which can be challenged by means of a Request for Reconsideration to the Board of Governance Committee before these decisions have been endorsed by ICANN.

No such remedy appeared to be possible on the basis of the ICANN Bylaws, which clearly state that only the ICANN Board (or Board Committees) Committee Board) is competent to endorse an Expert Panel decision. ICANN staff do not have such powers unless the ICANN board has delegated its powers to such ICANN staff in a formal Board decision.. On December 6, 2013 we therefore sent an e-mail to ICANN (see attached e-mail from Jonas Koelle to Mrs. Amy Stathos) and asked for clarification whether the Experts Decision had already been endorsed by ICANN or whether the Panelist decisions can be considered as an ICANN action within the meaning of Art. IV Section 2.2 of ICANN's Bylaws.

As we did not receive an answer to our request for clarification we sent a reminder to Ms. Stathos on December 18, 2013.

By e-mail dated December 18, 2013 Ms. Stathos replied that ICANN had not received our e-mail communication of December 6, 2012 and without responding to the question which had been raised in our inquiry of December 6, 2012, 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."

We note that the publication of the Expert decisions on ICANN's website has never been communicated to Merck KGaA, nor has Merck KGaA been informed that ICANN's act of publication of an Expert Determination on the ICANN website includes ICANN's intention to accept the expert determination within the dispute resolution process according to Section 3.4.6. of the Guidebook. In fact, the publication date of September 25, 2013 appears to be purely arbitrary and not related to WIPO's notification of the decisions on September 6, 2013.

Furthermore, we note that ICANN published the Expert's decisions of September 6, 2013 in the above LRO Proceedings, but not the Expert Panelist's reviews of these decisions which were requested by Merck KGaA because the Panelist conflated the arguments and factual constellations of the two parties and elected not to consider the three elements of the LRO policy but essentially decided the cases on the basis of UDRP jurisprudence.

We therefore assume that the Expert Panel's reply to Merck KGaA requests for review of its decisions have either not been communicated to ICANN by the WIPO Arbitration and Mediation Center or that ICANN has not yet reviewed and adopted the Expert's reconsideration of his decisions.

Accordingly, I am contacting you to request clarification of the following points

1. has the Expert's review of its decision LRO2013-0009, LRO2013-0010 and LRO2013-0011 already been communicated to ICANN, and
2. if such review has been communicated to ICANN has ICANN itself already reviewed the Expert's reconsideration of its Decisions LRO2013-0009, LRO2013-0010 and LRO2013-0011 and
3. if so, when will ICANN notify Merck of these Expert determinations in order to enable us to challenge the Expert's determinations in a Request for Reconsideration Proceedings.

I will await your guidance in this matter, and will be happy to provide any additional information you may require.

With best regards,

Jonas Kölle  
Rechtsanwalt | Senior Corporate Counsel  
Director | Head of LE-TB  
Group Legal & Compliance | Trademarks

### **Merck – Living Innovation**

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Mandatory information can be found at: <http://www.merckgroup.com/mandatories>  
Pflichtangaben finden Sie unter: <http://www.merckgroup.com/mandatories>

# **ANNEX 38**



**Von:** New gTLD Customer Support [newgtld@icann.org]  
**Gesendet:** 02/27/2014 10:55 PM GMT  
**An:** Jonas Koelle  
**Betreff:** Legal Rights Objection Determinations Updated on New gTLD Program Microsite [ ref:\_00Dd0huNE.\_500d0DQU1q:ref ]

Dear Jonas Koelle:

We are writing to inform you that we have updated the Legal Rights Objection determinations for the objections filed by Merck KGaA against applications 1-1702-28003 (MERCK), 1-1702-73085 (MERCK), and 1-1704-28482 (MERCKMSD).

The updated determinations include the addendum dated 24 September 2014. You may view them at the following links:

- <http://newgtlds.icann.org/sites/default/files/drsp/27feb14/determination-5-1-1702-28003-en.pdf>
- <http://newgtlds.icann.org/sites/default/files/drsp/27feb14/determination-5-1-1702-73085-en.pdf>
- <http://newgtlds.icann.org/sites/default/files/drsp/27feb14/determination-5-1-1704-28482-en.pdf>

If you have any questions about this message, please do not hesitate to contact us at [newgtld@icann.org](mailto:newgtld@icann.org).

Regards,

New gTLD Customer Service

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# **ANNEX 39**

## **Reconsideration Request Form**

Version of 11 April 2013

ICANN's Board Governance Committee is responsible for receiving requests for reconsideration from any person or entity that has been materially affected by any ICANN staff action or inaction if such affected person or entity believes the action contradicts established ICANN policies, or by actions or inactions of the Board that such affected person or entity believes has been taken without consideration of material information. Note: This is a brief summary of the relevant Bylaws provisions. For more information about ICANN's reconsideration process, please visit <http://www.icann.org/en/general/bylaws.htm#IV> and <http://www.icann.org/en/committees/board-governance/>.

This form is provided to assist a requester in submitting a Reconsideration Request, and identifies all required information needed for a complete Reconsideration Request. This template includes terms and conditions that shall be signed prior to submission of the Reconsideration Request.

Requesters may submit all facts necessary to demonstrate why the action/inaction should be reconsidered. However, argument shall be limited to 25 pages, double-spaced and in 12 point font.

*For all fields in this template calling for a narrative discussion, the text field will wrap and will not be limited.*

Please submit completed form to [reconsideration@icann.org](mailto:reconsideration@icann.org).

### **1. Requester Information**

**Name:** Merck KGaA  
**Representative:** Dr. Torsten Bettinger  
**Address:** Patent- und Rechtsanwälte Bettinger Schneider Schramm  
Cuvilliesstr. 14 a  
81679 München, Germany  
**Email:** info@bettinger.de  
**Phone Number (optional):** + 49 (0)89 599080-0

### **2. Request for Reconsideration of (check one only):**

**Board action/inaction**

**Staff action/inaction**

### **3. Description of specific action you are seeking to have reconsidered.**

(Provide as much detail as available, such as date of Board meeting, reference to Board resolution, etc. You may provide documents. All documentation provided will be made part of the public record.)

Merck KGaA (hereinafter “Requester”) seeks reconsideration of ICANN’s acceptance of the Expert Determinations in the Legal Rights Objection Procedures against Merck Registry Holdings, Inc.’s applications for <.merck> and MSD Registry Holdings, Inc.’s application for <.merckmsd> in WIPO Cases Nos. LRO2013-0009, LRO2013-0010, and LRO2013-0011. The decisions concern the same parties, were decided by the same expert panel, and the substantive content of all three decisions is identical in all relevant points. The Expert Determinations dated September 6 and 9, 2013 are attached as **Annex 1**; the Requestors pleadings in these procedures are attached as **Annex 2**.

All three decisions fail to follow ICANN policies and processes for determining the legal rights objections standard resulting in the issuance of three incorrect decisions.

No advice on applicable remedies against the Expert’s Determinations and its subsequent reconsiderations of these Determinations has been communicated to Requester by either ICANN or the WIPO Arbitration and Mediation Center.

To date ICANN has not issued any explicit decision stating that it has reviewed and endorsed the Expert Panel’s findings and its reconsideration of these decisions as published in an addendum to the decisions, nor has ICANN taken any further actions in the gTLD application process based on the Expert Panel’s decisions. As there is nothing in the Applicant Guidebook and the ICANN Bylaws to indicate that third-party “vendors,” such as the WIPO Arbitration and Mediation Center and the other ADR-providers, fall into the category of “staff” or “ICANN Board” or that a Request for Reconsideration process can also be invoked for challenges of decisions of an Expert Panel, it is still unclear whether

the Expert determinations have already been reviewed and endorsed by ICANN and whether the publication of the decisions on ICANN's website on February 27, 2014 constitute or can be appropriately considered ICANN's declaration to accept the expert determinations within the dispute resolution process and may therefore be considered as an "action" pursuant to Art. IV Section 2.2. of the ICANN Bylaws.

The Requester notes that an automatic acceptance of an Expert Panel decision without any quality assurance measures, even of an Expert Panel determination which violated ICANN's policies and processes in reaching its decision, would be a violation of the requirements of transparency and due process that ICANN has otherwise assumed in its Articles and Bylaws under California law.

That said, however, the Requester also takes note of the fact that in an e-mail correspondence between the Requester and ICANN staff, ICANN stated that "the date on which ICANN posts the Expert Determination at issue is the final date from which the time to submit a reconsideration request based on that Expert Determination or based on ICANN accepting that Expert Determination is calculated." The Requester therefore must conclude from the aforementioned e-mail correspondence and the fact that ICANN published the Expert Determination and the addendum thereof on February 27, 2014 that ICANN accepted and will rely on the advices of the Expert Determinations.

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The Requester therefore asks ICANN to reconsider its decision to accept the advice set forth in the Decisions, and instruct a different appointed panel to make an expert determination that applies the standards defined by ICANN.

#### **4. Date of action/inaction:**

(Note: If Board action, this is usually the first date that the Board posted its resolution and rationale for the resolution or for inaction, the date the Board considered an item at a meeting.)

The relevant Expert Determinations in the WIPO Cases LRO2013-0009, LRO2013-0010, and LRO2013-0011 were notified to the Requester on September 6, 2013. The Requester contacted WIPO shortly after the decisions were issued, in order to address its concerns about the Panelist's failure to utilize the ICANN-mandated LRO elements in reaching its decision, and its serious errors with regard to the underlying facts of the case (The Requestor's letter to the WIPO Arbitration and Mediation Center dated September 23, 2013 is attached as **Annex 3**). The WIPO Arbitration and Mediation Center communicated the Requester's message to the appointed expert.

The Panelist issued an addendums to its decisions on September 24, 2013 again refusing to apply the LRO standards. (the Expert Panel's addendums to the decisions are attached as **Annex4**).

On September 25, 2013 ICANN published the Expert's decisions of September 6, 2013 in the above LRO Proceedings, but not the Expert Panelist's addendum to these decisions which were requested by the Requester because the Panelist had conflated the arguments and factual constellations of the two parties and elected not to consider the three elements of the LRO policy but essentially decided the cases on the basis of UDRP jurisprudence.

As ICANN did not issue any explicit decision stating that it has reviewed and accepted the Expert Panel's findings and its reconsideration of these decisions as published in an addendum to the decisions, nor taken any further actions in the gTLD application process based on the Expert Panel's decisions, on December 6, 2013 the Requester sent an e-mail to ICANN (the e-mail from Jonas Kölle to Ms. Amy Stathos is attached as **Annex 5**) and asked for clarification whether the Expert Decision had already been endorsed by ICANN or whether the Panelist decisions can be considered as an ICANN action within the meaning of Art. IV Section 2.2 ICANN's Bylaws.

By e-mail dated 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 attached e-mail from Ms. Stathos to Jonas Kölle as **Annex 6**)

As ICANN had still not published the Expert's Panel's reviews of its decisions or issued any explicit decision stating that it has reviewed and accepted the Expert Panel's findings and its reconsideration thereof as published in the addendums to these decisions, nor took any further actions in the gTLD application process based on the Expert Panel's decisions, the Requester again submitted an e-mail to ICANN on February 6, 2014 asking, inter alia,

1. whether the Expert's review of its decision LRO2013-0009, LRO2013-0010 and LRO2013-0011 already been communicated to ICANN, and
2. if such review has been communicated to ICANN has ICANN itself already reviewed the Expert's reconsideration of its Decisions LRO2013-0009, LRO2013-0010 and LRO2013-0011 and
3. if so, when will ICANN publish these Expert Determinations in order to enable us to challenge the Expert's Determinations in a Request for Reconsideration proceeding.

The Requestor's e-mail, dated February 6, 2014 is attached as **Annex 7**.

By e-mail dated February 27, 2014 the ICANN informed the Requester that it has updated the Legal Rights Objection determinations for the objections filed by Merck KGaA against applications 1-1702-28003 (MERCK), 1-1702-73085 (MERCK), and 1-1704-28482 (MERCKMSD) and that the updated determinations now included the addendums dated 24 September 2014. This e-mail also provided links to the updated determinations. (see Communication by ICANN's New gTLD Customer Service **Annex 8**)

Accordingly, the relevant Expert Determinations and the addendums thereof

were published by ICANN on February 27, 2014 in complete form.

**5. On what date did you become aware of the action or that action would not be taken?**

(Provide the date you learned of the action/that action would not be taken. If more than fifteen days has passed from when the action was taken or not taken to when you learned of the action or inaction, please provide discussion of the gap of time.)

As noted above, ICANN informed the Requester that it had made public the complete decisions of the Expert Panel in WIPO Cases LRO2013-0009, LRO2013-0010, and LRO2013-0011 including the addendums to these decisions on February 27, 2014.

Accordingly, Requester became aware that ICANN has accepted and will rely on the Panel's decisions on February 27, 2014, the date ICANN posted the Panel's decision in complete form.

**6. Describe how you believe you are materially affected by the action or inaction:**

The Requester is materially affected by ICANN's adoption of the Expert Determinations, as ICANN will utilize the findings of the panel in making any assessment as to whether the parties should proceed to the auction process, or whether the Requester has sufficient pre-existing rights to warrant an alternative mechanism for awarding (or withholding) delegation of the contested .MERCK and .MERCKMSD spaces.

The decisions themselves contain two egregious errors, one of fact and one of law, which will be detailed in the sections below. The first issue concerns the panel's failure to accurately assess critical facts concerning the parties' pleadings, leading to the mis-attribution of party intent and a material misrepresentation of the parties' respective positions. The second issue concerns the panel's election to follow an inapplicable Policy (namely, the UDRP), rather than to utilize the tenants of the ICANN-mandated New gTLD



Dispute Resolution Policy in the context of resolving these disputes.

Together, these errors prevented the Requester from receiving a fair hearing of its case, and resulted in a serious breach of due process. The Requester attempted to redress the issue via the WIPO Center shortly after the issuance of the decisions, but as the panel failed to provide an adequate review of its error and to re-evaluate the dispute in light of the correct factual circumstances, the Requester was unable to receive a fair hearing. The panel had already reached a decision and, despite the clear indication in the published opinions that the “applicant’s” use of geotargeting was a material factor, the panel remained obdurately unwilling to correctly and properly discharge its duty as an LRO expert. A short addendum to the decision was added, which simply excused the panel’s factual error without addressing the portions of the decision which made clear that the mistake was material to the panel’s ultimate decision in these cases, and entirely ignored the Requester’s concerns about the utilization of an incorrect Policy model.

Accordingly, the Requester’s due process rights have been violated, as the expert appointed by the WIPO Center failed to follow mandated ICANN policies and processes in discharging its duties under the New gTLD Dispute Resolution Process.

**7. Describe how others may be adversely affected by the action or inaction, if you believe that this is a concern.**

Apart from the parties of the LRO procedures no other parties will be adversely affected by the action.

**8. Detail of Board or Staff Action – Required Information**

**Staff Action:** If your request is in regards to a staff action or inaction, please provide a detailed explanation of the facts as you understand they were provided to staff prior to the

action/inaction presented to the staff and the reasons why the staff's action or inaction was inconsistent with established ICANN policy(ies). Please identify the policy(ies) with which the action/inaction was inconsistent. The policies that are eligible to serve as the basis for a Request for Reconsideration are those that are approved by the ICANN Board (after input from the community) that impact the community in some way. When reviewing staff action, the outcomes of prior Requests for Reconsideration challenging the same or substantially similar action/inaction as inconsistent with established ICANN policy(ies) shall be of precedential value.

**Board action:** If your request is in regards to a Board action or inaction, please provide a detailed explanation of the material information not considered by the Board. If that information was not presented to the Board, provide the reasons why you did not submit the material information to the Board before it acted or failed to act. "Material information" means facts that are material to the decision.

If your request is in regards to a Board action or inaction that you believe is based upon inaccurate, false, or misleading materials presented to the Board and those materials formed the basis for the Board action or inaction being challenged, provide a detailed explanation as to whether an opportunity existed to correct the material considered by the Board. If there was an opportunity to do so, provide the reasons that you did not provide submit corrections to the Board before it acted or failed to act.

Reconsideration requests are not meant for those who believe that the Board made the wrong decision when considering the information available. There has to be identification of material information that was in existence of the time of the decision and that was not considered by the Board in order to state a reconsideration request. Similarly, new information – information that was not yet in existence at the time of the Board decision – is also not a proper ground for reconsideration. Please keep this guidance in mind when submitting requests.

As noted above, by publishing the Panelist Decisions in WIPO Cases LRO2013-0009, LRO2013-0010, and LRO2013-0011 in complete form on February 27, 2014, ICANN indicated that it has "adopted" the decisions of the Panelist, thus rendering these decisions "ICANN actions". As established in prior decisions of the Board of Governance Reconsideration Requests, (although notably such information was not explicitly available prior to the outset of the dispute resolution process) it has been noted that ICANN may review its decision to accept the decision of an Expert Panel in an Objection Procedure in a Request for Reconsideration process where it may be shown that the Expert Panel failed to follow the established policies or processes in reaching the decision, or that ICANN staff failed to follow its policies or processes in accepting that decision.

In this case, the Expert Panel failed to take reasonable care in evaluating the

parties' respective evidence and to make a correct application of the LRO standard developed by ICANN in the Applicant Guidebook, resulting in a denial of due process to the Requester in the context of its three LRO disputes.

### **Background Information About the Parties**

Before entering into a discussion of the Expert Panelist's decisions, it may be helpful for the Board of Governance Committee to be provided with a very brief summary of the history of the parties and the nature of their dispute.

The parties involved in the underlying dispute are Merck & Co. Inc., a US pharmaceuticals concern which was formerly a subsidiary of the Requester, and the Requester, the world's oldest pharmaceutical company and the former parent of Merck & Co. Inc. The two companies currently exercise their rights in the "Merck" trademark under a reciprocal use agreement, which has been in force (through various versions and revisions) since the 1930s. Merck & Co.'s rights are territorially limited to certain countries within North America, whereas Requester retains those rights throughout the rest of the world. The Requester has also taken legal action against the infringing activities of Merck & Co Inc. before the District Court of Hamburg, Germany, and in the courts of the United Kingdom and France. The Requester is preparing additional legal measures in other jurisdictions.

Merck & Co. Inc. through its subsidiaries Merck Registry Holdings Inc. and MSD Registry Holdings Inc. has filed applications for <.merck>, <.merckmsd> and <.msd>, the Requester has filed applications for <.merck> and <.emerck>.

While the Requester explicitly stated in its applications for <.merck> and <.emerck> that it will take all necessary measures, including geo-targeting, to avoid that Internet users in the territories in which Objector has trademark rights, will be able to visit websites that use the applied-for gTLD Strings, Merck & Co. Inc. did not, at any time, in its applications for the gTLDs <.merck> and <.merckmsd> provide any concrete provision for the protection of the Requestor's rights. Indeed, Merck & Co. Inc. has shown a blatant and flagrant

disregard for the Objector's rights throughout the New gTLD application process as Merck & Co. has indicated in its applications not only that it intends to use the .MERCK space internationally (where it has no rights in the MERCK trademark whatsoever), but also that it intends to sell and license domain names to unspecified "affiliates" located anywhere throughout the world.

### **Fundamental Failure to Correctly Review and Evaluate Fact Pattern**

There are two critical issues with regard to the panelist's decisions in the three LRO cases. The first concerns the panel's failure to take reasonable care in evaluating the parties' respective evidence.

The Panel based its decisions in all three matters on the fact that Applicant will take all necessary measures, including geo-targeting, to avoid that Internet users in the territories in which Objector has trademark rights, will be able to visit websites that use the Disputed gTLD String. To quote from the decisions:

*"It is possible that Applicant's use of the Disputed gTLD String could create a likelihood of confusion with Objector's mark as to the source, sponsorship, affiliation, or endorsement of the Disputed gTLD String. However, such possible confusion would not be greater than any that may already exist as a result of two similar companies using a similar trademark as the result of a common history. Applicant has made it clear that it will take all necessary measures, including geo-targeting, to avoid that Internet users in the territories in which Objector has trademark rights, will be able to visit websites that use the Disputed gTLD String. Should Applicant use the Disputed gTLD String in a way that infringes the rights of Objector, Objector shall be free to take the appropriate legal measures."*  
*[emphasis added]*

All three of these decisions (Cases LRO2013-0009, LRO2013-0010 and LRO2011) include the same text, and are indeed little more than copy-and-paste duplicates of one another. Thus, the errors are identical in all three decisions, which raise serious questions as to whether the Panel spent adequate time reviewing the facts and preparing its reasoned decision in each case.

As mentioned before, it is the Requester (Objector), not Merck & Co. (Applicant) in these cases that has made geo-targeting provisions! Merck & Co. has clearly and unambiguously stated that it will not make any such allowances. The Requestor's commitment to using geo-targeting was made clear from the exhibits in the case, as it already employs similar technology on its current second-level domain spaces, and has affirmatively committed to using geo-targeting in its application for the .MERCK TLD space. At no time has Merck & Co. indicated that it would consider using geo-targeting, or taking any other affirmative measures to prevent infringement or confusion.

Accordingly, the Panel mis-attributed the arguments of the Objector to the Respondent, and has issued its decision in the matter on that basis. The decisions, therefore, are not only inaccurate, but are contrary to the facts of the case. The confusion as to which entity had made the relevant arguments arose due to the fact that the same panel was charged with deciding a number of cases between the parties, three of which saw Requester as the Objector (cases LRO2013-0009 – LRO2013-00011), and two in which Requester was acting as a respondent.

In its decision, the panel also indicated that its incorrect view of the fact pattern (attributing the Requester's well-conceived commitment to utilize industry-specific technology to mitigate any potential risk of trademark infringement due to its future use of the .MERCK TLD space instead to the Requester's opponent) had a material bearing on its decisions in these cases. Specifically, the decisions state:

*“Applicant has made it clear that it will take all necessary measures, including geo-targeting, to avoid that [sic.] Internet users in the territories in which Objector has trademark rights, will be able to visit websites that use the Disputed gTLD String. Should Applicant use the Disputed gTLD String in a way that infringes the rights of Objector, Objector shall be free to take the appropriate legal measures.*

*Against this background, the Panel on the record before it determines that the Objection fails.”*

As already said, this statement of the facts of the dispute, however, was entirely erroneous. The Requestor (the Objector in the LRO decisions) is the party who has made geotargeting provisions, not its opponent (the “Applicant” in the LRO action, one of two subsidiary companies under the control of Merck & Co., Inc.). Despite having been appointed as the expert panelist in three cases concerning the parties, this panelist did not take sufficient time to review the parties’ pleadings to determine the fundamental arguments made by each side. By mis-attributing one of the most key components of the parties’ dispute to the wrong entity, and clearly basing at least some portion of its decision on this erroneous assumption, the panel failed in its duty to ensure a fair and balanced proceeding, and to ensure that both parties’ pleadings are duly and fully considered.

Upon receiving these decisions, which were based (at least in part) on the panel’s erroneous interpretation of the essential facts of the case, the Requester contacted the Director of the WIPO Arbitration and Mediation Center by phone, requesting correction of the error. The Requester’s counsel queried what options for recourse might be available under the circumstances, and stressed the critical nature of the panel’s error. Moreover, the Requester noted that the panelist had failed to evaluate the case on the basis of the three required elements of the LRO procedure, and had instead elected to decide the case on the basis of UDRP precedent and the WIPO UDRP Overview.

The WIPO Center concurred that this was a serious issue, and contacted the appointed expert in order to correct the error. Rather than issue a decision on a correct interpretation of the merits of the case, however, and despite the panel’s clear statement (to the effect that its erroneous interpretation of the fact pattern regarding geo-targeting was a critical component of its analysis) in the decisions themselves, the panel simply stated that, upon reflection, he did not feel its error was material. The panel, in issuing its addendum, simply quoted from other text in its decisions, and chose to blatantly ignore its statements concerning the impact of its serious oversight and error. A reconsideration of the cases on the basis of the correct, complete and accurate state of the facts would have

required a thorough application of the standard set forth in Section 3.5.2 of the Guidebook taking into account the full range of the eight non-exclusive factors.

Instead, rather than properly re-evaluating the decisions on the basis of the true and correct facts and circumstances (and using the correct Policy), the panel merely elected to state it was immaterial to the conclusion which it reached in rejecting the Objections and to dismiss these due process concerns.

Therefore, as the panel and the WIPO Center were unwilling to redress this severe issue, the Requester respectfully asks the ICANN Board of Governance to determine whether the panel's conduct is, or is not, in line with the obligations imposed by the Guidebook, and the DSRP's duty to ensure that each party is treated with fairness and equality.

### **Use of Incorrect Standard**

The second due process issue concerns the standards utilized by the panel in reaching its decisions in these three LRO matters. As noted in the Guidebook, the Policy to be used in assessing New gTLD disputes is the New gTLD Dispute Resolution Procedure, outlined in the Attachment to Module 3.

In each Legal Rights Objection proceeding, an independent expert panel (comprised of one or three experts) was tasked with determining whether the gTLD applicant's potential use of the applied-for gTLD would be likely to infringe the objector's existing trademark. Pursuant to Section 3.5.2 of the Applicant Guidebook, the expert panel would consider whether such *potential use of the applied-for gTLD*:

- (i) takes unfair advantage of the distinctive character or the reputation of the objector's registered or unregistered trademark or service mark ("mark"); or
- (ii) unjustifiably impairs the distinctive character or the reputation of the objector's mark; or
- (iii) otherwise creates an impermissible likelihood of confusion between the

applied-for gTLD and the objector's mark.

The wording of standards (i) and (ii) is derived in large part from trademark law provisions of the Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks, adopted by the Assembly of the Paris Union for the Protection of Industrial Property and the General Assembly of the World Intellectual Property Organization (WIPO) at the Thirty-Fourth Series of Meetings of the Assemblies of the Member States of WIPO on September 20 to 29, 1999 which aims to provide broader protection beyond the standard scope of likelihood of confusion

The panel, however, did not take these three elements into consideration when making its assessment in these cases, and instead relies on the wholly inapplicable reasoning of UDRP case precedent and the WIPO Overview of WIPO Panel Views on Selected UDRP Questions. In each of the decisions, the panel stated that “[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 provisions included in the Uniform Domain Name Dispute Resolution Policy (‘UDRP’).”

The panel does not, however, cite any authority for this statement, which is not based on any plausible interpretation of the LRO Policy, the Guidebook, or any public recommendations from ICANN. Had ICANN intended to use the UDRP as the standard for the LRO mechanism, it would have been extremely easy to simply indicate this requirement in the Guidebook, instead of developing an entirely novel procedure based heavily on the tenets and wording of traditional trademark law standard as set out in the Joint Recommendation on the Protection of well-known trademarks.

Indeed, there is very little similarity between the UDRP and the LRO procedure. Perhaps most critically, there is no “bad faith” requirement under the LRO procedure, and the elements of the dispute process are based on trademark law (rather than on the UDRP model, which is designed only to deal with cases of



second-level abusive cybersquatting). The LRO procedure was conceived by ICANN to resolve issues of trademark infringement, not mere abusive domain registration, and as such contains wording directly parallel to traditional trademark law.

The standard as set out in Section 3.5.2 of the Applicant Guidebook is not whether the application for the gTLD was submitted in bad faith or whether the applicant's potential use of the applied-for gTLD is in bad faith but rather whether the *potential use of the applied-for gTLD* amounts to an infringement of the Objector's trademark, namely whether

- (i) takes unfair advantage of the distinctive character or the reputation of the objector's registered or unregistered trademark or service mark ("mark"); or
- (ii) unjustifiably impairs the distinctive character or the reputation of the objector's mark; or
- (iii) otherwise creates an impermissible likelihood of confusion between the applied-for gTLD and the objector's mark.

The Panel's reasoning that "*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 not for that reason be prevented from obtaining a gTLD*" and that "*if the applicant for a new gTLD is bona fide, it will not be likely that one of the three criteria will be met because advantage of the distinctive character or the reputation of the objector's registered trademark taken by the use of the gTLD would likely not be unfair, the impairment of the distinctive character or reputation of the Requestor's registered trademark would likely be justified and that the likelihood of confusion which is created between the Disputed gTLD String and the objector's mark would not be impermissible*" disregards the standard as provided for in 3.5.2 of the Applicant Guidebook and instead imputes a bad faith element which is not contained in the LRO standard.

The Applicant did not, at any time, in its applications for the gTLDs <.merck> and <.merckmsd> provide any concrete provision for the protection of the

Requestor's rights. Indeed, the Respondent has shown a blatant and flagrant disregard for the Objector's rights throughout the New gTLD application process. The Respondent has indicated not only that it intends to use the .MERCCK space internationally (where it has no rights in the MERCK trademark whatsoever), but also that it intends to sell and license domain names to unspecified "affiliates" located anywhere throughout the world. This is in no way consistent with its obligations under the parties' trademark agreement, and certainly offers no protection of the Objector's rights. The Respondent has made no attempt to respect or protect the Objector's rights, and nothing in its pleadings before this Panel has provided any indication of such a commitment.

Thus, it is the panel's duty to review key trademark issues, such as the scope of the parties' rights, the existence of trademark use agreements, and the potential harm caused by the use of the TLD by the relevant applicant.

The panel suggests that if the Requester is dissatisfied with its failure to discharge the case correctly, then the Requester may seek redress through the numerous and varied national courts all around the globe. This is not a satisfactory answer, and indicates the panel's willful disregard for the Policy and for its duty as an agent of ICANN (once the decision has been adopted by the Board, it becomes an ICANN action for all intents and purposes). The LRO Policy was designed specifically to prevent parties from facing the arduous task of conducting litigation in each and every country worldwide following the launch of ICANN's New gTLD Program. This is, in fact, the entire purpose of the pre-delegation Rights Protection Mechanisms. If panelists fail in their duty to properly utilize the ICANN-mandated procedures, and to instead "fall back" on the simplistic, "known" tenants of the UDRP, the LRO procedure becomes impotent and ineffectual. Without a robust LRO mechanism, the ICANN program is rendered dysfunctional, and fails in its duty to protect a critical Internet constituency.

Nothing in the LRO Policy or the Guidebook indicates that the LRO procedure should be handled in the same fashion as the UDRP, or that the complex

trademark analysis required by the LRO Policy may be simply ignored by panelists who are more comfortable with the cut-and-dried UDRP approach. The LRO Policy concerns the protection of trademark rights and, as there is no bad faith requirement, the simple fact that a respondent may have limited geographic rights in a mark does not in any way entitle it to use the new gTLD process for illegal means (including wide-scale trademark infringement), or in a manner which is impermissible in light of contractual obligations (illustrated in the *Delmonte* case, LRO2013-0001).

The WIPO Overview of WIPO Panel Views on Selected UDRP Questions itself highlights the distinction between a LRO and UDRP proceeding and illustrates why a UDRP standard is inapplicable in these circumstances. Paragraph 2.7 of the WIPO Overview indicates that when a respondent holds trademark rights, UDRP panelists must look to the overall circumstances of a case to establish whether this provides a right or legitimate interest, including whether the trademark was obtained primarily to circumvent the application of the UDRP, which is an indication of bad faith. In contrast to a UDRP proceeding, the LRO Standards espoused at Section 3.5.2 of the Applicant Guidebook do not necessarily require that an applicant lack rights or legitimate interests (as is the present case, for a geographically-limited area) or act in bad faith. It does, however, require the expert panel to consider whether the potential use of the applied-for gTLD by the applicant takes unfair advantage or unjustifiably impairs the distinctive character or the reputation of the objector's mark, or otherwise creates an impermissible likelihood of confusion between the applied-for gTLD and the objector's mark.

Thus, instead of looking solely for the existence of rights on the part of an applicant and to the intention of the applicant in applying for a mark as per the UDRP elements, the LRO Standards require the expert panel to consider the impact of the use of a gTLD on the rights of others. It is extremely unclear, therefore, why the panel in these cases has elected to disregard the LRO procedure and to decide the cases solely on the inappropriate basis of the UDRP

standards, and in the absence of any explanation from the Applicant, fail to find its gTLD application violates the LRO Standard given that the operation of the gTLD by the Applicant in accordance with its stated intention will inevitably violate the rights of the Objector.

In the decisions, the panel does discuss the “eight factors” of the Policy, but improperly interprets them in light of (wholly inapplicable) UDRP standards. As noted, there is very little similarity between the UDRP and the LRO elements, as the LRO more closely follows the tenants of trademark law, and contains no specific requirement of respondent bad faith. Perhaps far more troubling, the panel did not address the three actual, mandatory elements of the LRO Policy in any significant manner, and simply analyses the cases on the basis of reasoning taken directly (and quoted!) from the WIPO Overview of UDRP panel views.

Thus, instead of deciding these cases on the basis of the LRO Policy (which is, in itself, far more akin to a traditional trademark procedure than the UDRP), the panel has elected to “make up” its own principles of interpretation, and has failed to take an accurate assessment of the crucial and relevant facts.

#### **9. What are you asking ICANN to do now?**

(Describe the specific steps you are asking ICANN to take. For example, should the action be reversed, cancelled or modified? If modified, how should it be modified?)

As ICANN has now adopted the panel decisions as ICANN staff/Board actions, these procedural and judgment errors have become those of ICANN, and accordingly the Requester has been harmed by ICANN actions which contradict published ICANN policies (namely, the New gTLD Dispute Resolution Policy and procedure).

The Requester asks ICANN to reject the advice set forth in the Decisions, and instruct a panel to make an expert determination that applies the standards defined by ICANN.

#### **10. Please state specifically the grounds under which you have the**

**standing and the right to assert this Request for Reconsideration, and the grounds or justifications that support your request.**

(Include in this discussion how the action or inaction complained of has resulted in material harm and adverse impact. To demonstrate material harm and adverse impact, the requester must be able to demonstrate well-known requirements: there must be a loss or injury suffered (financial or non-financial) that is a directly and causally connected to the Board or staff action or inaction that is the basis of the Request for Reconsideration. The requestor must be able to set out the loss or injury and the direct nature of that harm in specific and particular details. The relief requested from the BGC must be capable of reversing the harm alleged by the requester. Injury or harm caused by third parties as a result of acting in line with the Board's decision is not a sufficient ground for reconsideration. Similarly, injury or harm that is only of a sufficient magnitude because it was exacerbated by the actions of a third party is also not a sufficient ground for reconsideration.)

Under the language of the ICANN Bylaws, a Requester may bring a case if it has been affected by:

- one or more staff actions or inactions that contradict established ICANN policy(ies); or
- one or more actions or inactions of the ICANN Board that have been taken or refused to be taken without consideration of material information, except where the party submitting the request could have submitted, but did not submit, the information for the Board's consideration at the time of action or refusal to act; or
- 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.

These provisions are further modified by the Board of Governance's ruling in its Recommendation on Reconsideration Request No. 13-6, which states that:

"[...] ICANN has determined that the Reconsideration process can properly be invoked for challenges of the third-party DRSP's decisions where it can be stated that either the DRSP failed to follow the established policies or processes in reaching the decision, or that ICANN staff failed to follow its policies or processes in accepting that decision."

Thus, in this case, the Requester submits that it has been harmed by the failure of the DSRP (WIPO) and its appointed panelist, to follow the mandated ICANN procedure for the resolution of Legal Rights Objections in the context of the New gTLD Dispute Resolution Procedure, as required by Article 20(a) of the Procedure itself. The 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 which was presented to him in the course of the dispute (see Requestor's statements under Section 8. Detail of Board or Staff Action). Accordingly, the Requester has been denied fundamental due process, as its pleadings were not meaningfully taken into account in the course of the panel's deliberations, and the panel elected to decide the case on inapplicable grounds.

**11. Are you bringing this Reconsideration Request on behalf of multiple persons or entities? (Check one)**

No

**11a. If yes, Is the causal connection between the circumstances of the Reconsideration Request and the harm the same for all of the complaining parties? Explain.**

**Do you have any documents you want to provide to ICANN?**

If you do, please attach those documents to the email forwarding this request. Note that all documents provided, including this Request, will be publicly posted at <http://www.icann.org/en/committees/board-governance/requests-for-reconsideration-en.htm>.

1. Expert Determinations in the matters before the WIPO Arbitration and Mediation Center with case numbers Nos. LRO2013-0009, LRO2013-0010, and LRO2013-0011, dated September 6 and 9, 2013.
2. Objections, as filed by the Requestor on March 12, 2013; Sur-Replies, as filed by the Requestor on June 21, 2013 in WIPO Cases Nos. LRO2013-0009, LRO2013-0010, and LRO2013-0011

3. Communications by the Requestor to the WIPO Arbitration and Mediation Center, dated September 23, 2013 in WIPO Cases Nos. LRO2013-0009, LRO2013-0010, and LRO2013-0011
4. Addendums to the Experts Determinations, dated September 24, 2013 in WIPO Cases Nos. LRO2013-0009, LRO2013-0010, and LRO2013-0011
5. Communication by Jonas Kölle of December 6, 2013
6. Communication by Amy Stathos of December 18, 2013
7. Communication by Jonas Kölle of February 6, 2014
8. Communication by ICANN New gTLD Customer Service of February 27, 2014

### **Terms and Conditions for Submission of Reconsideration Requests**

The Board Governance Committee has the ability to consolidate the consideration of Reconsideration Requests if the issues stated within are sufficiently similar.

The Board Governance Committee may dismiss Reconsideration Requests that are querulous or vexatious.

Hearings are not required in the Reconsideration Process, however Requestors may request a hearing. The BGC retains the absolute discretion to determine whether a hearing is appropriate, and to call people before it for a hearing.

The BGC may take a decision on reconsideration of requests relating to staff action/inaction without reference to the full ICANN Board. Whether recommendations will issue to the ICANN Board is within the discretion of the BGC.

The ICANN Board of Director's decision on the BGC's reconsideration recommendation is final and not subject to a reconsideration request.



March 13, 2014

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Dr. Torsten Bettinger

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Date

On behalf of Merck KGaA

# **ANNEX 40**



10 April 2014

To the attention of:

ICANN Board Governance Committee  
[reconsider@icann.org](mailto:reconsider@icann.org)  
[reconsideration@icann.org](mailto:reconsideration@icann.org)

Our ref 1354180

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

Dear Members of the Board Governance Committee

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

### 1. TIMELINESS

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

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

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

### 2. WIPO EXPERT DETERMINATIONS AND ADDENDUM

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

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

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

This is not true.

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

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

*"The question is whether a bona fide trademark owner that owns trademark rights in certain countries but does not have rights to a certain trademark in all countries of the world, should for that reason be prevented from obtaining a gTLD. In the view of the Panel, such a proposition does not make sense. If the opposite view would be accepted, it would be expected from any trademark owner interested in a gTLD to have trademark registrations in all countries of the world as otherwise another party could register one trademark in an 'uncovered' country and thus prevent the first trademark owner from applying for and using its own gTLD."*

German Merck further claims that the Legal Rights Objection Policy was not correctly applied and that the WIPO Panel failed to consider the three LRO standards as set out at Section 3.5.2 of the New gTLD Applicant Guidebook whereby the potential use of the applied-for gTLD:

*"(i) takes unfair advantage of the distinctive character or the reputation of the Objector's registered or unregistered trademark or service mark ("mark"), and/or*

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

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

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

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

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

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

### 3. **FACTUAL BACKGROUND**

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

### 3.1 Claim relating to illegal use of gTLD process

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

### 3.2 Claim relating to LRO2013-0001

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

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

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

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

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

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

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

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

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

Respectfully submitted



David Taylor

## APPENDIX 1

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

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

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

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

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

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

“Applicant has made it clear that it will take all necessary measures, including geo-targeting, to avoid that Internet users in the territories in which Objector has trademark rights, will be able to visit websites that use the Disputed gTLD String.”

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

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

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

In any event, the Panelist considers it important to confirm that the above-mentioned sentence as such is immaterial to the conclusion which the Panelist reached in rejecting the Objections.

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

“The question is whether a bona fide trademark owner that owns trademark rights in certain countries but does not have rights to a certain trademark in all countries of the world, should for that reason be prevented from obtaining a gTLD. In the view of the Panel, such a proposition does not make sense. If the opposite view would be accepted, it would be expected from any

trademark owner interested in a gTLD to have trademark registrations in all countries of the world as otherwise another party could register one trademark in an 'uncovered' country and thus prevent the first trademark owner from applying for and using its own gTLD.

In essence there should not be a significant difference between the criteria for the legal rights objection as included in the Guidebook on the one hand and the provisions included in the Uniform Domain Name Dispute Resolution Policy ('UDRP'). If the applicant for a new gTLD is bona fide, it will not be likely that one of the three criteria will be met. It might be that advantage of the distinctive character or the reputation of the objector's registered trademark is taken, but it is then likely not unfair. It might be that the distinctive character or reputation of the objector's registered trademark is being impaired, but it is likely justified. It might be that a likelihood of confusion between the Disputed gTLD String and the objector's mark is created, but it is not necessarily impermissible."

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

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

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

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

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

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

Willem Leppink

September 24, 2013

# **ANNEX 41**

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# INTERNET CORPORATION FOR ASSIGNED NAMES AND NUMBERS | MINUTES OF REGULAR MEETING

12 Mar 2003

A meeting of the Transition Board of Directors of the Internet Corporation for Assigned Names and Numbers (ICANN) was held by teleconference on 12 March 2003. The following Directors of the Corporation were present by telephone: Vint Cerf (chairman), Amadeu Abril i Abril, Jonathan Cohen, Mouhamet Diop, Masanobu Katoh, Hans Kraaijenbrink, Sang-Hyon Kyong, Stuart Lynn, Jun Murai, Alejandro Pisanty, Helmut Schink, Francisco da Silva, and Linda S. Wilson. Directors Lyman Chapin, Andy Mueller-Maguhn, and Nii Quaynor joined the call while it was in progress. Also present on the teleconference was Louis Touton, ICANN's Vice-President, Secretary, and General Counsel.

The meeting was called to order by Vint Cerf at 13:06 UTC (5:06 am U.S. Pacific Standard Time).

## **Academic Organization Delegate to Nominating Committee**

Dr. Pisanty noted that the at its 25 February 2003 meeting the Board began a discussion of designating an entity to select an academic-organization delegate to the Nominating Committee,

- ▶ Policy

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- ▶ Public Comment

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- ▶ Contact

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- ▶ Help

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but that the discussion was not concluded. He noted that several Board members had expressed concern about the ad-hoc nature of the "Higher Education Committee for Nominating Committee Recommendations", which the Evolution and Reform Committee (ERC) proposed be designated as the selecting entity for the first Nominating Committee. He explained that the ERC's proposal is intended to deal with the fact that the global community of academic and similar institutions is very fragmented in its representation, both on a geographic basis and on a disciplinary basis. That community also incorporates many different aspects with different interests – the administrations, different faculty interests, those who are responsible for the infrastructure issues that most affect domain-name considerations, etc. He noted that many different organizations reflect some of these aspects, but none of them can be considered to incorporate the breadth of interests of all of them globally. Furthermore, the richness of organizations of academic institutions in one ICANN region is not necessarily matched in others.

In view of this challenge and the desirability of getting the best academic input to the initial Nominating Committee possible, Dr. Pisanty reported that the ERC concluded that it is appropriate to designate the proposed ad-hoc committee at this time. While a more formally representative organization may emerge in future years, the best course for this year is to designate the ad-hoc committee this year and encourage it to reach out for whatever input concerning selection of the Nominating Committee delegate it can obtain from other organizations of academic institutions globally in the short time available. He also noted that the proposed committee had in fact been formed by some of these organizations; the ERC's only role was to request Mark Luker, Vice President of Educause, to work with other organizations of academic institutions to put a diverse committee together.

Dr. Pisanty therefore proposed that the Board designate the "Higher Education Committee for Nominating Committee Recommendations", with the understanding that:

1. The Committee will solicit suggestions for candidates for the Nominating Committee position from a broad variety of academic international organizations, but on a short deadline.



2. The Board will carefully refine the process for the designating the entity to choose the academic-organization delegate to future Nominating Committees.

Dr. Pisanty noted that the proposed Committee consists of:

- Kilnam Chon, Korea Advanced Institute of Science and Technology (KAIST)
- Geoffrey Dengate, Griffith University (Queensland, Australia)
- Prof. Faryel Mouria-Beil, ENSI-University of Tunis
- Mark Luker, EduCause
- Kristel Sarlin, Helsinki University of Technology
- Guy de Teramond, University of Costa Rica and former Minister of Science and Technology, Costa Rica

Mr. Abril i Abril noted his concerns about the ERC's suggested approach. He stated that the Board should designate an external organization, not create one, to select the Nominating Committee delegate, so that the selection is not merely reflective of interests already existing in the ICANN community. In response, some Board members expressed the goal of locating a committee in future years that was more broadly representative of all academic and similar organizations that are affected by ICANN's scope of responsibilities, not just those that already participate in ICANN.

Dr. Quaynor joined the meeting during the discussion above.

Dr. Pisanty moved, with Dr. Lynn's second, that the Board adopt the following resolutions:

Whereas, Article VII, Section 2(8)(g) of the bylaws calls for one Nominating Committee delegate to be selected by "[a]n entity designated by the Board to represent academic and similar organizations";

Whereas, the initial Nominating Committee is being formed, so that delegates should be named soon;

Whereas, a group called the "Higher Education Committee for Nominating Committee Recommendations", consisting of Kilnam Chon, Geoffrey Dengate, Prof. Faryel Mouria-Beji, Mark

Luker, Kristel Sarlin, and Guy de Teramond, has formed for the purpose of representing academic and similar organizations in the naming of a Nominating Committee delegate;

Whereas, the Board is conscious of the need for an inclusive process for selection of a delegate reflective of the views of academic and similar organizations globally;

Resolved [03.18] that the "Higher Education Committee for Nominating Committee Recommendations" described above is hereby designated under Article VII, Section 2(8)(g) of the bylaws as the entity representing academic and similar organizations to select one Nominating Committee delegate;

Resolved further [03.19] that the Board requests the Higher Education Committee for Nominating Committee Recommendations, in making its selection of a Nominating Committee delegate this year, solicit suggestions from a broad variety of academic international organizations, but on a deadline compatible with the need to make the selection in the very near future; and

Resolved further [03.20] that by the time of the annual meeting in 2003 the Board intends to evaluate whether the designation made in resolution 03.18 should be amended.

The resolutions were adopted by a 13-0-1 vote, with Mr. Abril i Abril abstaining.

### **ccTLD Delegate to Nominating Committee**

Dr. Pisanty noted that Article XX (Transition Article), Section 4, of the ICANN bylaws provides that, until the ccNSO is formed, the ccNSO delegate to the Nominating Committee "shall be appointed by the Transition or New Board, depending on which is in existence at the time any particular appointment is required, after due consultation with members of the ccTLD community". Acting on behalf of the Board, the ERC has

conducted such a consultation, including the posting of a 4 March 2003 call to the community for nominations. In response to this call, two names were received. After reviewing the suggestions, the ERC recommends that the Board appoint Tony Staley, the Chairman of the Board of AuDA, the .au registry.

After additional discussion, Dr. Pisanty moved, with Dr. Lynn's second, that the Board adopt the following resolution:

Whereas, Article XX, Section 4 of the bylaws states that, until the Country-Code Names Supporting Organization is established, the delegate to the Nominating Committee what would be selected by that organization shall be appointed by the Transition Board (or New Board, after it is seated) "after due consultation with members of the ccTLD community;"

Whereas, on 4 March 2003 a Call for Suggestions for ccTLD Delegates to Nominating Committee was sent by e-mail to all ccTLD administrative contacts and posted on the ICANN website;

Whereas, various Board members canvassed ccTLD managers for suggestions as to delegates;

Whereas, the initial Nominating Committee is being formed, so that delegates should be named soon;

Whereas, the Board has reviewed the suggestions that were received, and concludes that Anthony Staley is very well qualified to serve as the ccTLD delegate to the Nominating Committee;

Resolved [03.21] that Anthony Staley is appointed to serve as the delegate to the Nominating Committee in the position designated to be filled by the Country-Code Names Supporting Organization after it is established.

The resolution was adopted by a 14-0-0 vote.

### **Letter from WIPO**

Dr. Lynn noted that he and Dr. Cerf had received a letter (dated

21 February 2003) from Francis Gurry, Assistant Director General of WIPO, concerning the results of the WIPO Second Internet Domain Name Process. As a result of this process (which was initiated in 2000), the WIPO member states recommended that two categories of identifiers should be protected against abusive registration as domain names, namely, the names and acronyms of IGOs and country names. Some member states disassociated themselves from one or both of these recommendations.

Dr. Lynn moved, with Mr. Cohen's second, that the Board adopt the following resolutions:

Whereas, the World Intellectual Property Organization (WIPO) sent ICANN a letter dated 21 February 2003 providing information about two decisions, concerning recommendations about the names and acronyms of International Intergovernmental Organizations and about country names, which WIPO member states requested be transmitted to ICANN;

Whereas, Article XI-A, Section 1(6) of the bylaws provides that "The Governmental Advisory Committee, in addition to the Supporting Organizations and other Advisory Committees, shall have an opportunity to comment upon any external advice received prior to any decision by the Board";

Whereas, the WIPO recommendations appear to be directed to substantive policies relating to generic top-level domains, and are thus within the policy-development scope of the Generic Names Supporting Organization (GNSO);

Resolved that Board hereby requests the President to inform the Governmental Advisory Committee, the Supporting Organizations, and the other Advisory Committees of the 21 February 2003 letter from WIPO; to provide those bodies with a copy of the text of the letter; and to invite them to provide, no later than 12 May 2003, any comments they may formulate, according to their processes, concerning the matters discussed in the WIPO letter; and

Resolved further that, under item 1(a) of the Policy-Development Process of the GNSO (PDP), the Board instructs the GNSO Council to begin the PDP on such issues arising from the WIPO letter as it determines to be appropriate for consideration through the PDP.

Mr. Touton noted that, in prior e-mail discussion, Mr. Abril i Abril had noted that it would be a sounder and more orderly approach to defer initiating the PDP (as provided in the second resolution) until after comments from the supporting organizations and advisory committees (as provided in the first resolution) had been received and considered. After additional discussion by Board members, a friendly amendment was made to delete the second resolution and add a recital stating that the Board expected to call for initiation of a PDP in the future.

During this discussion, Mr. Chapin joined the meeting.

With these amendments, the resolution read:

Whereas, the World Intellectual Property Organization (WIPO) sent ICANN a letter dated 21 February 2003 providing information about two decisions, concerning recommendations about the names and acronyms of International Intergovernmental Organizations and about country names, which WIPO member states requested be transmitted to ICANN;

Whereas, Article XI-A, Section 1(6) of the bylaws provides that "The Governmental Advisory Committee, in addition to the Supporting Organizations and other Advisory Committees, shall have an opportunity to comment upon any external advice received prior to any decision by the Board";

Whereas, the WIPO recommendations appear to be directed to substantive policies relating to generic top-level domains, and are thus within the policy-development scope of the Generic Names Supporting Organization (GNSO);

Whereas, the Board believes that in the future a

policy-development process should be initiated in the GNSO concerning issues discussed in the WIPO letter, but believes that the formulation of the issues would benefit from comments from Supporting Organizations and Advisory Committees before the process is formally initiated;

Resolved [03.22] that Board hereby requests the President to inform the Governmental Advisory Committee, the Supporting Organizations, and the other Advisory Committees of the 21 February 2003 letter from WIPO; to provide those bodies with a copy of the text of the letter; and to invite them to provide, no later than 12 May 2003, any comments they may formulate, according to their processes, concerning the matters discussed in the WIPO letter.

A vote was taken on the above resolution, which was adopted by a 15-0-0 vote.

### **Ombudsman Start-Up**

Dr. Lynn reported on an approach for detailed design of a program for, and recruitment of, an Ombudsman. He noted that Article V of the New Bylaws calls for ICANN to establish an Ombudsman program. This is a position that will report directly to the Board itself and not to the President (although the President will provide office space and other administrative support).

To assist the Board in fulfilling this requirement, Dr. Lynn reported that he had sought advice from organizations experienced in these matters including The Ombudsman Association and the United States Ombudsman Association (USOA). The consistent advice Dr. Lynn received is that an organization, particularly a smaller organization, should not establish such a position suddenly, but should ease into the establishment of a program, so that it can determine the precise dimensions of what is required through experience.

Dr. Lynn reported that Bill Mitchell, formerly an Ombudsman with the U.S. Federal Deposit Insurance Corporation (FDIC), had presented a proposal for a program of research and implementation leading to an appropriately targeted ICANN

Ombudsman program. Mr. Mitchell is not seeking appointment as the Ombudsman himself, but would assist ICANN in recruiting an appropriate individual. He did indicate, however, that if desired he would serve as a part-time Ombudsman while a more permanent program was being established.

Dr. Lynn indicated that he felt that pursuing Mr. Mitchell's proposal would be helpful to ICANN, but sought informal Board guidance. After some discussion, the Board concurred that a research and implementation program such as proposed by Mr. Mitchell seemed useful, and indicated that the President should seek to launch such a program. The sentiment of Board members, however, is that the aspect of the proposal involving interim Ombudsman services should not be pursued.

### **Board Governance Committee**

Dr. Cerf noted that a discussion of a Board Governance Committee had been started, but not completed, at the 25 February 2003 Board meeting. He resumed the discussion, proposing that the committee be established and populated, and that the committee propose a charter to the Board at a subsequent meeting. He noted that Hans Kraaijenbrink had agreed to serve as the initial chair and Amadeu Abril i Abril, Jonathan Cohen, Masanobu Katoh, Francisco da Silva, and Linda Wilson had agreed to serve as members.

Near the end of this discussion, Mr. Mueller-Maguhn joined the meeting.

Dr. Cerf moved, with Dr. Schink's second, that the Board adopt the following resolution:

Resolved [03.23] that the Board establishes a Board Governance Committee as a Committee of the Board as provided by Article XII, Section 1 of the bylaws;

Resolved further [03.24] that Hans Kraaijenbrink is appointed as the initial chair of the Board Governance Committee and Amadeu Abril i Abril, Jonathan Cohen, Masanobu Katoh, Francisco da Silva, and Linda Wilson are appointed as additional members; and

Resolved further [03.25] that, before beginning other activities, the Board Governance Committee shall evaluate what its charter should be, prepare a recommended charter and submit it to, and obtain approval of, the Board.

The resolution was by a 15-0-1 vote, with Mr. Mueller-Maguhn abstaining.

### **CEO Search**

The final agenda item involved the ongoing negotiations with a CEO candidate. Mr. Touton departed for this portion of the meeting.

The subject of compensation for the new CEO was discussed. Authorization was given to the chairman to continue negotiations within an agreed framework.

There being no further business, the meeting was adjourned at 14:00 UTC (6:00 am U.S. Pacific Standard Time).

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Louis Touton  
ICANN Secretary



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# **ANNEX 42**

# Board Committee and Leadership Selection Procedures

**Note:** According to [part I\(C\) of its charter](#), the Board Governance Committee (BGC) has responsibility for: "C. Creating and recommending to the full Board for approval a slate of nominees for Board Chair, Board Vice Chair, and chairmanship and membership of each Board Committee, including filling any vacancies which may occur in these positions during the year;"

At its meeting on 3 June 2009, the BGC unanimously recommended that the Board approve the revised Board Committee and Leadership Selection Procedures. The Board approved these revised Procedures at its 26 June 2009 meeting.

## Procedures

### BGC Tasks

The Board Governance Committee (BGC) takes on the task to present a slate for the election of the Chairman and the Vice Chairman of the Board and to recommend the composition and chairs of Board committees.

This includes establishing criteria for the Chairman and the Vice Chairman of the Board and for committee membership, considering rotation of committee members, reviewing candidates' qualifications and any potential conflicts with the corporation's interests, assessing the contributions of current directors in connection with their re-nomination.

Among the criteria are matters such as integrity, effectiveness, decisiveness, common sense, insight, goal orientation, diligence, ability to collaborate, creativity, constructiveness, open-mindedness, ability to summarize vast amounts of data, ability to solve complex problems, communication skills, and leadership skills in the ICANN environment. So also is the capacity to give the time

needed to work on the tasks assigned. Also to be considered is status within the term, i.e. new, in middle of term, about to complete term, in second term, in third term.

For the Board Chairman and Vice Chairman and committee chairs added to these criteria are: (i) ability to enunciate clearly the wishes of the Board/Committee after orderly debate; (ii) knowledge of the procedures governing the Board and willing to make judgments on issues regarding these procedures; and (iii) capacity and commitment to draw upon the wisdom of all Board Members to reach either a consensus or a majority of opinion on issues presented.

For all members of the committees, added to these criteria are: (i) knowledge of the issues before the committee; (ii) ability to speak clearly and concisely their opinion on these issues; (iii) ability to make contributions to debate based upon personal experience and wisdom using objective or subjective reasoning; (iv) consideration and respect for the ideas of other committee members; and (v) ability to visualize the outcomes and enunciate the consequences of proposed decisions and actions.

The task is to fit the people into the roles in a logical way that supports and serves as an incentive for good performance not only of the Committee members and the Committee Chairs, but also of the members who would subsequently serve on these committees.

Attention should be given to where overlap in membership among Committees would be valuable. For example, having the Vice Chairman of the Board serve on the BGC could be helpful. It would provide overlap of BGC and the Executive Committee. Other Executive Committee members might or might not also serve on another Committee or even lead it.

There may be other committees for which overlap with the BGC would be helpful such as the Finance Committee. But the greatest need is for people who have knowledge and an interest in the activities and responsibilities of each Board Committee, and who are courageous, constructive, and diplomatic.

Board Directors and Board Liaisons (collectively "Board Members") shall be eligible to serve on Board committees except on that Board Liaisons shall not be eligible to serve on the Audit Committee, the Compensation Committee and the Executive Committee. Board Liaisons that are selected for committees shall be non-voting members and shall not be counted for purposes of quorum. Only Board Directors may be selected as Chair of a Board committee.

Normally a Director will not serve as Chair of more than one committee.

As a general rule no Board Member should serve more than three consecutive terms in the same committee position without a three-quarters majority vote of the Board.

In constructing the slate of Nominees for Board approval, careful consideration will be given to ICANN's mission and core values, to tending to geographical, functional, and cultural diversity, and also to the distribution of Supporting-Organization-selected and Nominating-Committee-selected members so as to avoid a two-class system.

### **BGC Consultations**

Members of the BGC will consult either by means of a questionnaire sent to Board Members or by discussions that the committee members will have privately with other Board Members, the CEO, and the Board Chairman. The focus of these consultations is threefold: (i) Board Member skills and interests in relation to tasks of the various Committees' roles and agendas for the coming year; (ii) Board Member credibility for leadership or membership in the committee areas or in leading the Board; and (iii) Board Member performance of the roles/duties assigned to date. This is an effort to align talent with tasks and to serve as an incentive for future good performance. A matrix can help to map what is needed with what is available.

Members of the BGC will also consult with the ICANN staff members who work closely with the various Board leaders and committee chairs to acquire their views about what is needed and about what has gone well or less well in the past.

For the positions of Board Chairman and Vice Chairman, members of the BGC will also consult with the proposed individuals to ascertain willingness to serve along with some conversation about any concerns that might have been raised about their past performing in these or other roles, i.e. if there have been shortcomings as well as excellent performance, the BGC will identify these and ask whether the individual felt there could be improvements either in his/her own performance or in the structuring of tasks or staff support to overcome the matters at issue.

For the positions of Chairs of the Board committees, the BGC should look into past performance in these or relevant other roles, leadership capability, skills/knowledge base, credibility of leadership in the substantive areas of the role. The BGC members will explore with the proposed chairs about their willingness to serve, and their ideas for committee composition, but the determination of the committee membership slates will be the judgment of the BGC.

### **BGC Process**

After these consultations, the BGC will discuss the results and develop a proposed slate for Board Chairman, Board Vice Chairman, committee chairs, and committee members.

Once the proposed slate is ready, the whole package will be presented to the full Board for discussion (in private) and approval (in public). This is not a rubber stamp act: some conversation is expected; but since all concerned will have been consulted early in the process, there should be an easy path to consensus on the whole slate.

This process will take place in advance of the Annual Meeting. Consultations could start two to three months before the annual meeting, sometime in the third calendar quarter. The process will not conclude until after the next set of new Board Members has been selected, but quite a bit of thought could be done before the final word is in, because some Supporting-Organization-selected Board Members will be selected six months after the previous annual meeting and presumably will be placed on various

committees after recommendation by the BGC, as they come onto the Board. The final balancing and alignment of talent and tasks will be done in the month before the annual meeting, ready for documentation and presentation at the annual meeting of the Board.

This process will have three outcomes: (i) the slate for the Board structure for the next year; (ii) better understanding among Board Members of the Board structure and roles in it; and (iii) a part of the Board self-assessment will have been accomplished. The three need to go hand in hand, but the last item is larger in scope than just the preparation for selection of leadership and committee structure and will require additional effort.

This process will also contribute to but not be sufficient for the consideration of the effectiveness of the relationship between the CEO and the Board, and the relationship between the CEO and the Chair of the Board.

# **ANNEX 43**



## Board of Directors' Code of Conduct

The Board of Directors (the "Board") of the Internet Corporation for Assigned Names and Numbers ("ICANN") has adopted the following Code of Conduct ("Code") for its voting directors ("Directors") and non-voting liaisons ("Liaisons", collectively with the Directors, the "Board Members"). This Code is intended to focus Board Members on areas of ethical risk, provide guidance to help them recognize and deal with ethical issues, provide mechanisms to report unethical conduct, foster a culture of honesty and accountability, deter wrongdoing and promote fair and accurate disclosure and financial reporting. The Code is not intended to override any applicable laws or any obligations pursuant to ICANN's Bylaws, Conflicts of Interest Policy, Governance Guidelines or any other applicable policies.

No code can anticipate every situation that may arise. Accordingly, this Code is intended to serve as a source of guiding principles and not absolute directives. Generally, however, the goal is to ensure that ICANN Board Members strive to foster ICANN's Mission and Core Values in an ethical manner. ICANN Mission and Core Values set forth below can also be found in Article I of ICANN's Bylaws at <http://www.icann.org/en/about/governance/bylaws#I>.

### MISSION

ICANN's mission is to coordinate, at the overall level, the global Internet's systems of unique identifiers, and in particular to ensure the stable and secure operation of the Internet's unique identifier systems. Specifically, ICANN:

1. Coordinates the allocation and assignment of the three sets of unique identifiers for the Internet, which are
  - a. Domain names (forming a system referred to as "DNS");
  - b. Internet protocol ("IP") addresses and autonomous system ("AS") numbers; and
  - c. Protocol port and parameter numbers.

2. Coordinates the operation and evolution of the DNS root name server system.
3. Coordinates policy development reasonably and appropriately related to these technical functions.

## CORE VALUES

In performing its mission, the following core values should guide the decisions and actions of ICANN:

1. Preserving and enhancing the operational stability, reliability, security, and global interoperability of the Internet.
2. Respecting the creativity, innovation, and flow of information made possible by the Internet by limiting ICANN's activities to those matters within ICANN's mission requiring or significantly benefiting from global coordination.
3. To the extent feasible and appropriate, delegating coordination functions to or recognizing the policy role of other responsible entities that reflect the interests of affected parties.
4. Seeking and supporting broad, informed participation reflecting the functional, geographic, and cultural diversity of the Internet at all levels of policy development and decision-making.
5. Where feasible and appropriate, depending on market mechanisms to promote and sustain a competitive environment.
6. Introducing and promoting competition in the registration of domain names where practicable and beneficial in the public interest.
7. Employing open and transparent policy development mechanisms that (i) promote well-informed decisions based on expert advice, and (ii) ensure that those entities most affected can assist in the policy development process.
8. Making decisions by applying documented policies neutrally and objectively, with integrity and fairness.
9. Acting with a speed that is responsive to the needs of the Internet while, as part of the decision-making process, obtaining informed input from those entities most affected.

10. Remaining accountable to the Internet community through mechanisms that enhance ICANN's effectiveness.
11. While remaining rooted in the private sector, recognizing that governments and public authorities are responsible for public policy and duly taking into account governments' or public authorities' recommendations.

These core values are deliberately expressed in very general terms, so that they may provide useful and relevant guidance in the broadest possible range of circumstances. Because they are not narrowly prescriptive, the specific way in which they apply, individually and collectively, to each new situation will necessarily depend on many factors that cannot be fully anticipated or enumerated; and because they are statements of principle rather than practice, situations will inevitably arise in which perfect fidelity to all eleven core values simultaneously is not possible. Any ICANN body making a recommendation or decision shall exercise its judgment to determine which core values are most relevant and how they apply to the specific circumstances of the case at hand, and to determine, if necessary, an appropriate and defensible balance among competing values.

## *CODE OF CONDUCT*

### **A. General Statement of Expectation**

Each Board Member is expected to adhere to a high standard of ethical conduct and to act in accordance with ICANN's Mission and Core Values. The good name of ICANN depends upon the way Board Members conduct business and the way the public perceives that conduct. Unethical actions, or the appearance of unethical actions, are not acceptable. Board Members are to be guided by the following principles in carrying out their responsibilities. Note, however, that this Code summarizes such principles and nothing in this Code should be considered as limiting duties, obligations or legal requirements with which the Board Members must comply.

*Loyalty.* Board Members should not be, or appear to be, subject to influences, interests or relationships that conflict with the interests of ICANN or ICANN's ability to operate for the benefit of the Internet community as a whole. Board Members shall act so as to protect ICANN's interests and those of its employees, assets and legal rights, and Board Members shall serve the interests of ICANN over those of any other person or group or constituency of ICANN.

*Care.* Board Members shall apply themselves with seriousness and diligence to participating in the affairs of the Board and its committees and shall act prudently in exercising management oversight of ICANN, and shall be attentive to legal ramifications of his or her and the Board's actions. Board Members are expected to be familiar with ICANN's business and the environment in which the company operates, and understand ICANN's principal business plans, policies, strategies and core values.

*Inquiry.* Board Members shall take such steps as are necessary to be sufficiently informed to make decisions on behalf of ICANN and to participate in an informed manner in the Board's activities. Board Members are expected to attend all meetings of the Board, except if unusual circumstances make attendance impractical.

*Prudent Investment.* Board Members shall avoid speculation with ICANN's assets by giving primary consideration to the probable income and probable safety of ICANN's capital assets and the relation between ICANN's assets and its present and future needs.

*Compliance with Laws, Rules and Regulations.*

>Board Members shall comply with all laws, rules and regulations applicable to ICANN.

*Observance of Ethical Standards.* Board Members must adhere to the highest of ethical standards in

the conduct of their duties. These include honesty, fairness and integrity.

**B. Integrity of Records and Public Reporting**

Board Members should promote the accurate and reliable preparation and maintenance of ICANN's financial and other records. Diligence in accurately preparing and maintaining ICANN's records allows ICANN to fulfill its reporting obligations and to provide stakeholders, governmental authorities and the general public with full, fair, accurate, timely, understandable, open and transparent disclosure.

**C. Conflicts of Interest**

Board Members must act in accordance with the Conflicts of Interest Policy adopted by the ICANN Board, and as amended from time to time.

**D. Corporate Opportunities**

Board Members are prohibited from: (a) taking for themselves personally opportunities related to ICANN's business; (b) using ICANN's property, information, or position for personal gain; or (c) competing with ICANN for business opportunities. Board Members shall exercise judgment to avoid the appearance of improper influence when offered opportunities, gifts or entertainment.

**E. Confidentiality**

Board Members should maintain the confidentiality of information entrusted to them by ICANN and any other confidential information about ICANN, its business, customers or suppliers, which comes to them, from whatever source, except when disclosure is authorized or legally mandated. For purposes of this Code, "confidential information" includes all non-public information relating to ICANN, its business, customers or suppliers.

Process surrounding maintenance of confidential information can be found in the Board Governance Committee Code of Conduct Guidelines developed and amended from time to time, as the Board deems appropriate.

#### **F. Board Interaction with Internet Community and Media:**

The Board recognizes that members of the Internet community, ICANN constituency groups and the public at large have significant interests in ICANN's actions and governance and therefore the Board seeks to ensure appropriate communication, subject to concerns about confidentiality.

The Board notes that the President speaks for ICANN, consistent with applicable policy.

If comments from the Board to the Internet Community and/or Media on behalf of ICANN are appropriate, they should be reviewed and discussed by the Board in advance, and, in most circumstances, come from the Chair of the Board.

#### **G. Enforcement**

Board Members will discuss with the Chair of the Board Governance Committee any questions or issues that may arise concerning compliance with this Code. Breaches of this Code, whether intentional or unintentional, shall be reviewed by the Board Governance Committee (excluding any Board Members whose breaches are under review), which, if necessary, shall make recommendations to the full Board for corrective action. To the extent appropriate, review of breaches of this Code shall be in accordance with the Board Governance Committee Code of Conduct Guidelines developed and amended from time to time, as the Board deems appropriate. Serious breaches of this Code may be cause for dismissal of the Board Member committing the infraction in accordance with ICANN's Bylaws and applicable law.

#### **H. Affirmation**

All Board Members shall read this Code at least annually, and shall certify in writing that they have done so and that they understand the Code.

#### **I. Review**

This Code will be reviewed annually by the Board Governance Committee, which shall make recommendations to the full Board regarding changes to or rescinding of the Code.

# **ANNEX 44**



# Governance Guidelines

## Board Governance Guidelines<sup>1</sup>

### Introduction

Over the course of the existence of Internet Corporation for Assigned Names and Numbers ("ICANN"), the Board, consisting of voting Directors and non-voting liaisons (collectively the "Board" or "Board members") has developed governance policies and practices to help it fulfill its responsibilities to ICANN and its stakeholders. These Board Governance Guidelines ("Guidelines") provide a structure within which the Board and management can effectively pursue ICANN's mission. The Board intends that these Guidelines serve as a flexible framework within which the Board may conduct its business, not as a set of binding legal obligations. These Guidelines should be interpreted in the context of all applicable laws, and ICANN's Articles of Incorporation, Bylaws, the Affirmation of Commitments, policies and processes. The Guidelines are subject to future refinement or changes as the Board may find necessary or advisable.

### Role of the Board

The mission of ICANN is to coordinate, at the overall level, the global Internet's systems of unique identifiers, and in particular to ensure the stable and secure operation of the Internet's unique identifier systems. The fundamental responsibility of Directors (as defined below) is to exercise their business judgment to act in what they reasonably believe to be the best interests of ICANN and in the global public interest, taking account of the interests of the Internet community as a whole rather than any individual group or interest. Actions of the Board reflect the Board's collective action after taking due reflection.

It is the duty of the Board to oversee management's performance to ensure that ICANN operates in an effective, efficient and ethical manner. The Board will also be responsible for overseeing the development of ICANN's

short, medium and long-term strategic plans, ensuring that they will result in sustainable outcomes, and taking account of the critical interdependencies of financial, human, natural, manufactured, social and intellectual capitals.

The following core values should guide the Board's decisions and actions:

- Preserving and enhancing the operational stability, reliability, security and global interoperability of the Internet.
- Respecting the creativity, innovation, and flow of information made possible by the Internet by limiting ICANN's activities to those matters within ICANN's mission requiring or significantly benefiting from global coordination.
- To the extent feasible and appropriate, delegating coordination functions to or recognizing the policy role of other responsible entities that reflect the interests of affected parties.
- Seeking and supporting broad, informed participation reflecting the functional, geographic and cultural diversity of the Internet at all levels of policy development and decision-making.
- Where feasible and appropriate, depending on market mechanisms to promote and sustain a competitive environment.
- Introducing and promoting competition in the registration of domain names where practicable and beneficial in the public interest.
- Employing open and transparent policy development mechanisms that (i) promote well-informed decisions based on expert advice, and (ii) ensure that those entities most affected can assist in the policy development process.
- Making decisions by applying documented policies neutrally and objectively, with integrity and fairness.
- Acting with a speed that is responsive to the needs of the Internet while, as part of the decision-making process, obtaining informed input from those entities most affected.

- Remaining accountable to the Internet community through mechanisms that enhance ICANN's effectiveness.
- While remaining rooted in the private sector, recognizing that governments and public authorities are responsible for public policy and duly taking into account governments' or public authorities' recommendations.

These core values are deliberately expressed in very general terms, so that they may provide useful and relevant guidance in the broadest possible range of circumstances. Because they are not narrowly prescriptive, the specific way in which they apply, individually and collectively, to each new situation will necessarily depend on many factors that cannot be fully anticipated or enumerated; and because they are statements of principle rather than practice, situations will inevitably arise in which perfect fidelity to all eleven core values simultaneously is not possible. The Board will exercise its judgment to determine which core values are most relevant and how they apply to the specific circumstances of the case at hand, and to determine, if necessary, an appropriate and defensible balance among competing values. (See Bylaws, Article I, Section 2.)

Some of the Board's key responsibilities are to ensure that ICANN's ethics are managed effectively, that ICANN as a whole (as well as individual Board and staff members) operates pursuant to the highest ethical standards, that ICANN complies with applicable laws, and that ICANN considers adherence to best practices in all areas of operation. In overseeing the development of ICANN's strategy, the Board has a responsibility to assure that strategic work and business plans do not give rise to risks that have not been assessed by ICANN's executive management. To that end, the Board has a role in overseeing executive management in the assessment and governance of enterprise risk management and sound information technology planning to meet the long-term needs of ICANN.

Directors are individuals who have the duty to act in what they reasonably believe are the best interests of ICANN

and are not representatives of the entity that selected them, their employers, or any other organizations or constituencies. (See Bylaws, Article VI, Section 7.)

## Board Composition and Selection; Independent Directors

1. **Board Size.** The Board has 16 voting members ("Directors") and five non-voting liaisons ("Liaisons") (collectively Directors and Liaisons referred to as "Board Members"). The Board periodically evaluates whether a larger or smaller Board would be preferable.
2. **Selection of Board Members.** Board Members are selected in accordance with the procedures set forth in Article VI, Section 2 of ICANN's Bylaws.
3. **Board Membership Criteria.** The Nominating Committee, Supporting Organizations and the At-Large Community (as these terms are used in ICANN's Bylaws) seek to ensure that the Board is composed of members who in the aggregate display diversity in geography, culture, skills, experience and perspective. In accordance with Article VI, Section 3 of ICANN's Bylaws, the Board is to be comprised of individuals that meet the following requirements:
  - Persons of integrity, objectivity, and intelligence, with reputations for sound judgment and open minds, and a demonstrated capacity for thoughtful group decision-making.
  - Persons with an understanding of ICANN's mission and the potential impact of ICANN decisions on the global Internet community, and committed to the success of ICANN.
  - Persons who will produce the broadest cultural and geographic diversity on the Board.
  - Persons who, in the aggregate, have personal familiarity with the operation of gTLD registries and registrars, with ccTLD registries, with IP address registries, with Internet technical standards and protocols, with policy-

development procedures, legal traditions, and the public interest and with the broad range of business, individual, academic, and non-commercial users of the Internet.

- Persons who are able to work and communicate in written and spoken English.

No official of a national government or a multinational entity established by treaty or other agreement between national governments may serve as a Director, and no person who serves in any capacity (including as a liaison) on any Supporting Organization council will simultaneously serve as a Director or Liaison. In addition, persons serving in any capacity on the Nominating Committee will be ineligible for selection to positions on the Board. (See Bylaws, Article VI, Section 4.)

- 4. Board Composition – Mix of Management and Independent Directors.** Only the President may be both an ICANN employee, or management, and a Board Member. No other Board Member may be an employee of ICANN or serve in a management role. (See Bylaws, Article VI, Section 2.)
- 5. Removal.** Any Director may be removed, following notice to that Director, by a three-fourths (3/4) majority vote of all Directors; provided, however, that the Director who is the subject of the removal action will not be entitled to vote on such an action or be counted as a voting Director when calculating the required three-fourths (3/4) vote; and provided further, that each vote to remove a Director will be a separate vote on the sole question of the removal of that particular Director. If the Director was selected by a Supporting Organization, notice must be provided to that Supporting Organization at the same time notice is provided to the Director. If the Director was selected by the At-Large Community, notice must be provided to the At-Large Advisory Committee at the same time notice is provided to the Director.

With the exception of the Liaison appointed by the Governmental Advisory Committee, any Liaison may

be removed, following notice to that Liaison and to the organization by which that Liaison was selected, by a three-fourths (3/4) majority vote of all Directors if the selecting organization fails to promptly remove that Liaison following such notice. The Board may request the Governmental Advisory Committee to consider the replacement of the Liaison appointed by that Committee if the Directors, by a three-fourths (3/4) majority vote of all Directors, determines that such an action is appropriate. (See Bylaws, Article VI, Section 11.)

6. **Term Limits.** The Board has determined that it is in the best interest of ICANN and its stakeholders to strike a balance between Board continuity and Board evolution. Board Members who serve on the Board for an extended period of time are able to provide valuable insight into the operations and future of ICANN based on their experience with, and understanding of, ICANN's mission, history, policies and objectives. However, term limits ensure that the Board will continue to evolve with the infusion of fresh ideas and new perspectives. At present, Board Members are not allowed to serve more than three consecutive, three-year terms on the Board, other than the President. A person selected to fill a vacancy in a term shall not be deemed to have served that term. The term as Director of the person holding the office of President and CEO will be for as long as, and only for as long as, such person holds the office of President. (See Bylaws, Article VI, Section 8.)
7. **President; Board Chair and Vice-Chair.** The Board selects ICANN's President and CEO, Chair and Vice-Chair in the manner that it determines to be in the best interests of ICANN. The Board shall annually elect a Chairman and a Vice-Chairman from among the Directors. The President and CEO, who serves as an ex officio Director, is not eligible to be the Chair or Vice-Chair of the Board. (See Bylaws, Article VI, Section 2.)
8. **Post-Service Limitation.** The Board has resolved that any and all Board members who approve any

new gTLD application shall not take a contracted or employment position with any company sponsoring or in any way involved with that new gTLD for 12 months after the Board made the decision on the application. (See Resolution 2011.12.08.19.)

Following a Board Member's service on the Board, such Board Member will not disclose or otherwise use any confidential information of ICANN or confidential information of any third party obtained through the Board Member's service on the Board. In addition, a former Board Member should not benefit, directly or indirectly, from the knowledge gained or decisions taken while a Board member after ceasing to be on the Board.

## Board Meetings; Involvement of Senior Management and Independent Advisors

9. **Board Meetings – Frequency.** The Board will generally hold regularly scheduled meetings throughout the year and will hold additional special meetings as necessary, subject to a minimum of four Board meetings per year. In addition, the Board generally has informal meetings from time to time to review and discuss ICANN's operations and policy matters. Each Board Member is expected to attend both scheduled and special meetings, except if unusual circumstances make attendance impractical
10. **Board Meetings – Agenda.** At least seven days in advance of each Board meeting (or if not practicable, as far in advance as is practicable), a notice of such meeting and, to the extent known, an agenda for the meeting will be posted on the ICANN website. Board meeting agendas will be set by the Chair of the Board, following consultation with ICANN management and taking into account suggestions from other members of the Board.
11. **Advance Distribution of Materials.** All information relevant to the Board's understanding of matters to be discussed at an upcoming Board meeting should be distributed in writing or electronically to all members in advance, whenever feasible and

appropriate. Each Board Member is expected to review this information in advance of the meeting to facilitate the efficient use of meeting time. Each Board Member is expected to be prepared for Board meetings and provide appropriate and constructive input on matters set forth in the agenda. The Board recognizes that certain items to be discussed at Board meetings are of an extremely sensitive nature and that the distribution of materials on these matters prior to Board meetings may not be appropriate.

12. **Board Meetings – Attendance.** Board members must attend all scheduled meetings of the Board, including meetings called on an *ad hoc* basis for special matters, unless prior apology has been submitted to the Chair or the Secretary. Meetings require the minimum quorum as specified in the ICANN Bylaws. Subject to ICANN's Bylaws, Board Members may participate in a meeting of the Board or any committee of the Board through use of: (i) conference telephone or similar communications equipment, provided that all Board Members participating in such a meeting can speak to and hear one another; or (ii) electronic video screen communication or other communication equipment. Management is encouraged to invite ICANN personnel to any Board meeting at which their presence and expertise would help the Board have a full understanding of matters being considered, however invited attendees do not count toward the required quorum. Invited attendees are not permitted to vote.
13. **Implementation of Decisions.** Board decisions that are to be implemented by ICANN should be communicated in a clear and understandable manner and, when determined appropriate by the Board, with implementation timelines. The Board will monitor and oversee management's implementation of such Board decisions.
14. **Board Meetings – Minutes.** The minutes of each Board meeting shall be prepared by or under the direction of the Secretary as soon as practicable



following the meeting, for approval by the Board at its next Board meeting.

15. **Access to Employees.** The Board should have access to ICANN officers and management to ensure that Board Members can ask all questions and glean all information necessary to fulfill their duties. The President and CEO, together with the Board, have developed a protocol for making such inquiries.
16. **Access to Independent Advisors.** The Board and its committees have the right at any time to retain independent outside auditors and financial, legal or other advisors. Individual Directors may not retain outside advisors without prior Board or committee approval, as applicable. ICANN will provide appropriate funding, as determined by the Board or any committee, to compensate those independent outside auditors or advisors, as well as to cover the ordinary administrative expenses incurred by the Board and its committees in carrying out their duties. It is expected that ICANN staff will assist the Board and committees in retaining outside advisors.
17. **Compensation Consultant Independence.** The Compensation Committee has sole authority to retain and terminate compensation consultants that advise the Compensation Committee, as it deems appropriate. It is the policy of the Compensation Committee that any compensation consultant retained by the Compensation Committee must be independent of ICANN management. It is expected that ICANN staff will assist the Compensation Committee in retaining outside advisors.
18. **Executive Sessions of Non-Management Directors.** The non-management Board Members will meet regularly in executive session, i.e., without management present. These executive sessions will be called and chaired by the Chair of the Board and, in the absence of the Chair, by the Vice-Chair of the Board. These executive session discussions may include such topics as the Chair (or Vice-Chair, as applicable) determines.

## Accountability and Review; Public Meetings

19. **Annual Report.** The Board shall publish, at least annually, a report describing its activities including an audited financial statement and a description of any payments made by ICANN to Directors (including reimbursements of expenses). This report will be prepared and sent to each member of the Board and to such other persons as the Board may designate, no later than one hundred twenty (120) days after the close of ICANN's fiscal year. (See Bylaws, Article XVI, Section 3.) The Board will oversee and ensure the integrity of this annual audited financial statement report. In doing so, the Board will ensure that it has an effective Audit Committee, made up of independent Directors.
20. **Ombudsman.** Pursuant to Article V of the Bylaws, ICANN maintains an Office of Ombudsman, to be managed by an Ombudsman and to include such staff support as the Board determines is appropriate and feasible. The principal function of the Ombudsman is to provide an independent internal evaluation of complaints by members of the ICANN community who believe that the ICANN staff, the Board or an ICANN constituent body has treated them unfairly. The Ombudsman shall serve as an objective advocate for fairness, and shall seek to evaluate and where possible resolve complaints about unfair or inappropriate treatment by ICANN staff, the Board, or ICANN constituent bodies, clarifying the issues and using conflict resolution tools such as negotiation, facilitation and "shuttle diplomacy" to achieve these results. The Office of Ombudsman shall publish on an annual basis a consolidated analysis of the year's complaints and resolutions, appropriately dealing with confidentiality obligations and concerns. The annual report will be posted on ICANN's website. (See Bylaws, Article V.)
21. **Requests for Reconsideration.** Subject to the provisions of ICANN's Bylaws, any person or entity materially affected by any ICANN staff action or inaction if such affected person or entity believes the action contradicts established ICANN policies, or by actions or inactions of the Board that such affected person or entity believes has been taken without

consideration of material information, may request review or reconsideration of that action or inaction. (See Bylaws, Article IV, Section 2.)

22. **Independent Review.** Any person or entity materially affected by a Board decision or action may submit a request for independent review of any such decision or action alleged to be inconsistent with ICANN's Articles of Incorporation or Bylaws. (See Bylaws, Article IV, Section 3.)

## Performance Evaluation; Development and Succession Planning

23. **Annual CEO Evaluation.** The Chair of the Compensation Committee leads the Compensation Committee in conducting a review of the performance of the President and CEO at least annually. The Compensation Committee establishes the evaluation process for the review of the President and CEO's performance. The evaluation results are reviewed and discussed with the non-management Board Members, and the results are communicated to the President and CEO. The Board Governance Committee, from time to time, is to review and advise on the effectiveness of the relationship between the President and CEO and the Board.
24. **Development and Succession Planning.** A primary responsibility of the Board is planning for President and CEO succession and overseeing the identification and development of executive talent. The Board, with the assistance of the Compensation Committee and working with the President and CEO and the human resources department, oversees executive officer development and corporate succession plans for the President and CEO and other executive officers to provide for continuity in senior management.

The Board will maintain an emergency succession contingency plan should an unforeseen event such as death or disability occur that prevents the President and CEO from continuing to serve. The plan will identify the individuals who would act in an

emergency and their responsibilities. The contingency plan is to be reviewed by the Board annually and revised as appropriate.

The Board may review development and succession planning more frequently as it deems necessary or desirable.

25. **Board and Committee Self-Evaluation.** The Board Governance Committee is responsible for the conducting of periodic evaluations of the performance of the Board and each of its members. To assist in the process, the Board should maintain an annual work plan that shows the required annual activities. This work plan also guides the number and timing of meetings as well as agenda formation.

Each Board committee is responsible for conducting an annual review of its charter, as well as an annual performance evaluation. Evaluation results are reported to the Board. Each committee's report generally should include an assessment of the committee's compliance with the principles set forth in these Guidelines, the committee's charter and identification of areas in which the committee could improve its performance, including an assessment of whether the committee is constituted with Board members with the required skills necessary for that committee.

26. **Reviews of Supporting Organizations and Advisory Committees.** The Board will cause a periodic review of the performance and operation of each Supporting Organization, each Supporting Organization council, each Advisory Committee (other than the Governmental Advisory Committee), and the Nominating Committee by an entity or entities independent of the organization under review. The goal of the review, to be undertaken pursuant to such criteria and standards as the Board directs, will be to determine: (i) whether that organization has a continuing purpose in the ICANN structure; and (ii) if so, whether any change in structure or operations is desirable to improve its

effectiveness. These periodic reviews will be conducted no less frequently than every five years, based on feasibility as determined by the Board. (See Bylaws, Article IV, Section 4.)

## Board Compensation

27. **Board Compensation Review.** The Board will periodically review the compensation paid to Directors, and whether it is in the best interest of ICANN to increase or decrease the amount of such compensation. In doing so, the Board will follow a process that is calculated to pay an amount for service as a Director that is in its entirety reasonable compensation for such service under the standards set forth in §53.4958-4(b) of the Treasury Regulations. As part of the process, the Board will retain an independent compensation expert to consult with and to advise the Board regarding Director compensation arrangements and to issue to the Board a reasoned written opinion from such expert regarding the ranges of reasonable compensation for any such services by a Director. After having reviewed the expert's written opinion, the Board will meet with the expert to discuss the expert's opinion and to ask questions of the expert regarding the expert's opinion, the comparability data obtained and relied upon, and the conclusions reached by the expert. The Board will adequately document the basis for any determination the Board makes regarding a Director compensation arrangement concurrently with making that determination. (See Bylaws, Article VI, Section 22.)

## Board Committees

28. **Number, Type and Composition of Committees.** The Board may establish or eliminate Board committees as it deems appropriate, except as required or prohibited by law. Each committee will perform its duties as assigned by the Board in compliance with ICANN's Bylaws and the committee's charter.

Also as the Board deems appropriate, the Board may delegate certain functions to committees, except for those matters specifically reserved by law or by the Bylaws to be handled by the Board. Any delegation must be specifically included in the committee charter approved by the Board.

The composition of each committee will be determined from time to time by the Board with due regard to the relevant experience, expertise and skills of committee members, provided that only Directors may be appointed to a committee of the Board as voting members. If a person appointed to a committee of the Board ceases to be a Board Member, such person will also cease to be a member of any committee of the Board. The Board may designate one or more Directors as alternate members of any such committee, who may replace any absent member at any meeting of the committee. Committee members may be removed from a committee at any time pursuant to the provisions of ICANN's Bylaws. Unless appointed by the Board, the selection process for each committee chair will be set forth in each committee charter. (See Bylaws, Article XII.)

29. **Committee Meetings and Agenda.** The chair of each committee is responsible for developing, together with relevant ICANN managers, the committee's general agenda and objectives and for setting the specific agenda for committee meetings. The chair and committee members will determine the frequency and length of committee meetings consistent with the committee fulfilling its obligations as set forth in the committee's charter.

## Board Education

30. **Board Member Orientation and Continuing Education.** The Board Governance Committee and management are responsible for Board Member orientation programs and for Board Member continuing education programs to assist Board Members in maintaining skills necessary or

appropriate for the performance of their responsibilities.

- a. A formal induction and orientation programs are designed to familiarize new Board Members with ICANN's businesses, strategies and policies (including these Guidelines) and to assist new Board Members in developing the skills and knowledge required for their service.
- b. Continuing education programs for Board Members may include a combination of internally developed materials and presentations, programs presented by third parties, and financial and administrative support for attendance at qualifying university or other independent programs. These programs should include training on Conflicts of Interest and Confidentiality.

## Board Workshops

31. **Purpose of Workshop.** The Board will periodically hold workshops in conjunction with management to, among other things, facilitate discussion about ICANN's overall strategic focus.
  - a. At each workshop, or as often as reasonably feasible, the Board should set aside time to discuss legitimate needs, interests and expectations of ICANN's stakeholders.
  - b. Once every two years the Board should, in conjunction with management, ensure that the strategic focus aligns with ICANN's stated purpose, discuss and agree on ICANN's main value drivers, and assess continued engagement with all stakeholders.

## Board Policies

32. **Compliance with Existing Policies.** Each Board Member must comply with the terms and conditions of these Guidelines and policies adopted by the Board, including the Board Conflicts of Interest Policy and Code of Conduct.

A Board Member who knowingly violates these Guidelines, the Board Conflicts of Interest Policy or Code of Conduct may be subject to a system of graded sanctions, commencing with a formally recorded warning, leading to a written reprimand, and as a result of repeated offenses leading to removal from the Board. Nothing in these Guidelines will limit the ability of the Board to remove a Board Member pursuant to ICANN's Bylaws and to the extent permitted by applicable law.

## Review

33. **Review of Governance Guidelines.** The policies and practices memorialized in these Guidelines have developed over a period of years. The Board expects to review these Guidelines at least every two years, as appropriate. Such a review should generally include an assessment of the Board's compliance with these Guidelines, as well as identification of areas in which the Board could improve its performance.

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<sup>1</sup> This version of the Governance Guidelines is largely based on existing ICANN policies, procedures and processes. Counsel is recommending that the Board discuss potential additional provisions, including: (i) Director independence standards; (ii) limitations on the number of boards (other than ICANN) on which a Director may serve; (iii) a notification and conflict evaluation process if a Director experiences a change of employment; and (iv) consideration of expansion of the policy adopted by the ICANN Board of Directors in December 2011 relating to ICANN's New gTLD Program and a Director's subsequent employment opportunities.



# **ANNEX 45**

## DETERMINATION OF THE BOARD GOVERNANCE COMMITTEE (BGC)

### RECONSIDERATION REQUEST 14-9

29 APRIL 2014

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The Requester, Merck KGaA, seeks reconsideration of the Expert Determinations, and ICANN's acceptance of those Determinations, dismissing the Requester's legal rights objections to Merck Registry Holdings, Inc.'s application for .MERCK and MSD Registry Holdings, Inc.'s application for .MERCKMSD.

#### **I. Brief Summary.**

Merck Registry Holdings, Inc. applied for .MERCK and MSD Registry Holdings, Inc. applied for .MERCKMSD. The Requester, who also applied for .MERCK, objected to these applications and lost. The Requester claims that the Panel failed to comply with ICANN policies and processes in reaching its determinations. Specifically, the Requester contends that the Panel: (i) improperly interpreted the factors governing legal rights objections in light of "wholly inapplicable" Uniform Domain Name Dispute Resolution Policy ("UDRP") standards; and (ii) failed to "accurately assess critical facts concerning the Parties' pleadings, leading to mis-attribution of party intent [concerning geo-targeting commitments] and a material misrepresentation of the parties' respective positions." (Request, §§ 6, 8, Pgs. 6, 18.)

With respect to the claims submitted by the Requester, there is no evidence that the Panel either applied the improper standard or failed to properly evaluate the parties' evidence. First, the Panel correctly referenced and analyzed the eight factors set out in the Applicant Guidebook relevant to legal rights objections and considered the UDRP only as a means to further provide context to one of the eight factors. The Requester does not identify any policy or process that was violated in this regard. Second, after the Requester brought the Panel's mis-attribution of

geo-targeting commitments to the attention of WIPO, the Panel issued an Addendum to the Determinations, confirming that the misstatement was “inadvertent,” that the Panel “was in fact aware of the distinction,” and that the misstatement was not material to the Determinations in all events. Because the Requester has failed to demonstrate that the Panel acted in contravention of established policy or procedure, the BGC concludes that Request 14-9 be denied.

## **II. Facts.**

### **A. Background Facts.**

The Requester Merck KGaA (“Requester”) applied for .MERCK.

Merck Registry Holdings, Inc. (“MRH”) also applied for .MERCK. MSD Registry Holdings, Inc. (“MSDRH”) applied for MERCKMSD. Both MRH and MSDRH are owned by Merck Sharp & Dohme, Corp.<sup>1</sup> and shall be collectively referred to as “MSD”.<sup>2</sup>

On 12 March 2013, the Requester objected to MSD’s applications<sup>3</sup> asserting that “the string[s] comprising the potential new gTLD[s] infringe[] the existing legal rights of others that are recognized or enforceable under generally accepted and internationally recognized principles of law.” (Applicant Guidebook (“Guidebook”), § 3.2.1; New gTLD Dispute Resolution Procedure (“Procedure”), Art. 2(e)(ii).)

On 16 May 2013, MSD responded to the Objections.

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<sup>1</sup> See <https://gtldresult.icann.org/application-result/applicationstatus/applicationdetails:downloadapplication/463?t:ac=463> and <https://gtldresult.icann.org/application-result/applicationstatus/applicationdetails:downloadapplication/459?t:ac=459>.

<sup>2</sup> MSD was founded as a subsidiary of the Requester, but subsequently became an independent American company. The two companies currently exercise their rights in the “Merck” trademark under a reciprocal use agreement, which has been in force (through various versions and revisions) since the 1930s. MSD’s rights are territorially limited to certain countries within North America, whereas Requester retains those rights throughout the rest of the world.

<sup>3</sup> Case Nos. LRO2013-0009, LRO2013-0010, LRO2013-0011.

On 14 June 2013, the dispute resolution provider WIPO<sup>4</sup> appointed William J.H. Leppink as the expert (“Expert” or “Panel”) to consider the Objections.

On 21 June 2013, the Requester filed replies to MSD’s responses.

On 27 June 2013, MSD filed sur-replies.

On 6 September 2013, the Panel rendered Expert Determinations (“Determinations”) finding MSD the prevailing party and dismissing the Objections. Based on the submissions and evidence provided by the parties, the Panel determined that the Requester had failed to demonstrate that the potential new gTLDs would infringe on Requester’s existing legal rights. (LRO2013-0009 Determination, Pg. 6; LR02013-0010 Determination, Pg. 6; LR2013-0011 Determination, Pg. 6.)

On 23 September 2013, the Requester sent a letter to WIPO, objecting to the Determinations. Specifically, the Requester objected to the following Panelist’s statement:

*Applicant* has made it clear that it will take all necessary measures, including geo-targeting, to avoid that Internet users in the territories in which Objector has trademark rights[] will be able to visit websites that use the Disputed gTLD String.

(LRO2013-0009 Determination, Pg. 6 (emphasis added).)<sup>5</sup> The Requester’s letter noted that the Panel was confused because while the Requester’s “commitment to using geo-targeting was made clear from the exhibits in the case . . . . [a]t no time has [MSD] indicated that it would consider using geo-targeting, or taking any other affirmative measures to prevent infringement or confusion.” (Request, Annex 3 (9/23/13 Letter, Pg. 2).) The Requester claimed that this misstatement was material to the Panel’s denial of the Objections.

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<sup>4</sup> The World Intellectual Property Organization’s Arbitration and Mediation Centre.

<sup>5</sup> Geo-targeting is a method of determining the location of a website visitor and, based on that location, targeting unique content to that visitor.

On 24 September 2013, in response to the Requester's correspondence, the Panel issued an addendum to its Determinations ("Addendum"). (Request, Annex 4.) In the Addendum, the Panel clarified that the inclusion in the Determinations of the statement regarding MSD's commitment to geo-targeting was "inadvertent," but that the Panel "was in fact aware of the distinction in this regard, as is reflected in the pleadings as cited and summarized in the Expert Determinations."<sup>6</sup> (Request, Annex 4 (Addendum, Pg. 1).) The Addendum also stated that the misstatement was not material to the Determinations and explained the basis for the Determinations.

On 27 February 2014, ICANN published the Addendum on its New gTLD microsite.

On 13 March 2014, the Requester filed Request 14-9, requesting reconsideration of the Determinations.<sup>7</sup>

## **B. The Requester's Claims.**

The Requester contends that the Determinations resulted from two fundamental failures to comply with ICANN policies and processes. First, the Requester claims that the Panel improperly interpreted the factors set forth in the Guidebook governing legal rights objections in light of "wholly inapplicable" UDRP standards. (Request, § 8, Pg. 18.) Second, the Requester claims that the Panel failed to "accurately assess critical facts concerning the Parties' pleadings, leading to mis-attribution of party intent and a material misrepresentation of the parties'

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<sup>6</sup> In a section summarizing the Requester's arguments in support of its legal rights objection, the Determinations note that Requester argued that "[c]ontrary to [MSD], [the Requester] uses geo-targeting tools to ensure that visitors from North America cannot access website content in which [the Requester] is identified as 'Merck.' Internet users in North America that enter 'www.merck.de' into a browser will be redirected to 'www.emdgroup.com.'" (LRO2013-0009 Determination, Pg. 4.)

<sup>7</sup> Although WIPO did not consolidate Case Nos. LRO2013-0009, LRO2013-0010, and LRO2013-0011, the Requester filed a single Request for Reconsideration, requesting reconsideration of the Determinations in all three cases. (Request § 2, Pg. 2; LRO2013-2009 Determination, Pg. 1.) As the Requester noted, the Objections involved substantially identical underlying facts, and the Determinations issued by the Panel are substantially identical; all three are collectively referred to as the Determinations, and for ease of reference, all citations will be to the Determination in Case No. LRO2013-0009.

respective positions.” (Request, § 6, Pg. 6.) Specifically, the Requester claims that the Panel misattributed the Requester’s commitment to use geo-targeting to avoid Internet users in the territories in which Requestor does not have trademark rights to MSD. (Request, § 8, Pg. 11.)

The Requester contends that these improper applications of ICANN policies and procedures were material to the Panel’s Determinations and constitute proper grounds for reconsideration. (Request, § 3, Pg. 2; *see also* Request, § 10, Pg. 20.)

### **C. Relief Requested.**

The Requester asks that ICANN reject the Determinations, convene a new panel, and instruct that panel to reach new Expert Determinations “apply[ing] the standards defined by ICANN.” (Request, § 3, Pg. 3; *see also* Request, § 9, Pg. 18.)

### **III. Issues.**

In view of the claims set forth in Request 14-9, the issues are as follows:

Whether the Panel acted in contravention of established policy or process by:

1. Improperly applying UDRP standards in determining whether the applied-for gTLDs would be likely to infringe on the Requester’s trademark; and
2. Basing the Determinations on an incorrect finding of fact regarding MSD’s commitment to geo-targeting.

### **IV. The Relevant Standards for Evaluating Reconsideration Requests and Legal Rights Objections.**

ICANN’s Bylaws provide for reconsideration of a Board or staff action or inaction in accordance with specified criteria.<sup>8</sup> (Bylaws, Art. IV, § 2.) Dismissal of a request for

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<sup>8</sup> Article IV, § 2.2 of ICANN’s Bylaws states in relevant part that any entity may submit a request for reconsideration or review of an ICANN action or inaction to the extent that it has been adversely affected by:

- (a) one or more staff actions or inactions that contradict established ICANN policy(ies); or
- (b) one or more actions or inactions of the ICANN Board that have been taken or refused to be taken without consideration of material information, except where the party submitting the request could

reconsideration of staff action or inaction is appropriate if the BGC concludes, or if the Board or the NGPC<sup>9</sup> agrees to the extent that the BGC deems that further consideration is necessary, that the requesting party failed to satisfy the reconsideration criteria set forth in the Bylaws. 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.<sup>10</sup>

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. Accordingly, the BGC does not evaluate the Panel's substantive conclusion that the Requester failed to establish that MSD's applications for .MERCK and .MERCKMSD infringe on Requester's existing legal rights. 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. (Request, § 8, Pg. 5.)

To prevail on a legal rights objection, an objector must establish that the potential use of the applied-for gTLD by the applicant would violate the objector's existing legal rights by:

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(continued...)

have submitted, but did not submit, the information for the Board's consideration at the time of action or refusal to act; or

(c) 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.

<sup>9</sup> New gTLD Program Committee.

<sup>10</sup> See <http://www.icann.org/en/groups/board/governance/reconsideration/recommendation-booking-01aug13-en.doc>, BGC Recommendation on Reconsideration Request 13-5.

[1.] tak[ing] unfair advantage of the distinctive character or the reputation of the objector's registered or unregistered trademark or serve mark ("mark") . . . , or [2.] unjustifiably impair[ing] the distinctive character or the reputation of the objector's mark . . . , or [3.] otherwise creat[ing] an impermissible likelihood of confusion between the applied-for gTLD and the objector's mark . . . .

(Guidebook, § 3.5.2.)

Where the objection is based on trademark rights, there are eight non-exclusive factors to be used by a panel in making this determination:

- Whether the applied-for gTLD is identical or similar, including in appearance, phonetic sound, or meaning, to the objector's existing mark;
- Whether the objector's acquisition and use of rights in the mark has been *bona fide*;
- Whether and to what extent there is recognition in the relevant sector of the public of the sign corresponding to the gTLD, as the mark of the objector, of the applicant or of a third party;
- Applicant's intent in applying the gTLD, including whether the applicant, at the time of application for the gTLD, had knowledge of the objector's mark, or could not have reasonably been unaware of that mark, and including whether the applicant had engaged in a pattern of conduct whereby it applied for or operates TLDs or registrations in TLDs which are identical or confusingly similar to the marks of others;
- Whether and to what extent the applicant has used, or has made demonstrable preparations to use, the sign corresponding to the gTLD in connection with a *bona fide* offering of goods and services or a *bona fide* provision of information in a way that does not interfere with the legitimate exercise by the objector of its mark rights;
- Whether the applicant has marks or other intellectual property rights in the sign corresponding to the gTLD, and, if so, whether any acquisition of such a right in the sign, and use of the sign, has been *bona fide*, and whether the purported or likely use of the gTLD by the applicant is consistent with such acquisition or use;
- Whether and to what extent the applicant has been commonly known the sign corresponding to the gTLD, and if so, whether any purported or likely use of the gTLD by the applicant is consistent therewith and *bona fide*; and



- Whether the applicant’s intended use of the gTLD would create a likelihood of confusion with the objector’s mark as to the source, sponsorship, affiliation, or endorsement of the gTLD.

(Guidebook, § 3.5.2.)

## V. Analysis and Rationale.

### 1. The Panel Did Not Improperly Apply UDRP Standards in Determining Whether the Applied-for gTLDs Would be Likely to Infringe on the Requester’s Trademark.

The Requester failed to demonstrate that the Panel violated any established policy or process in rendering the Determinations. The Determinations show that the Panel correctly referenced and considered the eight non-exhaustive factors listed in the Guidebook and explained how those factors supported the Panel’s Determinations. (LRO2013-0009 Determination, Pg. 5 (referencing the Guidebook and noting that “[t]he Panel will deal with each of these factors further below”).) The Requester acknowledges that the Panel “does discuss the ‘eight factors,’” but contends that the Panel “improperly interpret[ed] them in light of (wholly inapplicable) URDP standards.” (Request, § 8, Pg. 18.) The Requester’s claims are unsupported.

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].” (LRO 2013-2009 Determination, Pg. 6.) The Panel did not, however, proceed to apply the UDRP standard. Rather, it analyzed the criteria listed in the Guidebook. (*Id.*)

On the second occasion, the Panel discussed the UDRP standard in the context of analyzing one of the eight Guidebook factors—“whether the applied-for gTLD is identical or similar, including in appearance, phonetic sound, or meaning, to Objector’s existing mark.” (Guidebook § 3.5.2 ) The Panel accurately noted that the Guidebook “does not provide [] any

details” to guide the application of that factor and, as such, it looked to the “detailed test” in the UDRP for guidance. (LRO 2013-2009 Determination, Pgs. 6-7.)

As an initial matter, the Requester was not prejudiced by the Panel’s reference to the UDRP because the Panel found that this factor weighed in the Requester’s favor. (LRO2013-2009 Determination, Pg. 7 (determining that the disputed gTLD string and the Requester’s trademark were identical).) Furthermore, the Determinations reveal that the Panel considered the UDRP as a means to further provide context to one of the eight factors set out in the Guidebook. The Requester does not identify any policy or process that was violated in this regard. The New gTLD Dispute Resolution Procedure makes clear that, in addition to applying the standards that have been identified by ICANN, the Panel “may refer to and base its findings upon statements and documents submitted and any rules or principles that it determines to be applicable.” (Procedure, Art. 20(b).)

**2. The Panel did not Improperly Base its Determinations on an Incorrect Finding of Fact.**

The Requester claims that the Panel’s “incorrect view of the fact pattern” supports reconsideration. (Request, § 8, Pg. 11.) Specifically, the Requester challenges the Panel’s statement in the Determinations that:

*Applicant* has made it clear that it will take all necessary measures, including geo-targeting, to avoid that Internet users in the territories in which Objector has trademark rights[] will be able to visit websites that use the Disputed gTLD String.

(LRO2013-0009 Determination, Pg. 6 (emphasis added).) The Requester claims that the Panel’s statement was factually incorrect because “it is the Requester (Objector), not Merck & Co. (Applicant) in these cases that has made geo-targeting provisions!” (Request, § 8, Pg. 11.)

The Requester brought this issue to WIPO’s attention in its letter of 23 September 2013, noting that while the Requester’s “commitment to using geo-targeting was made clear from the exhibits in the case . . . . [a]t no time has [MSD] indicated that it would consider using geo-targeting, or taking any other affirmative measures to prevent infringement or confusion.” (Request, Annex 3 (9/23/13 Letter, Pg. 2).) The Requester suggested, “it is clear that the Panel’s incorrect belief that [MSD] has committed to using geo-targeting tools is the basis for the denial of these Objections.” (*Id.* at Pg. 3.)

In response, the Panel issued an Addendum to the Determinations, clarifying that the inclusion of the statement regarding MSD’s commitment to geo-targeting was “inadvertent”, and that the Panel “was in fact aware of the distinction in this regard, as is reflected in the pleadings as cited and summarized in the Expert Determinations.”<sup>11</sup> (Request, Annex 4 (Addendum, Pg. 1).) The Panel then stated that “[i]n any event, the Panelist considers it important to confirm that the above-mentioned sentence as such is *immaterial* to the conclusion which the Panelist reached in rejecting the Objections.” (*Id.* (emphasis added).) The Panel then reiterated the basis for its conclusion that the Requester’s Objections be rejected:

The question is whether a bona fide trademark owner that owns trademark rights in certain countries but does not have rights to a certain trademark in all countries of the world, should for that reason be prevented from obtaining a gTLD. In the view of the Panel, such a proposition does not make sense. If the opposite view would be accepted, it would be expected from any trademark owner interested in a gTLD to have trademark registrations in all countries of the world as otherwise another party could register one trademark in an ‘uncovered’ country and thus prevent the first trademark owner from applying for and using its own gTLD.

(*Id.* (quoting LRO2013-0009 Determination, Pg. 6).) In articulating the basis for its Determinations, the Panel confirmed that “[i]t is clear” that these considerations “are not

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<sup>11</sup> See also footnote 6.

conditioned on the presence or absence of geo-targeting or similar measures on the part of the Applicant.” (Addendum, Pg. 2.) The Requester may disagree with that finding, but that disagreement is not a proper basis for reconsideration.

Nevertheless, the Requester objects to the Panel “merely elect[ing] to state that [the inadvertent geo-targeting comment] was immaterial to the conclusion which it reached in rejecting the Objections.” (Request, § 8, Pg. 13.) The Requester claims that “[a] reconsideration of the cases on the basis of the correct, complete and accurate state of the facts would have required a thorough application of the standard set forth in Section 3.5.2 of the Guidebook taking into account the full range of the eight non-exclusive factors.” (*Id.* at Pgs. 12-13.)

There is no evidence that the Panel violated any established process or policy by issuing an addendum to its Determinations in response to the Requester’s claims. Nor does the Requester cite any provision in the Guidebook or otherwise that would require the Panel to redo its analysis of all eight factors set forth in Section 3.5.2 of the Guidebook, particularly in light of the fact that the Panel confirmed that the inadvertent statement was immaterial to its determinations in all events. (Request, Annex 4 (Addendum, Pg. 1).)

Furthermore, the Determinations discussed geo-tracking in the context of only one factor, that which considers whether “Applicant’s intended use of the gTLD would create a likelihood of confusion with Objector’s mark as to the source, sponsorship, affiliation, or endorsement of the gTLD.” (LRO 2013-0009 Determination, Pg. 8.) Nowhere in the Determinations did the Panel imply that geo-tracking was relevant to its consideration of any of the remaining seven factors. And as confirmed by the Panel in its Addendum, the Panel’s inadvertent reference to the Applicant’s geo-tracking commitments was not material to its consideration of this factor. Once

again, while the Requester may disagree with the Panel's finding, that disagreement is not a proper basis for reconsideration.

## **VI. Decision**

Based on the foregoing, the BGC concludes that the Requester has not stated proper grounds for reconsideration, and therefore denies Reconsideration Request 14-9. Given that there is no indication that the Panel violated any policy or process in reaching, or staff in accepting the Determinations, this Request should not proceed. If the Requester believes that it has somehow been treated unfairly in the process, the Requester is free to ask the Ombudsman to review this matter.

In accordance with Article IV, § 2.15 of the Bylaws, the BGC's determination on Request 14-9 shall be final and does not require Board consideration. The Bylaws provide that the BGC is authorized to make a final determination for all Reconsideration Requests brought regarding staff action or inaction and that the BGC's determination on such matters is final. (Bylaws, Art. IV, § 2.15.) As discussed above, Request 14-9 seeks reconsideration of a staff action or inaction. After consideration of this Request, the BGC concludes that this determination is final and that no further consideration by the Board (or the New gTLD Program Committee) is warranted.

In terms of timing of the BGC's Determination, we note that Section 2.16 of Article IV of the Bylaws provides that the BGC shall make a final determination or recommendation with respect to a Reconsideration Request within thirty days following receipt of the request, unless impractical. (*See* Article IV, Section 2.16 of the Bylaws.) To satisfy the thirty-day deadline, the BGC would have to have acted on Request 14-9 by 13 April 2014. Due to the number of Reconsideration Requests received in recent weeks and scheduling conflicts as a result of travel schedules from the ICANN public meeting in Singapore, additional time was needed to evaluate

Request 14-9. As such, the first practical opportunity for the BGC to take action on this Request was on 29 April 2014; it was impractical for the BGC to consider the Request sooner. Upon setting the date for consideration of Request 14-9, staff notified the Requester of the BGC's anticipated timing for review, and no objections were raised.

# **ANNEX 46**

# Board Governance Committee (BGC) Meeting Minutes (Revised)

29 Apr 2014

BGC Attendees: Cherine Chalaby, Chris Disspain, Olga Madruga-Forti, Ram Mohan, Ray Plzak, Mike Silber, and Bruce Tonkin – Chair

Other Board Member Attendees: Steve Crocker and George Sadowsky

Executive and Staff Attendees: Megan Bishop (Board Support Coordinator), John Jeffrey (General Counsel and Secretary), Elizabeth Le (Senior Counsel), and Amy Stathos (Deputy General Counsel)

Board Member Elect: Rinalia Abdul Rahim (observing).

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The following is a summary of discussion, actions taken, and actions identified:

1. Minutes – The BGC approved the minutes from the meeting on 22 March 2014.
2. Reconsideration Request 14-1 – Ram Mohan abstained from participation of this matter noting conflicts. Staff briefed the BGC regarding Medistry LLC's Request seeking reconsideration of the Expert Determination, and ICANN's acceptance of that Determination, upholding the Independent Objector's ("IO") Community Objection to Medistry's application for .MED. The BGC previously accepted Request 14-1 so that further evaluation can be conducted as to whether all of the requirements were satisfied when the IO filed the relevant Community Objection. After discussion, the BGC approved a motion directing staff to confer with the IO in an effort to evaluate and determine the circumstances under which the IO elected to file the community objection and whether the IO considered



or was otherwise aware of, in advance of filing the objection, any letters or comments in the public sphere made in opposition to the Requester's application for .MED in addition to the public comments made by National Association of Boards of Pharmacy and American Hospital Association.

- Action – Staff to confer with the IO regarding the circumstances under which the IO elected to file the community objection and provide report to BGC for consideration.
3. Reconsideration Request 14-9– Ram Mohan abstained from participation of this matter noting conflicts. Staff briefed the BGC regarding Merck KGaA's Request seeking reconsideration of the Expert Determinations, and ICANN's acceptance of those Determinations, dismissing Merck KGaA's legal rights objections to Merck Registry Holdings, Inc.'s application for .MERCK and MSD Registry Holdings, Inc.'s application for .MERCKMSD. After discussion and consideration of the Request, the BGC concluded that the Requester has not stated proper grounds for reconsideration because the Request failed to demonstrate that the expert panel acted in contravention of established policy or procedure. The Bylaws authorize the BGC to make a final determination on Reconsideration Requests brought regarding staff action or inaction; the BGC still has the discretion, but is not required, to recommend the matter to the Board for consideration. Accordingly, the BGC concluded that its determination on Request 14-9 is final; no consideration by the NGPC is warranted.
  4. Reconsideration Request 14-11 – Ram Mohan abstained from participation of this matter noting conflicts. Staff briefed the BGC regarding Commercial Connect, LLC's Request seeking reconsideration of the decision by ICANN staff to change the application status of the Requester's .SHOP application to "On Hold" to reflect that the application is involved in multiple ICANN Accountability Mechanisms. After discussion

and consideration of the Request, the BGC concluded that the Requester has not stated proper grounds for reconsideration. Under the New gTLD Program process, applications that are subject to pending activities that may impact the status of the applications, such as accountability mechanisms, are regularly reviewed and may be placed on hold until the pending activities have been resolved. The BGC noted that the "on hold" designation is considered for and typically assigned to applications for which status may be impacted by a Reconsideration Request or known Ombudsman complaint because neither of these Accountability Mechanisms has a process step that allows a party to seek a stay of activity related to one or more impacted applications. In contrast, the "on hold" designation is not typically assigned to an application whose status may be impacted by an Independent Review Process (IRP) because the IRP has a procedure that allows parties to seek an emergency stay of activity related to impacted applications. The BGC further noted that the email notices advising applicants of the hold status on their applications can be further improved to clarify the reasons for the hold. The Bylaws authorize the BGC to make a final determination on Reconsideration Requests brought regarding staff action or inaction; the BGC still has the discretion, but is not required, to recommend the matter to the Board for consideration. Accordingly, the BGC concluded that its determination on Request 14-11 is final; no consideration by the NGPC is warranted. The BGC also noted that Commercial Connect has filed numerous Reconsideration Requests that could be considered frivolous. The BGC approved a motion cautioning Commercial Connect and all Requesters generally that the BGC has the discretion under Article IV, Section 2.9 of the ICANN Bylaws to summarily dismiss a Reconsideration Request if it is frivolous, querulous or vexatious.

- Action: Staff to include a bit more detail in emails notifying applicants that applications have been placed "on hold."
5. Reconsideration Request 14-12 – Chris Disspain abstained from participation of this matter out of an abundance of caution as the application at issue in the Request relates to Australia. Ram Mohan abstained from participation of this matter noting conflicts. Bruce Tonkin abstained from participation of this matter noting that his employer, Melbourne IT, hosts the Requester Tennis Australia's website. Staff briefed the BGC regarding Tennis Australia's Request seeking reconsideration of the Community Priority Panel's Evaluation Report, and ICANN's acceptance of that Report, finding that the Requester did not prevail in the Community Priority Evaluation for .TENNIS. After discussion and consideration of the Request, the BGC concluded that the Requester has not stated proper grounds for reconsideration. The BGC determined that the Requester does not identify any process or policy or standard that the Panel misapplied when evaluating the CPE criteria. The Bylaws authorize the BGC to make a final determination on Reconsideration Requests brought regarding staff action or inaction; the BGC still has the discretion, but is not required, to recommend the matter to the Board for consideration. Accordingly, the BGC concluded that its determination on Request 14-12 is final; no consideration by the NGPC is warranted.
6. Nominating Committee (NomCom) Leadership Call for Expressions of Interest –The BGC reviewed and discussed the call for expressions of interest for leadership roles in the 2015 NomCom Chair and Chair-Elect. The BGC approved a motion authorizing staff to post the call for expressions of interest.
- Action – Staff to post the call for expressions of interest.
7. NomCom Related Action Items – The BGC discussed various BGC action items relating to the

NomCom, including the procedures under which the NomCom operates and a Code of Conduct and Ethics for the NomCom. The BGC noted that the NomCom follows a transparent set of procedures, which are evaluated and published by each NomCom, as well as the fact that the NomCom also maintains and publishes a Code of Conduct, which the NomCom members follow every year.

8. Guidelines Re Attending Social Events and Accepting Gifts – The BGC discussed the revised Guidelines re: Attending Social Events and Accepting Gifts. The BGC approved a motion recommending the Guidelines for Board consideration.
  - Action – Staff to prepare proposed resolution for Board consideration.
9. 2014 Board Self-Evaluation – The BGC discussed the 2014 Board self-evaluation process. The BGC discussed a three-tiered approach that includes a set of relevant questions, engaging an independent company to facilitate discussion amongst the Board, and potentially feedback from SOs and ACs.

Published on 16 May 2014

**Von:** Independent Review [<mailto:independentreview@icann.org>]  
**Gesendet:** Mittwoch, 2. Juli 2014 01:08  
**An:** [Jonas.Koelle@merckgroup.com](mailto:Jonas.Koelle@merckgroup.com)  
**Cc:** Torsten Bettinger  
**Betreff:** Re: [Independent Review] Merck: Independent Review

Dear Mr. Kölle

Thank you for email below. We apologize for not responding sooner, but many folks attended and have just returned from ICANN's Public meeting in London.

We agree to consider 4 July 2014 the conclusion of the CEP process. Given that, ICANN will grant you an extension, through and including 18 July 2014 to file an Independent Review if that is the path you choose to take.

Please note that we are copying Mr. Bettinger as well. Please advise who should be the primary contact for this matter should it continue.

Thank you,

ICANN  
12025 E. Waterfront Drive, Suite 300  
Los Angeles, CA 90094

On Jun 27, 2014, at 6:15 AM, [Jonas.Koelle@merckgroup.com](mailto:Jonas.Koelle@merckgroup.com) wrote:

Dear ICANN,

I note with disappointment that we have not received any update from you as to the status of the Cooperative Engagement Process (CEP).

Merck KGaA's claims and interests in the New gTLD Program, and the harm Merck KGaA has sustained through the errors of the LRO Panel and most recently as a result of the Request for Reconsideration process are significant and demand resolution in accordance with the Applicant Guidebook, ICANN's Bylaws and Articles of Incorporation.

We have engaged in good faith with ICANN in these many processes, including in the CEP. The CEP provides an expedited timeline for the resolution or narrowing of issues that are contemplated to be brought to the IRP, including the provision that if representatives are not able to resolve or narrow the issues at the first conference, a further meeting shall occur within seven days after the initial conference.

ICANN agreed during its meeting on June 4, 2014 that it would communicate with me being the representative of Merck KGaA the following day as to the status of the CEP. ICANN did not make such communication, despite a reminder which was sent on June 5, 2014. In light of the timelines provided at Article IV, Section 3.3 of ICANN's Bylaws, and the absence of any response from ICANN, representatives of Merck KGaA sought clarification as to the status of the CEP and the deadline to file its request for Independent Review (including the applicable extension for participation in the CEP) on June 11, 2014, prior to the expiration of the original deadline as specified in the ICANN Bylaws.

On June 12, 2014, ICANN stated:

“As we discussed with Mr. Koelle during the CEP conference on 4 June 2014, we are evaluating how ICANN intends to proceed in the CEP initiated by Merck KGaA in light of the discussions that took place on 4 June. We are still undergoing this evaluation. We will advise once we have concluded our evaluation. We confirm that the deadline to file an IRP will resume ticking once the CEP has concluded and that such conclusion will be declared by written confirmation between the parties. ICANN will consider a request for a reasonable extension of time for Meck (sic) to file the IRP upon the conclusion of the CEP.”

Merck KGaA has relied on ICANN's statement and has awaited ICANN's response in accordance with its June 12 communication. Noting the purpose and expedited nature of the CEP, the absence of response from ICANN despite the passage of a significant period of time well beyond the original limits specified in the CEP, and Merck KGaA's significant interests in the resolution of these issues, Merck KGaA will consider the CEP concluded as of July 4, 2014 should it not receive a substantive update as to the remaining issues to be discussed and/or a definitive proposal for a further conference to be held within a reasonable period of time, by July 4, 2014.

Merck KGaA has engaged with ICANN in good faith and considers that the lapse of one month since the initial CEP conference to be more than sufficient to establish the next phase of the CEP. The failure of ICANN to provide a substantive update or even to schedule another conference during this time may demonstrate that there could not be any further resolution of issues and that there is no further purpose to the CEP.

In this regard, and in reliance on ICANN's prior communication, Merck KGaA would have no choice but to file its request for Independent Review. Merck KGaA reserves the right to request a reasonable extension of time to file the request for Independent Review upon the conclusion of the CEP, as previously established in communications between the parties.

I look forward to your response.

Sincerely,

Jonas Kölle  
Rechtsanwalt  
Head of Group Trademarks | LE-T  
Group Legal & Compliance | Trademarks

### **Merck – Living Innovation**

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Mandatory information can be found at: <http://www.merckgroup.com/mandatories>  
Pflichtangaben finden Sie unter: <http://www.merckgroup.com/mandatories>

From: Independent Review <[independentreview@icann.org](mailto:independentreview@icann.org)>  
To: Torsten Bettinger <[Bettinger@bettinger.de](mailto:Bettinger@bettinger.de)>, "Jonas.Koelle@merckgroup.com" <[Jonas.Koelle@merckgroup.com](mailto:Jonas.Koelle@merckgroup.com)>,  
Cc: John Jeffrey <[john.jeffrey@icann.org](mailto:john.jeffrey@icann.org)>, Amy Stathos <[amy.stathos@icann.org](mailto:amy.stathos@icann.org)>  
Date: 12.06.2014 04:43  
Subject: [Independent Review] Merck: Independent Review

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Dear Mr. Bettinger,

Thank you for your email. As we discussed with Mr. Koelle during the CEP conference on 4 June 2014, we are evaluating how ICANN intends to proceed in the CEP initiated by Merck KGaA in light of the discussions that

took place on 4 June. We are still undergoing this evaluation. We will advise once we have concluded our evaluation. We confirm that the deadline to file an IRP will resume ticking once the CEP has concluded and that such conclusion will be declared by written confirmation between the parties. ICANN will consider a request for a reasonable extension of time for Meck to file the IRP upon the conclusion of the CEP.

Best regards,  
ICANN  
12025 Waterfront Drive, Suite 300  
Los Angeles, CA 90094

**From:** Torsten Bettinger <[Bettinger@bettinger.de](mailto:Bettinger@bettinger.de)>  
**Date:** Wednesday, June 11, 2014 8:50 AM  
**To:** John Jeffrey <[john.jeffrey@icann.org](mailto:john.jeffrey@icann.org)>, Amy Stathos <[amy.stathos@icann.org](mailto:amy.stathos@icann.org)>, <[independentreview@icann.org](mailto:independentreview@icann.org)>  
**Cc:** "[Jonas.Koelle@merck.de](mailto:Jonas.Koelle@merck.de)" <[Jonas.Koelle@merck.de](mailto:Jonas.Koelle@merck.de)>  
**Subject:** [Independent Review] Merck: Independent Review

Dear ICANN Colleagues,

We represent Merck KGaA in the present matter, and are urgently following up on the email communication of June 5, 2014 from Mr. Jonas Koelle to ICANN concerning the status of the Cooperative Engagement Process ("CEP") between ICANN and Merck KGaA.

We recall the email communication from Mr. Koelle to ICANN of May 27, 2014, acknowledged ICANN on May 30, 2014, initiating the CEP. A discussion between Mr. Koelle and representatives of ICANN occurred on June 4, 2014.

We further recall Article 4, Section 3.3 of the ICANN Bylaws providing that a request for independent review ("IR") must be filed within thirty days of the posting of the minutes of the relevant Board meeting and the publication of those minutes on May 16, 2014, and the CEP Rules which provide:

"[i]f ICANN and the requestor have not agreed to a resolution of issues upon the conclusion of the cooperative engagement process, or if issues remain for a request for independent review, the requestor's time to file a request for independent review designated in the Bylaws shall be extended for each day of the cooperative engagement process, but in no event, absent mutual written agreement by the parties, shall the extension be for more than fourteen (14) days."

Accordingly, we understand that Merck KGaA is entitled to file its IR within thirty days of May 16, 2014, which has been extended without mutual written agreement for each day since the initiation of the CEP process on May 27, 2014.

However, we note with concern that we have not received any reply from Mr. Koelle's email of June 5, 2014. We accordingly seek clarification as to the status of the CEP and importantly the deadline to file the IR, including any extension which may apply. Without confirmation from ICANN as to the status of the CEP and relevant deadlines, in order to preserve its rights under the ICANN Bylaws, Merck KGaA may have no choice but to file its IR within the original deadline (without extension) pursuant to Article 4, Section 3.3 of the ICANN Bylaws. We therefore request ICANN's urgent attention to this matter and response before June 12, 2014.

Best regards,

Torsten Bettinger

-----  
Dr. Torsten Bettinger, LL.M.  
Rechtsanwalt

Fachanwalt für Informationstechnologierecht  
Fachanwalt für gewerblichen Rechtsschutz

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Important:

The information contained in this communication is attorney-client-privileged and confidential information intended only for the use of the individual or entity named above. If you are not the intended recipient, or the employee or agent responsible to deliver it to the intended recipient, you are hereby notified that any dissemination, distribution, or copying of the communication is strictly prohibited. If you have received the communication in error, please immediately notify us by telephone and return the original to us at the above address and then delete the communication. Thank you.



# **ANNEX 47**

## **EXPERT DETERMINATION LEGAL RIGHTS OBJECTION**

Right At Home v. Johnson Shareholdings, Inc.

Case No. LRO2013-0030

### **1. The Parties**

Objector is Right At Home of Omaha, Nebraska, United States of America represented by Faegre Baker Daniels LLP, United States.

Respondent/Applicant is Johnson Shareholdings, Inc. of Racine, Wisconsin, United States, represented by Steven M. Levy, United States (the "Respondent").

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

The applied-for gTLD string (the "String") is <.rightathome>.

### **3. Procedural History**

The Objection was filed with the WIPO Arbitration and Mediation Center (the "WIPO Center") on March 13, 2013, pursuant to the New gTLD Dispute Resolution Procedure (the "Procedure").

In accordance with Article 9 of the Procedure, the WIPO Center has completed the review of the Objection on March 21, 2013 and has determined that the Objection complies with the requirements of the Procedure and the World Intellectual Property Organization Rules for New gTLD Dispute Resolution for Existing Legal Rights Objections (the "WIPO Rules for New gTLD Dispute Resolution").

In accordance with Article 11(a) of the Procedure, the WIPO Center formally notified Respondent of the Objection, and the proceedings commenced on April 17, 2013. In accordance with Article 11(b) and relevant communication provisions of the Procedure, the Response was timely filed with the WIPO Center on May 15, 2013.

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

#### 4. Factual Background

Respondent Johnson Shareholdings, Inc. is a wholly-owned subsidiary of S.C. Johnson & Son, Inc. (“SC Johnson”). SC Johnson, which has existed for decades, is a major manufacturer of various consumer household products, in areas including house cleaning, pest control, air care, shoe care, and food storage, with famous brand names such as Windex, Pledge, Glade, Raid, Ziploc, and Kiwi. SC Johnson generates more than USD 9 billion in annual sales, and its products are made, marketed, and sold in many countries.

SC Johnson has used the mark RIGHT@HOME (stylized) to provide housekeeping information in the fields of cleaning, arts and crafts, interior decorating, cooking, landscape gardening, and space management for closets, garages, and crawl spaces. SC Johnson’s first use in commerce for these various fields of informational activity range between 2008 and 2010, and this mark was registered with the United States Patent & Trademark Office on November 2, 2010.

Respondent asserts, and there is no evidence to the contrary in the record of this case, that Objector never objected to SC Johnson’s registration or use of the RIGHT@HOME mark prior to the commencement of this LRO proceeding.

By agreement effective April 1, 2012, SC Johnson licensed use of the RIGHT@HOME mark and other marks to Respondent and authorized Respondent to seek gTLD registrations for various character strings including “rightathome”.

In its application to register the String, Respondent stated:

“The intended future mission and purpose of the .RIGHTATHOME gTLD is to serve as a trusted, hierarchical, and intuitive namespace provided by SC Johnson for SC Johnson’s customers, and Internet users in general. ...

The .RIGHTATHOME gTLD is intended to be one of those .BRAND gTLDs, with the goal of protecting SC Johnson’s online presence and identity; expanding its marketing and promotion efforts; providing a secure channel for Right@Home(TM) content, and offering a platform through which to consolidate many of the intellectual property activities of SC Johnson.”

Respondent also maintains a website at <rightathome.com>, at which site one finds recipes, cooking tips, food storage tips, coupons for SC Johnson’s various products, and so forth.

Objector describes itself as an “international franchise organization” based in the United States and founded in 1995. Objector provides home healthcare services in more than 250 locations on six continents. The home care services offered by Objector include meal preparation, medication reminders, dressing and bathing assistance, cleaning, errands, and the like.

Objector markets its services under the RIGHT AT HOME mark, which is registered in the United States and several other countries. Objector also holds numerous international registrations for stylized marks featuring the words RIGHT AT HOME – IN HOME CARE & ASSISTANCE. Objector first used the mark RIGHT AT HOME to identify and distinguish its services in commerce in 1995.

According to Objector’s president, RIGHT AT HOME is the company’s “only manner of identifying itself to the consuming public, and has been since 1995.” Respondent also operates a website at <rightathome.net>.

Respondent notes that various third parties have registered domain names <rightathome.biz>, <rightathome.us>, <rightathome.mobi>, <rightathome.info>, <rightathome.org>, <rightathome.co.uk>, and <rightathome.de>, and asserts that Objector has never objected to the use of these domain names by such third parties.

As Objector points out, there are various third parties using the marks RIGHT AT HOME or RIGHT@HOME (word or stylized) for various goods or services including pharmaceutical services, home improvement and restoration services, and child-safety products.

According to Objector, it made contact with Respondent prior to commencing this LRO proceeding, but the parties were unable to reach an amicable resolution.

## **5. Parties' Contentions**

### **A. Complainant/Objector**

Objector raises arguments under each of the eight non-exclusive factors relevant to a determination under the Procedure, which are set forth below in the respective discussion of each of those factors. On a larger scale, though, Objector raises a few overarching points. First, Objector asserts that allowance of the String could result in third-party registrations of domain names and "could easily result in the proliferation of domains that infringe the rights of Objector." According to Objector, this prospect will create a "considerable burden of constant vigilance with respect to the gTLD." Also, Objector further stresses that the mark RIGHT AT HOME is its only way of identifying itself to the consuming public.

### **B. Respondent/Applicant**

Respondent also raises points under each of the eight non-exclusive factors, as will be set forth below. In addition, Respondent stresses that its contemplated use of the String is entirely legitimate, and that Respondent and Objector offer goods and services in decidedly different spheres of commercial activity. Respondent also argues that Objector's fear of having to undertake heightened vigilance to police its trademark rights is misplaced, and that vigilance is in any event a burden that any mark owner must willingly shoulder.

## **6. Discussion and Findings**

For the reasons set forth below, the Panel concludes that this Legal Rights Objection is unavailing and should not be sustained.

Objector bears the burden of proof. Procedure, Section 3.5. The prefatory comments to the eight factors to be considered by a Panel under the LRO Procedure state that the Panel:

... will determine whether the potential use of the applied-for gTLD by the applicant takes unfair advantage of the distinctive character or the reputation of the objector's registered or unregistered trademark or service mark ('mark'), ... or unjustifiably impairs the distinctive character or the reputation of the objector's mark ..., or otherwise creates an impermissible likelihood of confusion between the applied-for gTLD and the objector's mark...

Procedure, Section 3.5.2. The use of the terms "unfair," "unjustifiably," and "impermissible" as modifiers, respectively, of "advantage," "impairs," and "likelihood of confusion" in Section 3.5.2 suggests that there must be something more than mere advantage gained, or mere impairment, or mere likelihood of confusion for an Objection to succeed under the Procedure. It seems, rather, that there must be something untoward – even if not to the level of bad faith – in the conduct or motives of Respondent, or something intolerable in the state of affairs which would obtain if the Respondent were permitted to keep the String in dispute.

The foregoing concepts are not uniformly defined or understood in the international trademark community. Indeed, the word "unfair" in the context of "unfair competition" is a notoriously elusive concept. An excellent and colorful discussion of the quicksilver quality of that term may be found in McCarthy's treatise, wherein it is observed: "The word 'unfair' is no more precise than many other legal terms whose purpose is to give

discretion to a judge, such as ‘reasonable’ or ‘adequate.’” J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition 4th* (Thomson Reuters/West) Section 1:8.

To aid interpretation of this general concept, 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 factors may be viewed collectively as analytical proxies for the more general concepts discussed above. 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.

With the foregoing understanding of how the concepts and factors of the LRO Procedure work together, the Panel reaches the following findings and conclusions under the eight factors.

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

The parties essentially agree that the String here is at least similar in all relevant respects to Objector’s RIGHT AT HOME mark. The Panel finds that the word “at” and the symbol “@” are essentially synonymous in Internet parlance and concludes that this factor weighs in favor of Objector.

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

Respondent does not seriously dispute for purposes of this proceeding that Objector’s use of, and rights in, its RIGHT AT HOME mark are *bona fide*. The Panel finds that this factor weighs in favor of Objector.

**3. Whether and to what extent there is recognition in the relevant sector of the public of the sign corresponding to the gTLD, as the mark of Objector, of Applicant/Respondent or of a third party.**

On the record here, there is little doubt that a relevant sector of the public associates the RIGHT AT HOME mark with Objector’s home care services. The record also supports the conclusion that some sector of the public associates the RIGHT@HOME mark with Respondent’s parent SC Johnson. As noted above, that mark is duly registered and has been used for several years in commerce to provide information regarding various household products and activities. The web pages accessible at SC Johnson’s “www.rightathome.com” site also appear very well developed.

Objector also points out that certain third parties have made use of the RIGHT AT HOME or RIGHT@HOME marks in the fields of pharmaceuticals, home remodeling, and child-safety products. Respondent asserts that such third-party use actually undercuts Objector’s argument. The Panel agrees. It seems common ground in this proceeding that a variety of companies have used RIGHT AT HOME or RIGHT@HOME to identify and distinguish goods or services in a variety of fields, and seem to have coexisted in their endeavors. Objector has not, as far as this record reveals, objected to SC Johnson’s use of RIGHT@HOME, or SC Johnson’s operation of a website at “www.rightathome.com”, or the third-party uses of RIGHT AT HOME and RIGHT@HOME marks.

The Panel finds that this factor favors Respondent.

**4. Applicant’s/Respondent’s intent in applying for the gTLD, including whether Applicant/Respondent, at the time of application for the gTLD, had knowledge of Objector’s mark, or could not have reasonably been unaware of that mark, and including whether Applicant/Respondent has engaged in a pattern of conduct whereby it applied for or operates TLDs or registrations in TLDs which are identical or confusingly similar to the marks of others.**

The Panel first observes that, while the Parties did not specifically address the question whether Respondent was actually aware of Objector's mark at the time it applied for the gTLD, it seems fair to infer that Respondent, or at least its parent SC Johnson, had such knowledge. SC Johnson is a major corporation with a wide variety of successful brands, and corresponding trademarks. It is difficult to imagine Respondent or its parent being unaware of Objector's mark. In any event, Respondent does not specifically deny that it had knowledge of Objector's RIGHT AT HOME mark at the time it applied for the String.

Objector also asserts that Respondent should be charged with constructive knowledge of the RIGHT AT HOME mark, by virtue of the mark's registration. The Panel need not decide whether constructive knowledge, by itself, may be a decisive consideration under this factor of the LRO Procedure. Rather, the Panel concludes on a balance of probabilities that Respondent was probably aware of Objector's mark. Such knowledge, however, does not end the inquiry under this factor.

With respect to any pattern of conduct whereby Respondent has applied for or used other TLDs which are confusingly similar to the marks of others, there is no allegation or evidence presented in this record that Respondent has done any such thing.

Finally, with respect to the overarching concern of this factor, viz., Respondent's intent in applying for the String, the Panel concludes that Respondent's intent was *bona fide*. Respondent's stated explanation in its application boils down to its "goal of protecting SC Johnson's online presence and identity; expanding its marketing and promotion efforts; providing a secure channel for Right@Home(TM) content, and offering a platform through which to consolidate many of the intellectual property activities of SC Johnson." This explanation seems quite plausible for a major marketer of numerous household consumer goods, and it appears consistent with the marketing activities which have been undertaken at the "www.rightathome.com" website operated by SC Johnson.

In sum, the Panel finds nothing untoward in Respondent's intent here. This factor favors Respondent.

**5. Whether and to what extent Applicant/Respondent has used, or has made demonstrable preparations to use, the sign corresponding to the gTLD in connection with a *bona fide* offering of goods or services or a *bona fide* provision of information in a way that does not interfere with the legitimate exercise by Objector of its mark rights.**

Much of what was said above in connection with the fourth factor is equally applicable here. Respondent's parent has been using RIGHT@HOME as a mark and at a website for several years for legitimate purposes.

Under this head, Objector asserts that "Applicant/Respondent's intent to open the gTLD to third party registrations will likely result in the proliferation of domains within that gTLD that infringe upon the rights of Objector." By way of example, Objector notes that "a third party could register <ILoveMyMother.rightathome> or <healthcare.rightathome>."

Respondent replies that it "has used its RIGHT@HOME mark since 2009 on [sic] connection with a *bona fide* business and Objector's fears are unsupported." Respondent also states that Objector has presented no evidence that its trademark rights have been infringed by the peaceful coexistence of the parties' respective marks. The lack of any evidence of past abuse, Respondent argues, is suggestive that such abuse is unlikely to occur in the future.

The Panel agrees with Respondent that Objector's professed fears are largely speculative. In any event, Objector would have legal recourse if some party registered, for instance, <healthcare.rightathome> as a domain name and used it to host a website offering home care services in competition with Objector.

This factor weighs in favor of Respondent.

**6. Whether Applicant/Respondent has marks or other intellectual property rights in the sign corresponding to the gTLD, and, if so, whether any acquisition of such a right in the sign, and use of**

**the sign, has been *bona fide*, and whether the purported or likely use of the gTLD by Applicant/Respondent is consistent with such acquisition or use.**

Again, it has already been found that Respondent's parent SC Johnson has made use of RIGHT@HOME for several years in connection with legitimate commercial activities.

Objector's main argument under this head is that SC Johnson, and not Respondent itself, owns the RIGHT@HOME mark. Respondent, however, has presented sufficient evidence in the record to establish that it is a wholly-owned subsidiary of SC Johnson and is licensed to use the RIGHT@HOME mark (and is also authorized to apply for the String in dispute here). The Panel finds it curious that, according to Objector, the Parties had communicated prior to the commencement of this LRO proceeding and yet they apparently did not clarify the relationship between SC Johnson and Respondent *vis-à-vis* the RIGHT@HOME mark.

In any event, it is clear that this factor favors Respondent.

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

While it is clear that SC Johnson owns several famous trademarks for its various household products, the record is rather threadbare on the issue whether SC Johnson or Respondent is "commonly known" by the mark RIGHT@HOME. Respondent appears to argue that its *bona fide* actual use of that mark in connection with goods and services means that it has become commonly known by that mark. This argument is not persuasive, particularly since the LRO Procedure includes *separate* factors for Respondent's *bona fides* and the "commonly known" factor. This confirms that the factors should not be conflated. Respondent's evidence on the latter factor is too thin.

The Panel concludes on the record here that this factor weighs in favor of Objector, though this factor does not appear to be as significant as others in the context of this dispute. As should be apparent by this point, the *bona fide* use by Respondent's parent of the RIGHT@HOME mark in a commercial field different from Objector's is the paramount consideration emerging from this analysis.

**8. Whether Applicant's/Respondent's intended use of the gTLD would create a likelihood of confusion with Objector's mark as to the source, sponsorship, affiliation, or endorsement of the gTLD.**

Objector's main point under this head is to repeat that "Respondent's intention to allow third parties to register domains within the gTLD is fraught with potential for abuse given the identity between the gTLD and [Objector's] Mark." Objector also repeats that the Mark RIGHT AT HOME "is the only manner in which [Objector] identifies itself to a worldwide consuming public."

The Panel observes that, while Objector undeniably holds rights in the word mark RIGHT AT HOME, it also owns and uses the stylized mark which features the words "RIGHT AT HOME – IN HOME CARE & ASSISTANCE." That mark on its face helps to distinguish Objector's services from those offered by others who use RIGHT AT HOME or some similar mark for different goods and services. Thus, it may not be entirely accurate for Objector to claim that RIGHT AT HOME is its sole means of reaching the relevant public. Respondent urges the Panel to employ the multifaceted test for "likelihood of confusion" set forth in the case *In re E. I. DuPont de Nemours & Co.*, 476 F.2d 1357 (C.C.P.A. 1973). Briefly stated, the *DuPont* test calls for the consideration of 13 factors, identified in shorthand terms as follows: (1) appearance, sound, connotation, and commercial impression; (2) the goods or services; (3) the trade channels used; (4) circumstances of the sales; (5) fame of the prior mark; (6) similar marks in use; (7) actual confusion; (8) concurrent use of the competing marks; (9) variety of goods; (10) market interface; (11) right to exclude others; (12) potential confusion; (13) any other fact. The *DuPont* factors are not necessarily given equal weight.

Despite Respondent's invitation, the Panel need not conduct a full-blown *DuPont* test to the facts in the instant case, especially since certain of the considerations set forth in the *DuPont* test have already been touched upon by the Panel. Some considerations emerging from a *DuPont* analysis may be briefly mentioned. The fourth factor, for instance, considers whether consumers are likely to be casual and unsophisticated (and hence likely to be confused) or careful and sophisticated. In this connection, it is not readily apparent that people seeking Objector's home healthcare and related services, either for themselves or for a loved one, are apt to be impulse buyers easily misled by another party using RIGHT AT HOME (or RIGHT@HOME) as a mark in connection with unrelated goods and services.

Similarly, as respects *DuPont* factor (2), the Panel concludes that there is little or no overlap between the home healthcare and related services offered by Objector and the various forms of information and related goods (e.g., food storage tips and Ziploc bags) offered and to be offered by Respondent.

With respect to *DuPont* factor (5), Objector has presented no evidence supporting a conclusion in the context of the present proceeding that its RIGHT AT HOME mark is famous.

With respect to *DuPont* factors (7) and (8), the Panel notes that no evidence of actual confusion has been presented in this record, and this lack of evidence is underscored by several years of concurrent use of the marks RIGHT AT HOME and RIGHT@HOME by the parties.

Most of the other *DuPont* factors either have already been addressed, at least obliquely, or do not figure as particularly significant in the context of this case.

In short, to the extent the *DuPont* test adds anything to the analysis set forth earlier, the test largely favors Respondent.

The Panel concludes that this eighth factor under Section 3.5.2 of the Procedure weighs in favor of Respondent.

## **7. Decision**

For the foregoing reasons, the Panel rejects the Objection.

[signed]

**Robert A. Badgley**  
Sole Panel Expert  
Date: July 3, 2013



# **ANNEX 48**

## DIRECTIVES

## DIRECTIVE 2008/95/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

of 22 October 2008

to approximate the laws of the Member States relating to trade marks

(Codified version)

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

may afford to undertakings wishing to acquire trade marks.

Having regard to the Treaty establishing the European Community, and in particular Article 95 thereof,

(4) It does not appear to be necessary to undertake full-scale approximation of the trade mark laws of the Member States. It will be sufficient if approximation is limited to those national provisions of law which most directly affect the functioning of the internal market.

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Economic and Social Committee <sup>(1)</sup>,

(5) This Directive should not deprive the Member States of the right to continue to protect trade marks acquired through use but should take them into account only in regard to the relationship between them and trade marks acquired by registration.

Acting in accordance with the procedure laid down in Article 251 of the Treaty <sup>(2)</sup>,

(6) Member States should also remain free to fix the provisions of procedure concerning the registration, the revocation and the invalidity of trade marks acquired by registration. They can, for example, determine the form of trade mark registration and invalidity procedures, decide whether earlier rights should be invoked either in the registration procedure or in the invalidity procedure or in both and, if they allow earlier rights to be invoked in the registration procedure, have an opposition procedure or an *ex officio* examination procedure or both. Member States should remain free to determine the effects of revocation or invalidity of trade marks.

Whereas:

(1) The content of Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks <sup>(3)</sup> has been amended <sup>(4)</sup>. In the interests of clarity and rationality the said Directive should be codified.

(7) This Directive should not exclude the application to trade marks of provisions of law of the Member States other than trade mark law, such as the provisions relating to unfair competition, civil liability or consumer protection.

(2) The trade mark laws applicable in the Member States before the entry into force of Directive 89/104/EEC contained disparities which may have impeded the free movement of goods and freedom to provide services and may have distorted competition within the common market. It was therefore necessary to approximate the laws of the Member States in order to ensure the proper functioning of the internal market.

(8) Attainment of the objectives at which this approximation of laws is aiming requires that the conditions for obtaining and continuing to hold a registered trade mark be, in general, identical in all Member States. To this end, it is necessary to list examples of signs which may constitute a trade mark, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings. The grounds for refusal or invalidity concerning the trade

<sup>(1)</sup> OJ C 161, 13.7.2007, p. 44.

<sup>(2)</sup> Opinion of the European Parliament of 19 June 2007 (OJ C 146 E, 12.6.2008, p. 76) and Council Decision of 25 September 2008.

<sup>(3)</sup> OJ L 40, 11.2.1989, p. 1.

<sup>(4)</sup> See Annex I, Part A.

- mark itself, for example, the absence of any distinctive character, or concerning conflicts between the trade mark and earlier rights, should be listed in an exhaustive manner, even if some of these grounds are listed as an option for the Member States which should therefore be able to maintain or introduce those grounds in their legislation. Member States should be able to maintain or introduce into their legislation grounds of refusal or invalidity linked to conditions for obtaining and continuing to hold a trade mark for which there is no provision of approximation, concerning, for example, the eligibility for the grant of a trade mark, the renewal of the trade mark or rules on fees, or related to the non-compliance with procedural rules.
- (9) In order to reduce the total number of trade marks registered and protected in the Community and, consequently, the number of conflicts which arise between them, it is essential to require that registered trade marks must actually be used or, if not used, be subject to revocation. It is necessary to provide that a trade mark cannot be invalidated on the basis of the existence of a non-used earlier trade mark, while the Member States should remain free to apply the same principle in respect of the registration of a trade mark or to provide that a trade mark may not be successfully invoked in infringement proceedings if it is established as a result of a plea that the trade mark could be revoked. In all these cases it is up to the Member States to establish the applicable rules of procedure.
- (10) It is fundamental, in order to facilitate the free movement of goods and services, to ensure that registered trade marks enjoy the same protection under the legal systems of all the Member States. This should not, however, prevent the Member States from granting at their option extensive protection to those trade marks which have a reputation.
- (11) The protection afforded by the registered trade mark, the function of which is in particular to guarantee the trade mark as an indication of origin, should be absolute in the case of identity between the mark and the sign and the goods or services. The protection should apply also in the case of similarity between the mark and the sign and the goods or services. It is indispensable to give an interpretation of the concept of similarity in relation to the likelihood of confusion. The likelihood of confusion, the appreciation of which depends on numerous elements and, in particular, on the recognition of the trade mark on the market, the association which can be made with the used or registered sign, the degree of similarity between the trade mark and the sign and between the goods or services identified, should constitute the specific condition for such protection. The ways in which likelihood of confusion may be established, and in particular the onus of proof, should be a matter for national procedural rules which should not be prejudiced by this Directive.
- (12) It is important, for reasons of legal certainty and without inequitably prejudicing the interests of a proprietor of an earlier trade mark, to provide that the latter may no longer request a declaration of invalidity nor may he oppose the use of a trade mark subsequent to his own of which he has knowingly tolerated the use for a substantial length of time, unless the application for the subsequent trade mark was made in bad faith.
- (13) All Member States are bound by the Paris Convention for the Protection of Industrial Property. It is necessary that the provisions of this Directive should be entirely consistent with those of the said Convention. The obligations of the Member States resulting from that Convention should not be affected by this Directive. Where appropriate, the second paragraph of Article 307 of the Treaty should apply.
- (14) This Directive should be without prejudice to the obligations of the Member States relating to the time limit for transposition into national law of Directive 89/104/EEC set out in Annex I, Part B,

HAVE ADOPTED THIS DIRECTIVE:

#### *Article 1*

##### **Scope**

This Directive shall apply to every trade mark in respect of goods or services which is the subject of registration or of an application in a Member State for registration as an individual trade mark, a collective mark or a guarantee or certification mark, or which is the subject of a registration or an application for registration in the Benelux Office for Intellectual Property or of an international registration having effect in a Member State.

#### *Article 2*

##### **Signs of which a trade mark may consist**

A trade mark may consist of any signs capable of being represented graphically, particularly words, including personal names, designs, letters, numerals, the shape of goods or of their packaging, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings.

#### *Article 3*

##### **Grounds for refusal or invalidity**

1. The following shall not be registered or, if registered, shall be liable to be declared invalid:

- (a) signs which cannot constitute a trade mark;

- (b) trade marks which are devoid of any distinctive character;
- (c) trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, or the time of production of the goods or of rendering of the service, or other characteristics of the goods or services;
- (d) trade marks which consist exclusively of signs or indications which have become customary in the current language or in the bona fide and established practices of the trade;
- (e) signs which consist exclusively of:
- (i) the shape which results from the nature of the goods themselves;
  - (ii) the shape of goods which is necessary to obtain a technical result;
  - (iii) the shape which gives substantial value to the goods;
- (f) trade marks which are contrary to public policy or to accepted principles of morality;
- (g) trade marks which are of such a nature as to deceive the public, for instance as to the nature, quality or geographical origin of the goods or service;
- (h) trade marks which have not been authorised by the competent authorities and are to be refused or invalidated pursuant to Article 6 *ter* of the Paris Convention for the Protection of Industrial Property, hereinafter referred to as the 'Paris Convention'.

2. Any Member State may provide that a trade mark shall not be registered or, if registered, shall be liable to be declared invalid where and to the extent that:

- (a) the use of that trade mark may be prohibited pursuant to provisions of law other than trade mark law of the Member State concerned or of the Community;
- (b) the trade mark covers a sign of high symbolic value, in particular a religious symbol;
- (c) the trade mark includes badges, emblems and escutcheons other than those covered by Article 6 *ter* of the Paris Convention and which are of public interest, unless the consent of the competent authority to their registration has been given in conformity with the legislation of the Member State;

- (d) the application for registration of the trade mark was made in bad faith by the applicant.

3. A trade mark shall not be refused registration or be declared invalid in accordance with paragraph 1(b), (c) or (d) if, before the date of application for registration and following the use which has been made of it, it has acquired a distinctive character. Any Member State may in addition provide that this provision shall also apply where the distinctive character was acquired after the date of application for registration or after the date of registration.

4. Any Member State may provide that, by derogation from paragraphs 1, 2 and 3, the grounds of refusal of registration or invalidity in force in that State prior to the date of entry into force of the provisions necessary to comply with Directive 89/104/EEC, shall apply to trade marks for which application has been made prior to that date.

#### Article 4

#### Further grounds for refusal or invalidity concerning conflicts with earlier rights

1. A trade mark shall not be registered or, if registered, shall be liable to be declared invalid:

- (a) if it is identical with an earlier trade mark, and the goods or services for which the trade mark is applied for or is registered are identical with the goods or services for which the earlier trade mark is protected;
- (b) if because of its identity with, or similarity to, the earlier trade mark and the identity or similarity of the goods or services covered by the trade marks, there exists a likelihood of confusion on the part of the public; the likelihood of confusion includes the likelihood of association with the earlier trade mark.

2. 'Earlier trade marks' within the meaning of paragraph 1 means:

- (a) trade marks of the following kinds with a date of application for registration which is earlier than the date of application for registration of the trade mark, taking account, where appropriate, of the priorities claimed in respect of those trade marks:
  - (i) Community trade marks;
  - (ii) trade marks registered in the Member State or, in the case of Belgium, Luxembourg or the Netherlands, at the Benelux Office for Intellectual Property;

- (iii) trade marks registered under international arrangements which have effect in the Member State;
- (b) Community trade marks which validly claim seniority, in accordance with Council Regulation (EC) No 40/94 <sup>(1)</sup> of 20 December 1993 on the Community trade mark, from a trade mark referred to in (a)(ii) and (iii), even when the latter trade mark has been surrendered or allowed to lapse;
- (c) applications for the trade marks referred to in points (a) and (b), subject to their registration;
- (d) trade marks which, on the date of application for registration of the trade mark, or, where appropriate, of the priority claimed in respect of the application for registration of the trade mark, are well known in a Member State, in the sense in which the words 'well known' are used in Article 6 *bis* of the Paris Convention.
3. A trade mark shall furthermore not be registered or, if registered, shall be liable to be declared invalid if it is identical with, or similar to, an earlier Community trade mark within the meaning of paragraph 2 and is to be, or has been, registered for goods or services which are not similar to those for which the earlier Community trade mark is registered, where the earlier Community trade mark has a reputation in the Community and where the use of the later trade mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier Community trade mark.
4. Any Member State may, in addition, provide that a trade mark shall not be registered or, if registered, shall be liable to be declared invalid where, and to the extent that:
- (a) the trade mark is identical with, or similar to, an earlier national trade mark within the meaning of paragraph 2 and is to be, or has been, registered for goods or services which are not similar to those for which the earlier trade mark is registered, where the earlier trade mark has a reputation in the Member State concerned and where the use of the later trade mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark;
- (b) rights to a non-registered trade mark or to another sign used in the course of trade were acquired prior to the date of application for registration of the subsequent trade mark, or the date of the priority claimed for the application for registration of the subsequent trade mark, and that non-registered trade mark or other sign confers on its proprietor the right to prohibit the use of a subsequent trade mark;
- (c) the use of the trade mark may be prohibited by virtue of an earlier right other than the rights referred to in paragraph 2 and point (b) of this paragraph and in particular:
- (i) a right to a name;
- (ii) a right of personal portrayal;
- (iii) a copyright;
- (iv) an industrial property right;
- (d) the trade mark is identical with, or similar to, an earlier collective trade mark conferring a right which expired within a period of a maximum of three years preceding application;
- (e) the trade mark is identical with, or similar to, an earlier guarantee or certification mark conferring a right which expired within a period preceding application the length of which is fixed by the Member State;
- (f) the trade mark is identical with, or similar to, an earlier trade mark which was registered for identical or similar goods or services and conferred on them a right which has expired for failure to renew within a period of a maximum of two years preceding application, unless the proprietor of the earlier trade mark gave his agreement for the registration of the later mark or did not use his trade mark;
- (g) the trade mark is liable to be confused with a mark which was in use abroad on the filing date of the application and which is still in use there, provided that at the date of the application the applicant was acting in bad faith.
5. The Member States may permit that in appropriate circumstances registration need not be refused or the trade mark need not be declared invalid where the proprietor of the earlier trade mark or other earlier right consents to the registration of the later trade mark.
6. Any Member State may provide that, by derogation from paragraphs 1 to 5, the grounds for refusal of registration or invalidity in force in that State prior to the date of the entry into force of the provisions necessary to comply with Directive 89/104/EEC, shall apply to trade marks for which application has been made prior to that date.

#### Article 5

#### Rights conferred by a trade mark

1. The registered trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:

- (a) any sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered;

<sup>(1)</sup> OJ L 11, 14.1.1994, p. 1.

(b) any sign where, because of its identity with, or similarity to, the trade mark and the identity or similarity of the goods or services covered by the trade mark and the sign, there exists a likelihood of confusion on the part of the public; the likelihood of confusion includes the likelihood of association between the sign and the trade mark.

2. Any Member State may also provide that the proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade any sign which is identical with, or similar to, the trade mark in relation to goods or services which are not similar to those for which the trade mark is registered, where the latter has a reputation in the Member State and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.

3. The following, *inter alia*, may be prohibited under paragraphs 1 and 2:

- (a) affixing the sign to the goods or to the packaging thereof;
- (b) offering the goods, or putting them on the market or stocking them for these purposes under that sign, or offering or supplying services thereunder;
- (c) importing or exporting the goods under the sign;
- (d) using the sign on business papers and in advertising.

4. Where, under the law of the Member State, the use of a sign under the conditions referred to in paragraph 1(b) or paragraph 2 could not be prohibited before the date of entry into force of the provisions necessary to comply with Directive 89/104/EEC in the Member State concerned, the rights conferred by the trade mark may not be relied on to prevent the continued use of the sign.

5. Paragraphs 1 to 4 shall not affect provisions in any Member State relating to the protection against the use of a sign other than for the purposes of distinguishing goods or services, where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.

#### Article 6

##### Limitation of the effects of a trade mark

1. The trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade:

- (a) his own name or address;
- (b) indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production

of goods or of rendering of the service, or other characteristics of goods or services;

- (c) the trade mark where it is necessary to indicate the intended purpose of a product or service, in particular as accessories or spare parts;

provided he uses them in accordance with honest practices in industrial or commercial matters.

2. The trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade, an earlier right which only applies in a particular locality if that right is recognised by the laws of the Member State in question and within the limits of the territory in which it is recognised.

#### Article 7

##### Exhaustion of the rights conferred by a trade mark

1. The trade mark shall not entitle the proprietor to prohibit its use in relation to goods which have been put on the market in the Community under that trade mark by the proprietor or with his consent.

2. Paragraph 1 shall not apply where there exist legitimate reasons for the proprietor to oppose further commercialisation of the goods, especially where the condition of the goods is changed or impaired after they have been put on the market.

#### Article 8

##### Licensing

1. A trade mark may be licensed for some or all of the goods or services for which it is registered and for the whole or part of the Member State concerned. A licence may be exclusive or non-exclusive.

2. The proprietor of a trade mark may invoke the rights conferred by that trade mark against a licensee who contravenes any provision in his licensing contract with regard to:

- (a) its duration;
- (b) the form covered by the registration in which the trade mark may be used;
- (c) the scope of the goods or services for which the licence is granted;
- (d) the territory in which the trade mark may be affixed; or
- (e) the quality of the goods manufactured or of the services provided by the licensee.

#### Article 9

##### Limitation in consequence of acquiescence

1. Where, in a Member State, the proprietor of an earlier trade mark as referred to in Article 4(2) has acquiesced, for a period of five successive years, in the use of a later trade mark registered in that Member State while being aware of such use, he shall no longer be entitled on the basis of the earlier trade mark either to apply for a declaration that the later trade mark is invalid or to oppose the use of the later trade mark in respect of the goods or services for which the later trade mark has been used, unless registration of the later trade mark was applied for in bad faith.

2. Any Member State may provide that paragraph 1 shall apply *mutatis mutandis* to the proprietor of an earlier trade mark referred to in Article 4(4)(a) or an other earlier right referred to in Article 4(4)(b) or (c).

3. In the cases referred to in paragraphs 1 and 2, the proprietor of a later registered trade mark shall not be entitled to oppose the use of the earlier right, even though that right may no longer be invoked against the later trade mark.

#### Article 10

##### Use of trade marks

1. If, within a period of five years following the date of the completion of the registration procedure, the proprietor has not put the trade mark to genuine use in the Member State in connection with the goods or services in respect of which it is registered, or if such use has been suspended during an uninterrupted period of five years, the trade mark shall be subject to the sanctions provided for in this Directive, unless there are proper reasons for non-use.

The following shall also constitute use within the meaning of the first subparagraph:

(a) use of the trade mark in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered;

(b) affixing of the trade mark to goods or to the packaging thereof in the Member State concerned solely for export purposes.

2. Use of the trade mark with the consent of the proprietor or by any person who has authority to use a collective mark or a guarantee or certification mark shall be deemed to constitute use by the proprietor.

3. In relation to trade marks registered before the date of entry into force in the Member State concerned of the provisions necessary to comply with Directive 89/104/EEC:

(a) where a provision in force prior to that date attached sanctions to non-use of a trade mark during an uninterrupted period, the relevant period of five years mentioned in the first subparagraph of paragraph 1 shall be deemed to have begun to run at the same time as any period of non-use which is already running at that date;

(b) where there was no use provision in force prior to that date, the periods of five years mentioned in the first subparagraph of paragraph 1 shall be deemed to run from that date at the earliest.

#### Article 11

##### Sanctions for non-use of a trade mark in legal or administrative proceedings

1. A trade mark may not be declared invalid on the ground that there is an earlier conflicting trade mark if the latter does not fulfil the requirements of use set out in Article 10(1) and (2), or in Article 10(3), as the case may be.

2. Any Member State may provide that registration of a trade mark may not be refused on the ground that there is an earlier conflicting trade mark if the latter does not fulfil the requirements of use set out in Article 10(1) and (2) or in Article 10(3), as the case may be.

3. Without prejudice to the application of Article 12, where a counter-claim for revocation is made, any Member State may provide that a trade mark may not be successfully invoked in infringement proceedings if it is established as a result of a plea that the trade mark could be revoked pursuant to Article 12(1).

4. If the earlier trade mark has been used in relation to part only of the goods or services for which it is registered, it shall, for purposes of applying paragraphs 1, 2 and 3, be deemed to be registered in respect only of that part of the goods or services.

#### Article 12

##### Grounds for revocation

1. A trade mark shall be liable to revocation if, within a continuous period of five years, it has not been put to genuine use in the Member State in connection with the goods or services in respect of which it is registered, and there are no proper reasons for non-use.

However, no person may claim that the proprietor's rights in a trade mark should be revoked where, during the interval between expiry of the five-year period and filing of the application for revocation, genuine use of the trade mark has been started or resumed.

The commencement or resumption of use within a period of three months preceding the filing of the application for revocation which began at the earliest on expiry of the continuous period of five years of non-use shall be disregarded where preparations for the commencement or resumption occur only after the proprietor becomes aware that the application for revocation may be filed.

2. Without prejudice to paragraph 1, a trade mark shall be liable to revocation if, after the date on which it was registered:

- (a) in consequence of acts or inactivity of the proprietor, it has become the common name in the trade for a product or service in respect of which it is registered;
- (b) in consequence of the use made of it by the proprietor of the trade mark or with his consent in respect of the goods or services for which it is registered, it is liable to mislead the public, particularly as to the nature, quality or geographical origin of those goods or services.

#### Article 13

#### **Grounds for refusal or revocation or invalidity relating to only some of the goods or services**

Where grounds for refusal of registration or for revocation or invalidity of a trade mark exist in respect of only some of the goods or services for which that trade mark has been applied for or registered, refusal of registration or revocation or invalidity shall cover those goods or services only.

#### Article 14

#### **Establishment *a posteriori* of invalidity or revocation of a trade mark**

Where the seniority of an earlier trade mark which has been surrendered or allowed to lapse is claimed for a Community trade mark, the invalidity or revocation of the earlier trade mark may be established *a posteriori*.

#### Article 15

#### **Special provisions in respect of collective marks, guarantee marks and certification marks**

1. Without prejudice to Article 4, Member States whose laws authorise the registration of collective marks or of guarantee or certification marks may provide that such marks shall not be registered, or shall be revoked or declared invalid, on grounds additional to those specified in Articles 3 and 12 where the function of those marks so requires.

2. By way of derogation from Article 3(1)(c), Member States may provide that signs or indications which may serve, in trade, to designate the geographical origin of the goods or services may constitute collective, guarantee or certification marks. Such a mark does not entitle the proprietor to prohibit a third party from using in the course of trade such signs or indications, provided he uses them in accordance with honest practices in industrial or commercial matters; in particular, such a mark may not be invoked against a third party who is entitled to use a geographical name.

#### Article 16

#### **Communication**

Member States shall communicate to the Commission the text of the main provisions of national law adopted in the field governed by this Directive.

#### Article 17

#### **Repeal**

Directive 89/104/EEC, as amended by the Decision listed in Annex I, Part A, is repealed, without prejudice to the obligations of the Member States relating to the time limit for transposition into national law of that Directive, set out in Annex I, Part B.

References to the repealed Directive shall be construed as references to this Directive and shall be read in accordance with the correlation table in Annex II.

#### Article 18

#### **Entry into force**

This Directive shall enter into force on the 20th day following its publication in the *Official Journal of the European Union*.

#### Article 19

#### **Addressees**

This Directive is addressed to the Member States.

Done at Strasbourg, 22 October 2008.

*For the European Parliament*

*The President*

H.-G. PÖTTERING

*For the Council*

*The President*

J.-P. JOUYET



## ANNEX I

**PART A****Repealed Directive with its amendment**

(referred to in Article 17)

Council Directive 89/104/EEC

(OJ L 40, 11.2.1989, p. 1)

Council Decision 92/10/EEC

(OJ L 6, 11.1.1992, p. 35)

**PART B****Time limit for transposition into national law**

(referred to in Article 17)

Directive	Time limit for transposition
89/104/EEC	31 December 1992

## ANNEX II

## Correlation table

Directive 89/104/EEC	This Directive
Article 1	Article 1
Article 2	Article 2
Article 3(1)(a) to (d)	Article 3(1)(a) to (d)
Article 3(1)(e), introductory wording	Article 3(1)(e), introductory wording
Article 3(1)(e), first indent	Article 3(1)(e)(i)
Article 3(1)(e), second indent	Article 3(1)(e)(ii)
Article 3(1)(e), third indent	Article 3(1)(e)(iii)
Article 3(1)(f), (g) and (h)	Article 3(1)(f), (g) and (h)
Article 3(2), (3) and (4)	Article 3(2), (3) and (4)
Article 4	Article 4
Article 5	Article 5
Article 6	Article 6
Article 7	Article 7
Article 8	Article 8
Article 9	Article 9
Article 10(1)	Article 10(1), first subparagraph
Article 10(2)	Article 10(1), second subparagraph
Article 10(3)	Article 10(2)
Article 10(4)	Article 10(3)
Article 11	Article 11
Article 12(1), first sentence	Article 12(1), first subparagraph
Article 12(1), second sentence	Article 12(1), second subparagraph
Article 12(1), third sentence	Article 12(1), third subparagraph
Article 12(2)	Article 12(2)
Article 13	Article 13
Article 14	Article 14
Article 15	Article 15
Article 16(1) and (2)	—
Article 16(3)	Article 16
—	Article 17
—	Article 18
Article 17	Article 19
—	Annex I
—	Annex II

# **ANNEX 49**

## I

(Acts adopted under the EC Treaty/Euratom Treaty whose publication is obligatory)

## REGULATIONS

## COUNCIL REGULATION (EC) No 207/2009

of 26 February 2009

on the Community trade mark

(codified version)

(Text with EEA relevance)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 308 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament <sup>(1)</sup>,

Whereas:

- (1) Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark <sup>(2)</sup> has been substantially amended several times <sup>(3)</sup>. In the interests of clarity and rationality the said Regulation should be codified.
- (2) It is desirable to promote throughout the Community a harmonious development of economic activities and a continuous and balanced expansion by completing an internal market which functions properly and offers conditions which are similar to those obtaining in a national market. In order to create a market of this kind and make it increasingly a single market, not only must barriers to free movement of goods and services be removed and arrangements be instituted which ensure that competition is not distorted, but, in addition, legal conditions must be created which enable undertakings to adapt their activities to the scale of the Community, whether in manufacturing and distributing goods or in providing services. For those purposes, trade marks enabling the products and services of undertakings to be distinguished by identical means throughout the entire Community, regardless of frontiers, should feature amongst the legal instruments which undertakings have at their disposal.
- (3) For the purpose of pursuing the Community's said objectives it would appear necessary to provide for

Community arrangements for trade marks whereby undertakings can by means of one procedural system obtain Community trade marks to which uniform protection is given and which produce their effects throughout the entire area of the Community. The principle of the unitary character of the Community trade mark thus stated should apply unless otherwise provided for in this Regulation.

- (4) The barrier of territoriality of the rights conferred on proprietors of trade marks by the laws of the Member States cannot be removed by approximation of laws. In order to open up unrestricted economic activity in the whole of the internal market for the benefit of undertakings, trade marks should be created which are governed by a uniform Community law directly applicable in all Member States.
- (5) Since the Treaty has not provided the specific powers to establish such a legal instrument, Article 308 of the Treaty should be applied.
- (6) The Community law relating to trade marks nevertheless does not replace the laws of the Member States on trade marks. It would not in fact appear to be justified to require undertakings to apply for registration of their trade marks as Community trade marks. National trade marks continue to be necessary for those undertakings which do not want protection of their trade marks at Community level.
- (7) The rights in a Community trade mark should not be obtained otherwise than by registration, and registration should be refused in particular if the trade mark is not distinctive, if it is unlawful or if it conflicts with earlier rights.

<sup>(1)</sup> OJ C 146 E, 12.6.2008, p. 79.

<sup>(2)</sup> OJ L 11, 14.1.1994, p. 1.

<sup>(3)</sup> See Annex I.

- (8) The protection afforded by a Community trade mark, the function of which is in particular to guarantee the trade mark as an indication of origin, should be absolute in the case of identity between the mark and the sign and the goods or services. The protection should apply also in cases of similarity between the mark and the sign and the goods or services. An interpretation should be given of the concept of similarity in relation to the likelihood of confusion. The likelihood of confusion, the appreciation of which depends on numerous elements and, in particular, on the recognition of the trade mark on the market, the association which can be made with the used or registered sign, the degree of similarity between the trade mark and the sign and between the goods or services identified, should constitute the specific condition for such protection.
- (9) It follows from the principle of free movement of goods that the proprietor of a Community trade mark must not be entitled to prohibit its use by a third party in relation to goods which have been put into circulation in the Community, under the trade mark, by him or with his consent, save where there exist legitimate reasons for the proprietor to oppose further commercialisation of the goods.
- (10) There is no justification for protecting Community trade marks or, as against them, any trade mark which has been registered before them, except where the trade marks are actually used.
- (11) A Community trade mark is to be regarded as an object of property which exists separately from the undertakings whose goods or services are designated by it. Accordingly, it should be capable of being transferred, subject to the overriding need to prevent the public being misled as a result of the transfer. It should also be capable of being charged as security in favour of a third party and of being the subject matter of licences.
- (12) Administrative measures are necessary at Community level for implementing in relation to every trade mark the trade mark law created by this Regulation. It is therefore essential, while retaining the Community's existing institutional structure and balance of powers, to provide for an Office for Harmonisation in the Internal Market (trade marks and designs) which is independent in relation to technical matters and has legal, administrative and financial autonomy. To this end it is necessary and appropriate that that Office should be a body of the Community having legal personality and exercising the implementing powers which are conferred on it by this Regulation, and that it should operate within the framework of Community law without detracting from the competencies exercised by the Community institutions.
- (13) It is necessary to ensure that parties who are affected by decisions made by the Office are protected by the law in a manner which is suited to the special character of trade mark law. To that end provision is made for an appeal to lie from decisions of the examiners and of the various divisions of the Office. If the department whose decision is contested does not rectify its decision it is to remit the appeal to a Board of Appeal of the Office, which is to decide on it. Decisions of the Boards of Appeal are, in turn, amenable to actions before the Court of Justice of the European Communities, which has jurisdiction to annul or to alter the contested decision.
- (14) Under the first subparagraph of Article 225(1) of the EC Treaty the Court of First Instance of the European Communities has jurisdiction to hear and determine at first instance the actions referred to in particular in Article 230 of the EC Treaty with the exception of those assigned to a judicial panel and those reserved in the Statute to the Court of Justice. The jurisdiction which this Regulation confers on the Court of Justice to cancel and alter decisions of the Boards of Appeal should accordingly be exercised at first instance by the Court.
- (15) In order to strengthen the protection of Community trade marks the Member States should designate, having regard to their own national system, as limited a number as possible of national courts of first and second instance having jurisdiction in matters of infringement and validity of Community trade marks.
- (16) Decisions regarding the validity and infringement of Community trade marks must have effect and cover the entire area of the Community, as this is the only way of preventing inconsistent decisions on the part of the courts and the Office and of ensuring that the unitary character of Community trade marks is not undermined. The provisions of Council Regulation (EC) No 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters<sup>(1)</sup> should apply to all actions at law relating to Community trade marks, save where this Regulation derogates from those rules.
- (17) Contradictory judgments should be avoided in actions which involve the same acts and the same parties and which are brought on the basis of a Community trade mark and parallel national trade marks. For this purpose, when the actions are brought in the same Member State, the way in which this is to be achieved is a matter for national procedural rules, which are not prejudiced by this Regulation, whilst when the actions are brought in different Member States, provisions modelled on the rules on *lis pendens* and related actions of Regulation (EC) No 44/2001 appear appropriate.
- (18) In order to guarantee the full autonomy and independence of the Office, it is considered necessary to grant it an autonomous budget whose revenue comes principally from fees paid by the users of the system. However, the Community budgetary procedure remains applicable as far as any subsidies chargeable to the general budget of the European Communities are concerned. Moreover, the auditing of accounts should be undertaken by the Court of Auditors.
- (19) Measures necessary for the implementation of this Regulation should be adopted, particularly as regards fees regulations and an Implementing Regulation, in accordance with Council Decision 1999/468/EC of 28 June 1999

<sup>(1)</sup> OJ L 12, 16.1.2001, p. 1.

laying down the procedures for the exercise of implementing powers conferred on the Commission <sup>(1)</sup>,

HAS ADOPTED THIS REGULATION:

## TITLE I

### GENERAL PROVISIONS

#### Article 1

#### **Community trade mark**

1. A trade mark for goods or services which is registered in accordance with the conditions contained in this Regulation and in the manner herein provided is hereinafter referred to as a 'Community trade mark'.

2. A Community trade mark shall have a unitary character. It shall have equal effect throughout the Community; it shall not be registered, transferred or surrendered or be the subject of a decision revoking the rights of the proprietor or declaring it invalid, nor shall its use be prohibited, save in respect of the whole Community. This principle shall apply unless otherwise provided in this Regulation.

#### Article 2

#### **Office**

An Office for Harmonisation in the Internal Market (trade marks and designs), hereinafter referred to as 'the Office', is hereby established.

#### Article 3

#### **Capacity to act**

For the purpose of implementing this Regulation, companies or firms and other legal bodies shall be regarded as legal persons if, under the terms of the law governing them, they have the capacity in their own name to have rights and obligations of all kinds, to make contracts or accomplish other legal acts and to sue and be sued.

## TITLE II

### THE LAW RELATING TO TRADE MARKS

#### SECTION 1

#### **Definition of a Community trade mark and obtaining a Community trade mark**

#### Article 4

#### **Signs of which a Community trade mark may consist**

A Community trade mark may consist of any signs capable of being represented graphically, particularly words, including personal names, designs, letters, numerals, the shape of goods

or of their packaging, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings.

#### Article 5

#### **Persons who can be proprietors of Community trade marks**

Any natural or legal person, including authorities established under public law, may be the proprietor of a Community trade mark.

#### Article 6

#### **Means whereby a Community trade mark is obtained**

A Community trade mark shall be obtained by registration.

#### Article 7

#### **Absolute grounds for refusal**

1. The following shall not be registered:
  - (a) signs which do not conform to the requirements of Article 4;
  - (b) trade marks which are devoid of any distinctive character;
  - (c) trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin or the time of production of the goods or of rendering of the service, or other characteristics of the goods or service;
  - (d) trade marks which consist exclusively of signs or indications which have become customary in the current language or in the bona fide and established practices of the trade;
  - (e) signs which consist exclusively of:
    - (i) the shape which results from the nature of the goods themselves;
    - (ii) the shape of goods which is necessary to obtain a technical result;
    - (iii) the shape which gives substantial value to the goods;
  - (f) trade marks which are contrary to public policy or to accepted principles of morality;
  - (g) trade marks which are of such a nature as to deceive the public, for instance as to the nature, quality or geographical origin of the goods or service;
  - (h) trade marks which have not been authorised by the competent authorities and are to be refused pursuant to Article 6ter of the Paris Convention for the Protection of Industrial Property, hereinafter referred to as the 'Paris Convention';

<sup>(1)</sup> OJ L 184, 17.7.1999, p. 23.

- (i) trade marks which include badges, emblems or escutcheons other than those covered by Article 6ter of the Paris Convention and which are of particular public interest, unless the consent of the competent authority to their registration has been given;
- (j) trade marks for wines which contain or consist of a geographical indication identifying wines or for spirits which contain or consist of a geographical indication identifying spirits with respect to such wines or spirits not having that origin;
- (k) trade marks which contain or consist of a designation of origin or a geographical indication registered in accordance with Council Regulation (EC) No 510/2006 of 20 March 2006 on the protection of geographical indications and designations of origin for agricultural products and food-stuffs <sup>(1)</sup> when they correspond to one of the situations covered by Article 13 of the said Regulation and regarding the same type of product, on condition that the application for registration of the trade mark has been submitted after the date of filing with the Commission of the application for registration of the designation of origin or geographical indication.

2. Paragraph 1 shall apply notwithstanding that the grounds of non-registrability obtain in only part of the Community.

3. Paragraph 1(b), (c) and (d) shall not apply if the trade mark has become distinctive in relation to the goods or services for which registration is requested in consequence of the use which has been made of it.

#### Article 8

##### Relative grounds for refusal

1. Upon opposition by the proprietor of an earlier trade mark, the trade mark applied for shall not be registered:

- (a) if it is identical with the earlier trade mark and the goods or services for which registration is applied for are identical with the goods or services for which the earlier trade mark is protected;
- (b) if because of its identity with, or similarity to, the earlier trade mark and the identity or similarity of the goods or services covered by the trade marks there exists a likelihood of confusion on the part of the public in the territory in which the earlier trade mark is protected; the likelihood of confusion includes the likelihood of association with the earlier trade mark.

2. For the purposes of paragraph 1, 'earlier trade marks' means:

- (a) trade marks of the following kinds with a date of application for registration which is earlier than the date of application for registration of the Community trade

mark, taking account, where appropriate, of the priorities claimed in respect of those trade marks:

- (i) Community trade marks;
  - (ii) trade marks registered in a Member State, or, in the case of Belgium, the Netherlands or Luxembourg, at the Benelux Office for Intellectual Property;
  - (iii) trade marks registered under international arrangements which have effect in a Member State;
  - (iv) trade marks registered under international arrangements which have effect in the Community;
- (b) applications for the trade marks referred to in subparagraph (a), subject to their registration;
- (c) trade marks which, on the date of application for registration of the Community trade mark, or, where appropriate, of the priority claimed in respect of the application for registration of the Community trade mark, are well known in a Member State, in the sense in which the words 'well known' are used in Article 6bis of the Paris Convention.

3. Upon opposition by the proprietor of the trade mark, a trade mark shall not be registered where an agent or representative of the proprietor of the trade mark applies for registration thereof in his own name without the proprietor's consent, unless the agent or representative justifies his action.

4. Upon opposition by the proprietor of a non-registered trade mark or of another sign used in the course of trade of more than mere local significance, the trade mark applied for shall not be registered where and to the extent that, pursuant to the Community legislation or the law of the Member State governing that sign:

- (a) rights to that sign were acquired prior to the date of application for registration of the Community trade mark, or the date of the priority claimed for the application for registration of the Community trade mark;
- (b) that sign confers on its proprietor the right to prohibit the use of a subsequent trade mark.

5. Furthermore, upon opposition by the proprietor of an earlier trade mark within the meaning of paragraph 2, the trade mark applied for shall not be registered where it is identical with, or similar to, the earlier trade mark and is to be registered for goods or services which are not similar to those for which the earlier trade mark is registered, where, in the case of an earlier Community trade mark, the trade mark has a reputation in the Community and, in the case of an earlier national trade mark, the trade mark has a reputation in the Member State concerned and where the use without due cause of the trade mark applied for would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark.

<sup>(1)</sup> OJ L 93, 31.3.2006, p. 12.

## SECTION 2

**Effects of Community trade marks**

## Article 9

**Rights conferred by a Community trade mark**

1. A Community trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:

- (a) any sign which is identical with the Community trade mark in relation to goods or services which are identical with those for which the Community trade mark is registered;
- (b) any sign where, because of its identity with, or similarity to, the Community trade mark and the identity or similarity of the goods or services covered by the Community trade mark and the sign, there exists a likelihood of confusion on the part of the public; the likelihood of confusion includes the likelihood of association between the sign and the trade mark;
- (c) any sign which is identical with, or similar to, the Community trade mark in relation to goods or services which are not similar to those for which the Community trade mark is registered, where the latter has a reputation in the Community and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the Community trade mark.

2. The following, *inter alia*, may be prohibited under paragraph 1:

- (a) affixing the sign to the goods or to the packaging thereof;
- (b) offering the goods, putting them on the market or stocking them for these purposes under that sign, or offering or supplying services thereunder;
- (c) importing or exporting the goods under that sign;
- (d) using the sign on business papers and in advertising.

3. The rights conferred by a Community trade mark shall prevail against third parties from the date of publication of registration of the trade mark. Reasonable compensation may, however, be claimed in respect of acts occurring after the date of publication of a Community trade mark application, which acts would, after publication of the registration of the trade mark, be prohibited by virtue of that publication. The court seized of the case may not decide upon the merits of the case until the registration has been published.

## Article 10

**Reproduction of Community trade marks in dictionaries**

If the reproduction of a Community trade mark in a dictionary, encyclopaedia or similar reference work gives the impression that it constitutes the generic name of the goods or services for which the trade mark is registered, the publisher of the work shall, at the request of the proprietor of the Community trade mark, ensure that the reproduction of the trade mark at the latest in the next edition of the publication is accompanied by an indication that it is a registered trade mark.

## Article 11

**Prohibition on the use of a Community trade mark registered in the name of an agent or representative**

Where a Community trade mark is registered in the name of the agent or representative of a person who is the proprietor of that trade mark, without the proprietor's authorisation, the latter shall be entitled to oppose the use of his mark by his agent or representative if he has not authorised such use, unless the agent or representative justifies his action.

## Article 12

**Limitation of the effects of a Community trade mark**

A Community trade mark shall not entitle the proprietor to prohibit a third party from using in the course of trade:

- (a) his own name or address;
- (b) indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of the goods or of rendering of the service, or other characteristics of the goods or service;
- (c) the trade mark where it is necessary to indicate the intended purpose of a product or service, in particular as accessories or spare parts,

provided he uses them in accordance with honest practices in industrial or commercial matters.

## Article 13

**Exhaustion of the rights conferred by a Community trade mark**

1. A Community trade mark shall not entitle the proprietor to prohibit its use in relation to goods which have been put on the market in the Community under that trade mark by the proprietor or with his consent.

2. Paragraph 1 shall not apply where there exist legitimate reasons for the proprietor to oppose further commercialisation of the goods, especially where the condition of the goods is changed or impaired after they have been put on the market.



*Article 14***Complementary application of national law relating to infringement**

1. The effects of Community trade marks shall be governed solely by the provisions of this Regulation. In other respects, infringement of a Community trade mark shall be governed by the national law relating to infringement of a national trade mark in accordance with the provisions of Title X.
2. This Regulation shall not prevent actions concerning a Community trade mark being brought under the law of Member States relating in particular to civil liability and unfair competition.
3. The rules of procedure to be applied shall be determined in accordance with the provisions of Title X.

## SECTION 3

***Use of Community trade marks****Article 15***Use of Community trade marks**

1. If, within a period of five years following registration, the proprietor has not put the Community trade mark to genuine use in the Community in connection with the goods or services in respect of which it is registered, or if such use has been suspended during an uninterrupted period of five years, the Community trade mark shall be subject to the sanctions provided for in this Regulation, unless there are proper reasons for non-use.

The following shall also constitute use within the meaning of the first subparagraph:

- (a) use of the Community trade mark in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered;
  - (b) affixing of the Community trade mark to goods or to the packaging thereof in the Community solely for export purposes.
2. Use of the Community trade mark with the consent of the proprietor shall be deemed to constitute use by the proprietor.

## SECTION 4

***Community trade marks as objects of property****Article 16***Dealing with Community trade marks as national trade marks**

1. Unless Articles 17 to 24 provide otherwise, a Community trade mark as an object of property shall be dealt with in its

entirety, and for the whole area of the Community, as a national trade mark registered in the Member State in which, according to the Register of Community trade marks:

- (a) the proprietor has his seat or his domicile on the relevant date;
- (b) where point (a) does not apply, the proprietor has an establishment on the relevant date.

2. In cases which are not provided for by paragraph 1, the Member State referred to in that paragraph shall be the Member State in which the seat of the Office is situated.

3. If two or more persons are mentioned in the Register of Community trade marks as joint proprietors, paragraph 1 shall apply to the joint proprietor first mentioned; failing this, it shall apply to the subsequent joint proprietors in the order in which they are mentioned. Where paragraph 1 does not apply to any of the joint proprietors, paragraph 2 shall apply.

*Article 17***Transfer**

1. A Community trade mark may be transferred, separately from any transfer of the undertaking, in respect of some or all of the goods or services for which it is registered.

2. A transfer of the whole of the undertaking shall include the transfer of the Community trade mark except where, in accordance with the law governing the transfer, there is agreement to the contrary or circumstances clearly dictate otherwise. This provision shall apply to the contractual obligation to transfer the undertaking.

3. Without prejudice to paragraph 2, an assignment of the Community trade mark shall be made in writing and shall require the signature of the parties to the contract, except when it is a result of a judgment; otherwise it shall be void.

4. Where it is clear from the transfer documents that because of the transfer the Community trade mark is likely to mislead the public concerning the nature, quality or geographical origin of the goods or services in respect of which it is registered, the Office shall not register the transfer unless the successor agrees to limit registration of the Community trade mark to goods or services in respect of which it is not likely to mislead.

5. On request of one of the parties a transfer shall be entered in the Register and published.

6. As long as the transfer has not been entered in the Register, the successor in title may not invoke the rights arising from the registration of the Community trade mark.

7. Where there are time limits to be observed vis-à-vis the Office, the successor in title may make the corresponding statements to the Office once the request for registration of the transfer has been received by the Office.

8. All documents which require notification to the proprietor of the Community trade mark in accordance with Article 79 shall be addressed to the person registered as proprietor.

#### Article 18

#### **Transfer of a trade mark registered in the name of an agent**

Where a Community trade mark is registered in the name of the agent or representative of a person who is the proprietor of that trade mark, without the proprietor's authorisation, the latter shall be entitled to demand the assignment in his favour of the said registration, unless such agent or representative justifies his action.

#### Article 19

#### **Rights in rem**

1. A Community trade mark may, independently of the undertaking, be given as security or be the subject of rights *in rem*.

2. On request of one of the parties, rights mentioned in paragraph 1 shall be entered in the Register and published.

#### Article 20

#### **Levy of execution**

1. A Community trade mark may be levied in execution.

2. As regards the procedure for levy of execution in respect of a Community trade mark, the courts and authorities of the Member States determined in accordance with Article 16 shall have exclusive jurisdiction.

3. On request of one the parties, levy of execution shall be entered in the Register and published.

#### Article 21

#### **Insolvency proceedings**

1. The only insolvency proceedings in which a Community trade mark may be involved are those opened in the Member State in the territory of which the debtor has his centre of main interests.

However, where the debtor is an insurance undertaking or a credit institution as defined in Directive 2001/17/EC of the European Parliament and of the Council of 19 March 2001 on the reorganisation and winding-up of insurance undertakings <sup>(1)</sup> and Directive 2001/24/EC of the European Parliament and of the Council of 4 April 2001 on the reorganisation and winding up of credit institutions <sup>(2)</sup>, respectively, the only insolvency proceedings in which a Community trademark may be involved are those opened in the Member State where that undertaking or institution has been authorised.

<sup>(1)</sup> OJ L 110, 20.4.2001, p. 28.

<sup>(2)</sup> OJ L 125, 5.5.2001, p. 15.

2. In the case of joint proprietorship of a Community trade mark, paragraph 1 shall apply to the share of the joint proprietor.

3. Where a Community trade mark is involved in insolvency proceedings, on request of the competent national authority an entry to this effect shall be made in the Register and published in the Community Trade Marks Bulletin referred to in Article 89.

#### Article 22

#### **Licensing**

1. A Community trade mark may be licensed for some or all of the goods or services for which it is registered and for the whole or part of the Community. A licence may be exclusive or non-exclusive.

2. The proprietor of a Community trade mark may invoke the rights conferred by that trade mark against a licensee who contravenes any provision in his licensing contract with regard to:

- (a) its duration;
- (b) the form covered by the registration in which the trade mark may be used;
- (c) the scope of the goods or services for which the licence is granted;
- (d) the territory in which the trade mark may be affixed; or
- (e) the quality of the goods manufactured or of the services provided by the licensee.

3. Without prejudice to the provisions of the licensing contract, the licensee may bring proceedings for infringement of a Community trade mark only if its proprietor consents thereto. However, the holder of an exclusive licence may bring such proceedings if the proprietor of the trade mark, after formal notice, does not himself bring infringement proceedings within an appropriate period.

4. A licensee shall, for the purpose of obtaining compensation for damage suffered by him, be entitled to intervene in infringement proceedings brought by the proprietor of the Community trade mark.

5. On request of one of the parties the grant or transfer of a licence in respect of a Community trade mark shall be entered in the Register and published.

#### Article 23

#### **Effects vis-à-vis third parties**

1. Legal acts referred to in Articles 17, 19 and 22 concerning a Community trade mark shall have effects vis-à-vis third parties in all the Member States only after entry in the Register. Nevertheless, such an act, before it is so entered, shall have

effect vis-à-vis third parties who have acquired rights in the trade mark after the date of that act but who knew of the act at the date on which the rights were acquired.

2. Paragraph 1 shall not apply in the case of a person who acquires the Community trade mark or a right concerning the Community trade mark by way of transfer of the whole of the undertaking or by any other universal succession.

3. The effects vis-à-vis third parties of the legal acts referred to in Article 20 shall be governed by the law of the Member State determined in accordance with Article 16.

4. Until such time as common rules for the Member States in the field of bankruptcy enter into force, the effects vis-à-vis third parties of bankruptcy or like proceedings shall be governed by the law of the Member State in which such proceedings are first brought within the meaning of national law or of conventions applicable in this field.

#### Article 24

### **The application for a Community trade mark as an object of property**

Articles 16 to 23 shall apply to applications for Community trade marks.

#### TITLE III

### **APPLICATION FOR COMMUNITY TRADE MARKS**

#### SECTION I

### ***Filing of applications and the conditions which govern them***

#### Article 25

### **Filing of applications**

1. An application for a Community trade mark shall be filed, at the choice of the applicant:

- (a) at the Office;
- (b) at the central industrial property office of a Member State or at the Benelux Office for Intellectual Property. An application filed in this way shall have the same effect as if it had been filed on the same date at the Office.

2. Where the application is filed at the central industrial property office of a Member State or at the Benelux Office for Intellectual Property, that office shall take all steps to forward the application to the Office within two weeks after filing. It may charge the applicant a fee which shall not exceed the administrative costs of receiving and forwarding the application.

3. Applications referred to in paragraph 2 which reach the Office more than two months after filing shall be deemed to have been filed on the date on which the application reached the Office.

4. Ten years after the entry into force of Regulation (EC) No 40/94, the Commission shall draw up a report on the operation of the system of filing applications for Community trade marks, together with any proposals for modifying this system.

#### Article 26

### **Conditions with which applications must comply**

1. An application for a Community trade mark shall contain:
  - (a) a request for the registration of a Community trade mark;
  - (b) information identifying the applicant;
  - (c) a list of the goods or services in respect of which the registration is requested;
  - (d) a representation of the trade mark.
2. The application for a Community trade mark shall be subject to the payment of the application fee and, when appropriate, of one or more class fees.

3. An application for a Community trade mark must comply with the conditions laid down in the Implementing Regulation referred to in Article 162(1), hereinafter referred to as the 'Implementing Regulation'.

#### Article 27

### **Date of filing**

The date of filing of a Community trade mark application shall be the date on which documents containing the information specified in Article 26(1) are filed with the Office by the applicant or, if the application has been filed with the central office of a Member State or with the Benelux Office for Intellectual Property, with that office, subject to payment of the application fee within a period of one month of filing the abovementioned documents.

#### Article 28

### **Classification**

Goods and services in respect of which Community trade marks are applied for shall be classified in conformity with the system of classification specified in the Implementing Regulation.

## SECTION 2

**Priority**

## Article 29

**Right of priority**

1. A person who has duly filed an application for a trade mark in or in respect of any State party to the Paris Convention or to the Agreement establishing the World Trade Organisation, or his successors in title, shall enjoy, for the purpose of filing a Community trade mark application for the same trade mark in respect of goods or services which are identical with or contained within those for which the application has been filed, a right of priority during a period of six months from the date of filing of the first application.

2. Every filing that is equivalent to a regular national filing under the national law of the State where it was made or under bilateral or multilateral agreements shall be recognised as giving rise to a right of priority.

3. By a regular national filing is meant any filing that is sufficient to establish the date on which the application was filed, whatever may be the outcome of the application.

4. A subsequent application for a trade mark which was the subject of a previous first application in respect of the same goods or services and which is filed in or in respect of the same State shall be considered as the first application for the purposes of determining priority, provided that, at the date of filing of the subsequent application, the previous application has been withdrawn, abandoned or refused, without being open to public inspection and without leaving any rights outstanding, and has not served as a basis for claiming a right of priority. The previous application may not thereafter serve as a basis for claiming a right of priority.

5. If the first filing has been made in a State which is not a party to the Paris Convention or to the Agreement establishing the World Trade Organisation, paragraphs 1 to 4 shall apply only in so far as that State, according to published findings, grants, on the basis of the first filing made at the Office and subject to conditions equivalent to those laid down in this Regulation, a right of priority having equivalent effect.

## Article 30

**Claiming priority**

An applicant desiring to take advantage of the priority of a previous application shall file a declaration of priority and a copy of the previous application. If the language of the latter is not one of the languages of the Office, the applicant shall file a translation of the previous application in one of those languages.

## Article 31

**Effect of priority right**

The right of priority shall have the effect that the date of priority shall count as the date of filing of the Community trade mark

application for the purposes of establishing which rights take precedence.

## Article 32

**Equivalence of Community filing with national filing**

A Community trade mark application which has been accorded a date of filing shall, in the Member States, be equivalent to a regular national filing, where appropriate with the priority claimed for the Community trade mark application.

## SECTION 3

**Exhibition priority**

## Article 33

**Exhibition priority**

1. If an applicant for a Community trade mark has displayed goods or services under the mark applied for, at an official or officially recognised international exhibition falling within the terms of the Convention on International Exhibitions signed at Paris on 22 November 1928 and last revised on 30 November 1972, he may, if he files the application within a period of six months from the date of the first display of the goods or services under the mark applied for, claim a right of priority from that date within the meaning of Article 31.

2. An applicant who wishes to claim priority pursuant to paragraph 1 must file evidence of the display of goods or services under the mark applied for under the conditions laid down in the Implementing Regulation.

3. An exhibition priority granted in a Member State or in a third country does not extend the period of priority laid down in Article 29.

## SECTION 4

**Claiming the seniority of a national trade mark**

## Article 34

**Claiming the seniority of a national trade mark**

1. The proprietor of an earlier trade mark registered in a Member State, including a trade mark registered in the Benelux countries, or registered under international arrangements having effect in a Member State, who applies for an identical trade mark for registration as a Community trade mark for goods or services which are identical with or contained within those for which the earlier trade mark has been registered, may claim for the Community trade mark the seniority of the earlier trade mark in respect of the Member State in or for which it is registered.

2. Seniority shall have the sole effect under this Regulation that, where the proprietor of the Community trade mark surrenders the earlier trade mark or allows it to lapse, he shall be deemed to continue to have the same rights as he would have had if the earlier trade mark had continued to be registered.

3. The seniority claimed for the Community trade mark shall lapse if the earlier trade mark the seniority of which is claimed is declared to have been revoked or to be invalid or if it is surrendered prior to the registration of the Community trade mark.

#### *Article 35*

### **Claiming seniority after registration of the Community trade mark**

1. The proprietor of a Community trade mark who is the proprietor of an earlier identical trade mark registered in a Member State, including a trade mark registered in the Benelux countries or of an earlier identical trade mark, with an international registration effective in a Member State, for goods or services which are identical to those for which the earlier trade mark has been registered, or contained within them, may claim the seniority of the earlier trade mark in respect of the Member State in or for which it was registered.

2. Article 34(2) and (3) shall apply.

#### TITLE IV

### **REGISTRATION PROCEDURE**

#### SECTION 1

### ***Examination of applications***

#### *Article 36*

### **Examination of the conditions of filing**

1. The Office shall examine whether:
  - (a) the Community trade mark application satisfies the requirements for the accordance of a date of filing in accordance with Article 27;
  - (b) the Community trade mark application complies with the conditions laid down in this Regulation and with the conditions laid down in the Implementing Regulation;
  - (c) where appropriate, the class fees have been paid within the prescribed period.

2. Where the Community trade mark application does not satisfy the requirements referred to in paragraph 1, the Office shall request the applicant to remedy the deficiencies or the default on payment within the prescribed period.

3. If the deficiencies or the default on payment established pursuant to paragraph 1(a) are not remedied within this period, the application shall not be dealt with as a Community trade mark application. If the applicant complies with the Office's request, the Office shall accord as the date of filing of the application the date on which the deficiencies or the default on payment established are remedied.

4. If the deficiencies established pursuant to paragraph 1(b) are not remedied within the prescribed period, the Office shall refuse the application.

5. If the default on payment established pursuant to paragraph 1(c) is not remedied within the prescribed period, the application shall be deemed to be withdrawn unless it is clear which categories of goods or services the amount paid is intended to cover.

6. Failure to satisfy the requirements concerning the claim to priority shall result in loss of the right of priority for the application.

7. Failure to satisfy the requirements concerning the claiming of seniority of a national trade mark shall result in loss of that right for the application.

#### *Article 37*

### **Examination as to absolute grounds for refusal**

1. Where, under Article 7, a trade mark is ineligible for registration in respect of some or all of the goods or services covered by the Community trade mark application, the application shall be refused as regards those goods or services.

2. Where the trade mark contains an element which is not distinctive, and where the inclusion of that element in the trade mark could give rise to doubts as to the scope of protection of the trade mark, the Office may request, as a condition for registration of said trade mark, that the applicant state that he disclaims any exclusive right to such element. Any disclaimer shall be published together with the application or the registration of the Community trade mark, as the case may be.

3. The application shall not be refused before the applicant has been allowed the opportunity of withdrawing or amending the application or of submitting his observations.

#### SECTION 2

### ***Search***

#### *Article 38*

### **Search**

1. Once the Office has accorded a date of filing, it shall draw up a Community search report citing those earlier Community trade marks or Community trade mark applications discovered which

may be invoked under Article 8 against the registration of the Community trade mark applied for.

2. Where, at the time of filing a Community trade mark application, the applicant requests that a search report also be prepared by the central industrial property offices of the Member States and where the appropriate search fee has been paid within the time limit for the payment of the filing fee, the Office shall, as soon as a Community trade mark application has been accorded a date of filing, transmit a copy thereof to the central industrial property office of each Member State which has informed the Office of its decision to operate a search in its own register of trade marks in respect of Community trade mark applications.

3. Each of the central industrial property offices referred to in paragraph 2 shall communicate to the Office within two months as from the date on which it received the Community trade mark application a search report which shall either cite those earlier national trade marks or trade mark applications discovered which may be invoked under Article 8 against the registration of the Community trade mark applied for, or state that the search has revealed no such rights.

4. The search reports referred to in paragraph 3 shall be prepared on a standard form drawn up by the Office, after consulting the Administrative Board provided for in Article 126(1), hereinafter referred to as 'the Administrative Board'. The essential contents of this form shall be set out in the Implementing Regulation.

5. An amount shall be paid by the Office to each central industrial property office for each search report provided by that office in accordance with paragraph 3. The amount, which shall be the same for each office, shall be fixed by the Budget Committee by means of a decision adopted by a majority of three-quarters of the representatives of the Member States.

6. The Office shall transmit without delay to the applicant for the Community trade mark the Community search report and any requested national search reports received within the time limit laid down in paragraph 3.

7. Upon publication of the Community trade mark application, which may not take place before the expiry of a period of one month as from the date on which the Office transmits the search reports to the applicant, the Office shall inform the proprietors of any earlier Community trade marks or Community trade mark applications cited in the Community search report of the publication of the Community trade mark application.

#### SECTION 3

##### **Publication of the application**

#### Article 39

##### **Publication of the application**

1. If the conditions which the application for a Community trade mark must satisfy have been fulfilled and if the period

referred to in Article 38(7) has expired, the application shall be published to the extent that it has not been refused pursuant to Article 37.

2. Where, after publication, the application is refused under Article 37, the decision that it has been refused shall be published upon becoming final.

#### SECTION 4

##### **Observations by third parties and opposition**

#### Article 40

##### **Observations by third parties**

1. Following the publication of the Community trade mark application, any natural or legal person and any group or body representing manufacturers, producers, suppliers of services, traders or consumers may submit to the Office written observations, explaining on which grounds under Article 7, in particular, the trade mark shall not be registered *ex officio*. They shall not be parties to the proceedings before the Office.

2. The observations referred to in paragraph 1 shall be communicated to the applicant who may comment on them.

#### Article 41

##### **Opposition**

1. Within a period of three months following the publication of a Community trade mark application, notice of opposition to registration of the trade mark may be given on the grounds that it may not be registered under Article 8:

- (a) by the proprietors of earlier trade marks referred to in Article 8(2) as well as licensees authorised by the proprietors of those trade marks, in respect of Article 8(1) and (5);
- (b) by the proprietors of trade marks referred to in Article 8(3);
- (c) by the proprietors of earlier marks or signs referred to in Article 8(4) and by persons authorised under the relevant national law to exercise these rights.

2. Notice of opposition to registration of the trade mark may also be given, subject to the conditions laid down in paragraph 1, in the event of the publication of an amended application in accordance with the second sentence of Article 43(2).

3. Opposition must be expressed in writing and must specify the grounds on which it is made. It shall not be treated as duly entered until the opposition fee has been paid. Within a period fixed by the Office, the opponent may submit in support of his case facts, evidence and arguments.

#### Article 42

### Examination of opposition

1. In the examination of the opposition the Office shall invite the parties, as often as necessary, to file observations, within a period set them by the Office, on communications from the other parties or issued by itself.

2. If the applicant so requests, the proprietor of an earlier Community trade mark who has given notice of opposition shall furnish proof that, during the period of five years preceding the date of publication of the Community trade mark application, the earlier Community trade mark has been put to genuine use in the Community in connection with the goods or services in respect of which it is registered and which he cites as justification for his opposition, or that there are proper reasons for non-use, provided the earlier Community trade mark has at that date been registered for not less than five years. In the absence of proof to this effect, the opposition shall be rejected. If the earlier Community trade mark has been used in relation to part only of the goods or services for which it is registered it shall, for the purposes of the examination of the opposition, be deemed to be registered in respect only of that part of the goods or services.

3. Paragraph 2 shall apply to earlier national trade marks referred to in Article 8(2)(a), by substituting use in the Member State in which the earlier national trade mark is protected for use in the Community.

4. The Office may, if it thinks fit, invite the parties to make a friendly settlement.

5. If examination of the opposition reveals that the trade mark may not be registered in respect of some or all of the goods or services for which the Community trade mark application has been made, the application shall be refused in respect of those goods or services. Otherwise the opposition shall be rejected.

6. The decision refusing the application shall be published upon becoming final.

#### SECTION 5

### **Withdrawal, restriction, amendment and division of the application**

#### Article 43

### **Withdrawal, restriction and amendment of the application**

1. The applicant may at any time withdraw his Community trade mark application or restrict the list of goods or services

contained therein. Where the application has already been published, the withdrawal or restriction shall also be published.

2. In other respects, a Community trade mark application may be amended, upon request of the applicant, only by correcting the name and address of the applicant, errors of wording or of copying, or obvious mistakes, provided that such correction does not substantially change the trade mark or extend the list of goods or services. Where the amendments affect the representation of the trade mark or the list of goods or services and are made after publication of the application, the trade mark application shall be published as amended.

#### Article 44

### Division of the application

1. The applicant may divide the application by declaring that some of the goods or services included in the original application will be the subject of one or more divisional applications. The goods or services in the divisional application shall not overlap with the goods or services which remain in the original application or those which are included in other divisional applications.

2. The declaration of division shall not be admissible:

(a) if, where an opposition has been entered against the original application, such a divisional application has the effect of introducing a division amongst the goods or services against which the opposition has been directed, until the decision of the Opposition Division has become final or the opposition proceedings are finally terminated otherwise;

(b) during the periods laid down in the Implementing Regulation.

3. The declaration of division must comply with the provisions set out in the Implementing Regulation.

4. The declaration of division shall be subject to a fee. The declaration shall be deemed not to have been made until the fee has been paid.

5. The division shall take effect on the date on which it is recorded in the files kept by the Office concerning the original application.

6. All requests and applications submitted and all fees paid with regard to the original application prior to the date on which the Office receives the declaration of division are deemed also to have been submitted or paid with regard to the divisional application or applications. The fees for the original application which have been duly paid prior to the date on which the declaration of division is received shall not be refunded.

7. The divisional application shall preserve the filing date and any priority date and seniority date of the original application.

## SECTION 6

**Registration***Article 45***Registration**

Where an application meets the requirements of this Regulation and where no notice of opposition has been given within the period referred to in Article 41(1) or where opposition has been rejected by a definitive decision, the trade mark shall be registered as a Community trade mark, provided that the registration fee has been paid within the period prescribed. If the fee is not paid within this period the application shall be deemed to be withdrawn.

## TITLE V

**DURATION, RENEWAL, ALTERATION AND DIVISION OF COMMUNITY TRADE MARKS***Article 46***Duration of registration**

Community trade marks shall be registered for a period of 10 years from the date of filing of the application. Registration may be renewed in accordance with Article 47 for further periods of 10 years.

*Article 47***Renewal**

1. Registration of the Community trade mark shall be renewed at the request of the proprietor of the trade mark or any person expressly authorised by him, provided that the fees have been paid.

2. The Office shall inform the proprietor of the Community trade mark, and any person having a registered right in respect of the Community trade mark, of the expiry of the registration in good time before the said expiry. Failure to give such information shall not involve the responsibility of the Office.

3. The request for renewal shall be submitted within a period of six months ending on the last day of the month in which protection ends. The fees shall also be paid within this period. Failing this, the request may be submitted and the fees paid within a further period of six months following the day referred to in the first sentence, provided that an additional fee is paid within this further period.

4. Where the request is submitted or the fees paid in respect of only some of the goods or services for which the Community trade mark is registered, registration shall be renewed for those goods or services only.

5. Renewal shall take effect from the day following the date on which the existing registration expires. The renewal shall be registered.

*Article 48***Alteration**

1. The Community trade mark shall not be altered in the Register during the period of registration or on renewal thereof.

2. Nevertheless, where the Community trade mark includes the name and address of the proprietor, any alteration thereof not substantially affecting the identity of the trade mark as originally registered may be registered at the request of the proprietor.

3. The publication of the registration of the alteration shall contain a representation of the Community trade mark as altered. Third parties whose rights may be affected by the alteration may challenge the registration thereof within a period of three months following publication.

*Article 49***Division of the registration**

1. The proprietor of the Community trade mark may divide the registration by declaring that some of the goods or services included in the original registration will be the subject of one or more divisional registrations. The goods or services in the divisional registration shall not overlap with the goods or services which remain in the original registration or those which are included in other divisional registrations.

2. The declaration of division shall not be admissible:

(a) if, where an application for revocation of rights or for a declaration of invalidity has been entered at the Office against the original registration, such a divisional declaration has the effect of introducing a division amongst the goods or services against which the application for revocation of rights or for a declaration of invalidity is directed, until the decision of the Cancellation Division has become final or the proceedings are finally terminated otherwise;

(b) if, where a counterclaim for revocation or for a declaration of invalidity has been entered in a case before a Community trade mark court, such a divisional declaration has the effect of introducing a division amongst the goods or services against which the counterclaim is directed, until the mention of the Community trade mark court's judgment is recorded in the Register pursuant to Article 100(6).

3. The declaration of division must comply with the provisions set out in the Implementing Regulation.

4. The declaration of division shall be subject to a fee. The declaration shall be deemed not to have been made until the fee has been paid.

5. The division shall take effect on the date on which it is entered in the Register.

6. All requests and applications submitted and all fees paid with regard to the original registration prior to the date on which the Office receives the declaration of division shall be deemed



also to have been submitted or paid with regard to the divisional registration or registrations. The fees for the original registration which have been duly paid prior to the date on which the declaration of division is received shall not be refunded.

7. The divisional registration shall preserve the filing date and any priority date and seniority date of the original registration.

#### TITLE VI

### SURRENDER, REVOCATION AND INVALIDITY

#### SECTION 1

#### **Surrender**

#### *Article 50*

#### **Surrender**

1. A Community trade mark may be surrendered in respect of some or all of the goods or services for which it is registered.

2. The surrender shall be declared to the Office in writing by the proprietor of the trade mark. It shall not have effect until it has been entered in the Register.

3. Surrender shall be entered only with the agreement of the proprietor of a right entered in the Register. If a licence has been registered, surrender shall be entered in the Register only if the proprietor of the trade mark proves that he has informed the licensee of his intention to surrender; this entry shall be made on expiry of the period prescribed by the Implementing Regulation.

#### SECTION 2

#### **Grounds for revocation**

#### *Article 51*

#### **Grounds for revocation**

1. The rights of the proprietor of the Community trade mark shall be declared to be revoked on application to the Office or on the basis of a counterclaim in infringement proceedings:

- (a) if, within a continuous period of five years, the trade mark has not been put to genuine use in the Community in connection with the goods or services in respect of which it is registered, and there are no proper reasons for non-use; however, no person may claim that the proprietor's rights in a Community trade mark should be revoked where, during the interval between expiry of the five-year period

and filing of the application or counterclaim, genuine use of the trade mark has been started or resumed; the commencement or resumption of use within a period of three months preceding the filing of the application or counterclaim which began at the earliest on expiry of the continuous period of five years of non-use shall, however, be disregarded where preparations for the commencement or resumption occur only after the proprietor becomes aware that the application or counterclaim may be filed;

- (b) if, in consequence of acts or inactivity of the proprietor, the trade mark has become the common name in the trade for a product or service in respect of which it is registered;

- (c) if, in consequence of the use made of it by the proprietor of the trade mark or with his consent in respect of the goods or services for which it is registered, the trade mark is liable to mislead the public, particularly as to the nature, quality or geographical origin of those goods or services.

2. Where the grounds for revocation of rights exist in respect of only some of the goods or services for which the Community trade mark is registered, the rights of the proprietor shall be declared to be revoked in respect of those goods or services only.

#### SECTION 3

#### **Grounds for invalidity**

#### *Article 52*

#### **Absolute grounds for invalidity**

1. A Community trade mark shall be declared invalid on application to the Office or on the basis of a counterclaim in infringement proceedings:

- (a) where the Community trade mark has been registered contrary to the provisions of Article 7;

- (b) where the applicant was acting in bad faith when he filed the application for the trade mark.

2. Where the Community trade mark has been registered in breach of the provisions of Article 7(1)(b), (c) or (d), it may nevertheless not be declared invalid if, in consequence of the use which has been made of it, it has after registration acquired a distinctive character in relation to the goods or services for which it is registered.

3. Where the ground for invalidity exists in respect of only some of the goods or services for which the Community trade mark is registered, the trade mark shall be declared invalid as regards those goods or services only.

*Article 53***Relative grounds for invalidity**

1. A Community trade mark shall be declared invalid on application to the Office or on the basis of a counterclaim in infringement proceedings:

- (a) where there is an earlier trade mark as referred to in Article 8(2) and the conditions set out in paragraph 1 or paragraph 5 of that Article are fulfilled;
- (b) where there is a trade mark as referred to in Article 8(3) and the conditions set out in that paragraph are fulfilled;
- (c) where there is an earlier right as referred to in Article 8(4) and the conditions set out in that paragraph are fulfilled.

2. A Community trade mark shall also be declared invalid on application to the Office or on the basis of a counterclaim in infringement proceedings where the use of such trade mark may be prohibited pursuant to another earlier right under the Community legislation or national law governing its protection, and in particular:

- (a) a right to a name;
- (b) a right of personal portrayal;
- (c) a copyright;
- (d) an industrial property right.

3. A Community trade mark may not be declared invalid where the proprietor of a right referred to in paragraphs 1 or 2 consents expressly to the registration of the Community trade mark before submission of the application for a declaration of invalidity or the counterclaim.

4. Where the proprietor of one of the rights referred to in paragraphs 1 or 2 has previously applied for a declaration that a Community trade mark is invalid or made a counterclaim in infringement proceedings, he may not submit a new application for a declaration of invalidity or lodge a counterclaim on the basis of another of the said rights which he could have invoked in support of his first application or counterclaim.

5. Article 52(3) shall apply.

*Article 54***Limitation in consequence of acquiescence**

1. Where the proprietor of a Community trade mark has acquiesced, for a period of five successive years, in the use of a later Community trade mark in the Community while being aware of such use, he shall no longer be entitled on the basis of the earlier trade mark either to apply for a declaration that the later trade mark is invalid or to oppose the use of the later trade mark in respect of the goods or services for which the later trade

mark has been used, unless registration of the later Community trade mark was applied for in bad faith.

2. Where the proprietor of an earlier national trade mark as referred to in Article 8(2) or of another earlier sign referred to in Article 8(4) has acquiesced, for a period of five successive years, in the use of a later Community trade mark in the Member State in which the earlier trade mark or the other earlier sign is protected while being aware of such use, he shall no longer be entitled on the basis of the earlier trade mark or of the other earlier sign either to apply for a declaration that the later trade mark is invalid or to oppose the use of the later trade mark in respect of the goods or services for which the later trade mark has been used, unless registration of the later Community trade mark was applied for in bad faith.

3. In the cases referred to in paragraphs 1 and 2, the proprietor of a later Community trade mark shall not be entitled to oppose the use of the earlier right, even though that right may no longer be invoked against the later Community trade mark.

## SECTION 4

***Consequences of revocation and invalidity****Article 55***Consequences of revocation and invalidity**

1. The Community trade mark shall be deemed not to have had, as from the date of the application for revocation or of the counterclaim, the effects specified in this Regulation, to the extent that the rights of the proprietor have been revoked. An earlier date, on which one of the grounds for revocation occurred, may be fixed in the decision at the request of one of the parties.

2. The Community trade mark shall be deemed not to have had, as from the outset, the effects specified in this Regulation, to the extent that the trade mark has been declared invalid.

3. Subject to the national provisions relating either to claims for compensation for damage caused by negligence or lack of good faith on the part of the proprietor of the trade mark, or to unjust enrichment, the retroactive effect of revocation or invalidity of the trade mark shall not affect:

- (a) any decision on infringement which has acquired the authority of a final decision and been enforced prior to the revocation or invalidity decision;
- (b) any contract concluded prior to the revocation or invalidity decision, in so far as it has been performed before that decision; however, repayment, to an extent justified by the circumstances, of sums paid under the relevant contract, may be claimed on grounds of equity.

## SECTION 5

**Proceedings in the Office in relation to revocation or invalidity***Article 56***Application for revocation or for a declaration of invalidity**

1. An application for revocation of the rights of the proprietor of a Community trade mark or for a declaration that the trade mark is invalid may be submitted to the Office:

- (a) where Articles 51 and 52 apply, by any natural or legal person and any group or body set up for the purpose of representing the interests of manufacturers, producers, suppliers of services, traders or consumers, which under the terms of the law governing it has the capacity in its own name to sue and be sued;
- (b) where Article 53(1) applies, by the persons referred to in Article 41(1);
- (c) where Article 53(2) applies, by the owners of the earlier rights referred to in that provision or by the persons who are entitled under the law of the Member State concerned to exercise the rights in question.

2. The application shall be filed in a written reasoned statement. It shall not be deemed to have been filed until the fee has been paid.

3. An application for revocation or for a declaration of invalidity shall be inadmissible if an application relating to the same subject matter and cause of action, and involving the same parties, has been adjudicated on by a court in a Member State and has acquired the authority of a final decision.

*Article 57***Examination of the application**

1. On the examination of the application for revocation of rights or for a declaration of invalidity, the Office shall invite the parties, as often as necessary, to file observations, within a period to be fixed by the Office, on communications from the other parties or issued by itself.

2. If the proprietor of the Community trade mark so requests, the proprietor of an earlier Community trade mark, being a party to the invalidity proceedings, shall furnish proof that, during the period of five years preceding the date of the application for a declaration of invalidity, the earlier Community trade mark has been put to genuine use in the Community in connection with the goods or services in respect of which it is registered and which he cites as justification for his application, or that there are proper reasons for non-use, provided the earlier Community trade mark has at that date been registered for not less than five years. If, at the date on which the Community trade mark application was published, the earlier Community trade mark had been registered for not less than five years, the proprietor of the earlier Community trade mark shall furnish proof that, in addition, the conditions contained in Article 42(2) were satisfied

at that date. In the absence of proof to this effect the application for a declaration of invalidity shall be rejected. If the earlier Community trade mark has been used in relation to part only of the goods or services for which it is registered, it shall, for the purpose of the examination of the application for a declaration of invalidity, be deemed to be registered in respect only of that part of the goods or services.

3. Paragraph 2 shall apply to earlier national trade marks referred to in Article 8(2)(a), by substituting use in the Member State in which the earlier national trade mark is protected for use in the Community.

4. The Office may, if it thinks fit, invite the parties to make a friendly settlement.

5. If the examination of the application for revocation of rights or for a declaration of invalidity reveals that the trade mark should not have been registered in respect of some or all of the goods or services for which it is registered, the rights of the proprietor of the Community trade mark shall be revoked or it shall be declared invalid in respect of those goods or services. Otherwise the application for revocation of rights or for a declaration of invalidity shall be rejected.

6. A record of the Office's decision on the application for revocation of rights or for a declaration of invalidity shall be entered in the Register once it has become final.

## TITLE VII

## APPEALS

*Article 58***Decisions subject to appeal**

1. An appeal shall lie from decisions of the examiners, Opposition Divisions, Administration of Trade Marks and Legal Divisions and Cancellation Divisions. It shall have suspensive effect.

2. A decision which does not terminate proceedings as regards one of the parties can only be appealed together with the final decision, unless the decision allows separate appeal.

*Article 59***Persons entitled to appeal and to be parties to appeal proceedings**

Any party to proceedings adversely affected by a decision may appeal. Any other parties to the proceedings shall be parties to the appeal proceedings as of right.

*Article 60***Time limit and form of appeal**

Notice of appeal must be filed in writing at the Office within two months after the date of notification of the decision appealed

from. The notice shall be deemed to have been filed only when the fee for appeal has been paid. Within four months after the date of notification of the decision, a written statement setting out the grounds of appeal must be filed.

#### Article 61

##### Revision of decisions in *ex parte* cases

1. If the party which has lodged the appeal is the sole party to the procedure, and if the department whose decision is contested considers the appeal to be admissible and well founded, the department shall rectify its decision.
2. If the decision is not rectified within one month after receipt of the statement of grounds, the appeal shall be remitted to the Board of Appeal without delay, and without comment as to its merit.

#### Article 62

##### Revision of decisions in *inter partes* cases

1. Where the party which has lodged the appeal is opposed by another party and if the department whose decision is contested considers the appeal to be admissible and well founded, it shall rectify its decision.
2. The decision may be rectified only if the department whose decision is contested notifies the other party of its intention to rectify it, and that party accepts it within two months of the date on which it received the notification.
3. If, within two months of receiving the notification referred to in paragraph 2, the other party does not accept that the contested decision is to be rectified and makes a declaration to that effect or does not make any declaration within the period laid down, the appeal shall be remitted to the Board of Appeal without delay, and without comment as to its merit.
4. However, if the department whose decision is contested does not consider the appeal to be admissible and well founded within one month after receipt of the statement of grounds, it shall, instead of taking the measures provided for in paragraphs 2 and 3, remit the appeal to the Board of Appeal without delay, and without comment as to its merit.

#### Article 63

##### Examination of appeals

1. If the appeal is admissible, the Board of Appeal shall examine whether the appeal is allowable.
2. In the examination of the appeal, the Board of Appeal shall invite the parties, as often as necessary, to file observations, within a period to be fixed by the Board of Appeal, on communications from the other parties or issued by itself.

#### Article 64

##### Decisions in respect of appeals

1. Following the examination as to the allowability of the appeal, the Board of Appeal shall decide on the appeal. The Board of Appeal may either exercise any power within the competence of the department which was responsible for the decision appealed or remit the case to that department for further prosecution.
2. If the Board of Appeal remits the case for further prosecution to the department whose decision was appealed, that department shall be bound by the *ratio decidendi* of the Board of Appeal, in so far as the facts are the same.
3. The decisions of the Boards of Appeal shall take effect only as from the date of expiration of the period referred to in Article 65(5) or, if an action has been brought before the Court of Justice within that period, as from the date of dismissal of such action.

#### Article 65

##### Actions before the Court of Justice

1. Actions may be brought before the Court of Justice against decisions of the Boards of Appeal on appeals.
2. The action may be brought on grounds of lack of competence, infringement of an essential procedural requirement, infringement of the Treaty, of this Regulation or of any rule of law relating to their application or misuse of power.
3. The Court of Justice has jurisdiction to annul or to alter the contested decision.
4. The action shall be open to any party to proceedings before the Board of Appeal adversely affected by its decision.
5. The action shall be brought before the Court of Justice within two months of the date of notification of the decision of the Board of Appeal.
6. The Office shall be required to take the necessary measures to comply with the judgment of the Court of Justice.

#### TITLE VIII

##### COMMUNITY COLLECTIVE MARKS

#### Article 66

##### Community collective marks

1. A Community collective mark shall be a Community trade mark which is described as such when the mark is applied for and is capable of distinguishing the goods or services of the members of the association which is the proprietor of the mark from those of other undertakings. Associations of manufacturers, producers, suppliers of services, or traders which, under the terms of the law governing them, have the capacity in their own name to have rights and obligations of all kinds, to make

contracts or accomplish other legal acts and to sue and be sued, as well as legal persons governed by public law, may apply for Community collective marks.

2. In derogation from Article 7(1)(c), signs or indications which may serve, in trade, to designate the geographical origin of the goods or services may constitute Community collective marks within the meaning of paragraph 1. A collective mark shall not entitle the proprietor to prohibit a third party from using in the course of trade such signs or indications, provided he uses them in accordance with honest practices in industrial or commercial matters; in particular, such a mark may not be invoked against a third party who is entitled to use a geographical name.

3. The provisions of this Regulation shall apply to Community collective marks, unless Articles 67 to 74 provide otherwise.

#### Article 67

##### Regulations governing use of the mark

1. An applicant for a Community collective mark must submit regulations governing its use within the period prescribed.

2. The regulations governing use shall specify the persons authorised to use the mark, the conditions of membership of the association and, where they exist, the conditions of use of the mark, including sanctions. The regulations governing use of a mark referred to in Article 66(2) must authorise any person whose goods or services originate in the geographical area concerned to become a member of the association which is the proprietor of the mark.

#### Article 68

##### Refusal of the application

1. In addition to the grounds for refusal of a Community trade mark application provided for in Articles 36 and 37, an application for a Community collective mark shall be refused where the provisions of Articles 66 or 67 are not satisfied, or where the regulations governing use are contrary to public policy or to accepted principles of morality.

2. An application for a Community collective mark shall also be refused if the public is liable to be misled as regards the character or the significance of the mark, in particular if it is likely to be taken to be something other than a collective mark.

3. An application shall not be refused if the applicant, as a result of amendment of the regulations governing use, meets the requirements of paragraphs 1 and 2.

#### Article 69

##### Observations by third parties

Apart from the cases mentioned in Article 40, any person, group or body referred to in that Article may submit to the Office written observations based on the particular grounds on which the application for a Community collective mark should be refused under the terms of Article 68.

#### Article 70

##### Use of marks

Use of a Community collective mark by any person who has authority to use it shall satisfy the requirements of this Regulation, provided that the other conditions which this Regulation imposes with regard to the use of Community trade marks are fulfilled.

#### Article 71

##### Amendment of the regulations governing use of the mark

1. The proprietor of a Community collective mark must submit to the Office any amended regulations governing use.

2. The amendment shall not be mentioned in the Register if the amended regulations do not satisfy the requirements of Article 67 or involve one of the grounds for refusal referred to in Article 68.

3. Article 69 shall apply to amended regulations governing use.

4. For the purposes of applying this Regulation, amendments to the regulations governing use shall take effect only from the date of entry of the mention of the amendment in the Register.

#### Article 72

##### Persons who are entitled to bring an action for infringement

1. The provisions of Article 22(3) and (4) concerning the rights of licensees shall apply to every person who has authority to use a Community collective mark.

2. The proprietor of a Community collective mark shall be entitled to claim compensation on behalf of persons who have authority to use the mark where they have sustained damage in consequence of unauthorised use of the mark.

#### Article 73

##### Grounds for revocation

Apart from the grounds for revocation provided for in Article 51, the rights of the proprietor of a Community collective mark shall be revoked on application to the Office or on the basis of a counterclaim in infringement proceedings, if:

- (a) the proprietor does not take reasonable steps to prevent the mark being used in a manner incompatible with the conditions of use, where these exist, laid down in the regulations governing use, amendments to which have, where appropriate, been mentioned in the Register;
- (b) the manner in which the mark has been used by the proprietor has caused it to become liable to mislead the public in the manner referred to in Article 68(2);
- (c) an amendment to the regulations governing use of the mark has been mentioned in the Register in breach of the provisions of Article 71(2), unless the proprietor of the mark, by further amending the regulations governing use, complies with the requirements of those provisions.

*Article 74***Grounds for invalidity**

Apart from the grounds for invalidity provided for in Articles 52 and 53, a Community collective mark which is registered in breach of the provisions of Article 68 shall be declared invalid on application to the Office or on the basis of a counterclaim in infringement proceedings, unless the proprietor of the mark, by amending the regulations governing use, complies with the requirements of those provisions.

## TITLE IX

**PROCEDURE**

## SECTION 1

**General provisions***Article 75***Statement of reasons on which decisions are based**

Decisions of the Office shall state the reasons on which they are based. They shall be based only on reasons or evidence on which the parties concerned have had an opportunity to present their comments.

*Article 76***Examination of the facts by the Office of its own motion**

1. In proceedings before it the Office shall examine the facts of its own motion; however, in proceedings relating to relative grounds for refusal of registration, the Office shall be restricted in this examination to the facts, evidence and arguments provided by the parties and the relief sought.

2. The Office may disregard facts or evidence which are not submitted in due time by the parties concerned.

*Article 77***Oral proceedings**

1. If the Office considers that oral proceedings would be expedient they shall be held either at the instance of the Office or at the request of any party to the proceedings.

2. Oral proceedings before the examiners, the Opposition Division and the Administration of Trade Marks and Legal Division shall not be public.

3. Oral proceedings, including delivery of the decision, shall be public before the Cancellation Division and the Boards of Appeal, in so far as the department before which the proceedings are taking place does not decide otherwise in cases where admission of the public could have serious and unjustified disadvantages, in particular for a party to the proceedings.

*Article 78***Taking of evidence**

1. In any proceedings before the Office, the means of giving or obtaining evidence shall include the following:

- (a) hearing the parties;
- (b) requests for information;
- (c) the production of documents and items of evidence;
- (d) hearing witnesses;
- (e) opinions by experts;
- (f) statements in writing sworn or affirmed or having a similar effect under the law of the State in which the statement is drawn up.

2. The relevant department may commission one of its members to examine the evidence adduced.

3. If the Office considers it necessary for a party, witness or expert to give evidence orally, it shall issue a summons to the person concerned to appear before it.

4. The parties shall be informed of the hearing of a witness or expert before the Office. They shall have the right to be present and to put questions to the witness or expert.

*Article 79***Notification**

The Office shall, as a matter of course, notify those concerned of decisions and summonses and of any notice or other communication from which a time limit is reckoned, or of which those concerned must be notified under other provisions of this Regulation or of the Implementing Regulation, or of which notification has been ordered by the President of the Office.

*Article 80***Revocation of decisions**

1. Where the Office has made an entry in the Register or taken a decision which contains an obvious procedural error attributable to the Office, it shall ensure that the entry is cancelled or the decision is revoked. Where there is only one party to the proceedings and the entry or the act affects its rights, cancellation or revocation shall be determined even if the error was not evident to the party.

2. Cancellation or revocation as referred to in paragraph 1 shall be determined, *ex officio* or at the request of one of the parties to the proceedings, by the department which made the entry or took the decision. Cancellation or revocation shall be determined

within six months from the date on which the entry was made in the Register or the decision was taken, after consultation with the parties to the proceedings and any proprietor of rights to the Community trade mark in question that are entered in the Register.

3. This Article shall be without prejudice to the right of the parties to submit an appeal under Articles 58 and 65, or to the possibility, under the procedures and conditions laid down by the Implementing Regulation, of correcting any linguistic errors or errors of transcription and obvious errors in the Office's decisions or errors attributable to the Office in registering the trade mark or in publishing its registration.

#### Article 81

##### **Restitutio in integrum**

1. The applicant for or proprietor of a Community trade mark or any other party to proceedings before the Office who, in spite of all due care required by the circumstances having been taken, was unable to comply with a time limit vis-à-vis the Office shall, upon application, have his rights re-established if the obstacle to compliance has the direct consequence, by virtue of the provisions of this Regulation, of causing the loss of any right or means of redress.

2. The application must be filed in writing within two months from the removal of the obstacle to compliance with the time limit. The omitted act must be completed within this period. The application shall only be admissible within the year immediately following the expiry of the unobserved time limit. In the case of non-submission of the request for renewal of registration or of non-payment of a renewal fee, the further period of six months provided in Article 47(3), third sentence, shall be deducted from the period of one year.

3. The application must state the grounds on which it is based and must set out the facts on which it relies. It shall not be deemed to be filed until the fee for re-establishment of rights has been paid.

4. The department competent to decide on the omitted act shall decide upon the application.

5. This Article shall not be applicable to the time limits referred to in paragraph 2 of this Article, Article 41(1) and (3) and Article 82.

6. Where the applicant for or proprietor of a Community trade mark has his rights re-established, he may not invoke his rights vis-à-vis a third party who, in good faith, has put goods on the market or supplied services under a sign which is identical with, or similar to, the Community trade mark in the course of the period between the loss of rights in the application or in the Community trade mark and publication of the mention of re-establishment of those rights.

7. A third party who may avail himself of the provisions of paragraph 6 may bring third party proceedings against the decision re-establishing the rights of the applicant for or proprietor of a Community trade mark within a period of two

months as from the date of publication of the mention of re-establishment of those rights.

8. Nothing in this Article shall limit the right of a Member State to grant *restitutio in integrum* in respect of time limits provided for in this Regulation and to be observed vis-à-vis the authorities of such State.

#### Article 82

##### **Continuation of proceedings**

1. An applicant for or proprietor of a Community trade mark or any other party to proceedings before the Office who has omitted to observe a time limit vis-à-vis the Office may, upon request, obtain the continuation of proceedings, provided that at the time the request is made the omitted act has been carried out. The request for continuation of proceedings shall be admissible only if it is presented within two months following the expiry of the unobserved time limit. The request shall not be deemed to have been filed until the fee for continuation of the proceedings has been paid.

2. This Article shall not be applicable to the time limits laid down in Article 25(3), Article 27, Article 29(1), Article 33(1), Article 36(2), Article 41, Article 42, Article 47(3), Article 60, Article 62, Article 65(5), Article 81, Article 112, or to the time limits laid down in this Article or the time limits laid down by the Implementing Regulation for claiming, after the application has been filed, priority within the meaning of Article 30, exhibition priority within the meaning of Article 33 or seniority within the meaning of Article 34.

3. The department competent to decide on the omitted act shall decide upon the application.

4. If the Office accepts the application, the consequences of having failed to observe the time limit shall be deemed not to have occurred.

5. If the Office rejects the application, the fee shall be refunded.

#### Article 83

##### **Reference to general principles**

In the absence of procedural provisions in this Regulation, the Implementing Regulation, the fees regulations or the rules of procedure of the Boards of Appeal, the Office shall take into account the principles of procedural law generally recognised in the Member States.

#### Article 84

##### **Termination of financial obligations**

1. Rights of the Office to the payment of a fee shall be extinguished after four years from the end of the calendar year in which the fee fell due.

2. Rights against the Office for the refunding of fees or sums of money paid in excess of a fee shall be extinguished after four years from the end of the calendar year in which the right arose.

3. The period laid down in paragraphs 1 and 2 shall be interrupted, in the case covered by paragraph 1, by a request for payment of the fee, and in the case covered by paragraph 2, by a reasoned claim in writing. On interruption it shall begin again immediately and shall end at the latest six years after the end of the year in which it originally began, unless, in the meantime, judicial proceedings to enforce the right have begun; in this case the period shall end at the earliest one year after the judgment has acquired the authority of a final decision.

## SECTION 2

### Costs

#### Article 85

##### Costs

1. The losing party in opposition proceedings, proceedings for revocation, proceedings for a declaration of invalidity or appeal proceedings shall bear the fees incurred by the other party as well as all costs, without prejudice to Article 119(6), incurred by him essential to the proceedings, including travel and subsistence and the remuneration of an agent, adviser or advocate, within the limits of the scales set for each category of costs under the conditions laid down in the Implementing Regulation.

2. However, where each party succeeds on some and fails on other heads, or if reasons of equity so dictate, the Opposition Division, Cancellation Division or Board of Appeal shall decide a different apportionment of costs.

3. The party who terminates the proceedings by withdrawing the Community trade mark application, the opposition, the application for revocation of rights, the application for a declaration of invalidity or the appeal, or by not renewing registration of the Community trade mark or by surrendering the Community trade mark, shall bear the fees and the costs incurred by the other party as stipulated in paragraphs 1 and 2.

4. Where a case does not proceed to judgment the costs shall be at the discretion of the Opposition Division, Cancellation Division or Board of Appeal.

5. Where the parties conclude before the Opposition Division, Cancellation Division or Board of Appeal a settlement of costs differing from that provided for in the preceding paragraphs, the department concerned shall take note of that agreement.

6. The Opposition Division or Cancellation Division or Board of Appeal shall fix the amount of the costs to be paid pursuant to the preceding paragraphs when the costs to be paid are limited to the fees paid to the Office and the representation costs. In all other cases, the registry of the Board of Appeal or a member of the staff of the Opposition Division or Cancellation Division shall fix the amount of the costs to be reimbursed on request. The request is admissible only within two months of the date on which the decision for which an application was made for the costs to be fixed became final. The amount so determined may be reviewed by a decision of the Opposition Division or Cancellation Division or Board of Appeal on a request filed within the prescribed period.

#### Article 86

### Enforcement of decisions fixing the amount of costs

1. Any final decision of the Office fixing the amount of costs shall be enforceable.

2. Enforcement shall be governed by the rules of civil procedure in force in the State in the territory of which it is carried out. The order for its enforcement shall be appended to the decision, without other formality than verification of the authenticity of the decision, by the national authority which the Government of each Member State shall designate for this purpose and shall make known to the Office and to the Court of Justice.

3. When these formalities have been completed on application by the party concerned, the latter may proceed to enforcement in accordance with the national law, by bringing the matter directly before the competent authority.

4. Enforcement may be suspended only by a decision of the Court of Justice. However, the courts of the country concerned shall have jurisdiction over complaints that enforcement is being carried out in an irregular manner.

## SECTION 3

### Information which may be made available to the public and of the authorities of the Member States

#### Article 87

##### Register of Community trade marks

The Office shall keep a register to be known as the Register of Community trade marks, which shall contain those particulars the registration or inclusion of which is provided for by this Regulation or by the Implementing Regulation. The Register shall be open to public inspection.

#### Article 88

##### Inspection of files

1. The files relating to Community trade mark applications which have not yet been published shall not be made available for inspection without the consent of the applicant.

2. Any person who can prove that the applicant for a Community trade mark has stated that after the trade mark has been registered he will invoke the rights under it against him may obtain inspection of the files prior to the publication of that application and without the consent of the applicant.

3. Subsequent to the publication of the Community trade mark application, the files relating to such application and the resulting trade mark may be inspected on request.

4. However, where the files are inspected pursuant to paragraphs 2 or 3, certain documents in the file may be withheld from inspection in accordance with the provisions of the Implementing Regulation.



*Article 89***Periodical publications**

The Office shall periodically publish:

- (a) a Community Trade Marks Bulletin containing entries made in the Register of Community trade marks as well as other particulars the publication of which is prescribed by this Regulation or by the Implementing Regulation;
- (b) an Official Journal containing notices and information of a general character issued by the President of the Office, as well as any other information relevant to this Regulation or its implementation.

*Article 90***Administrative cooperation**

Unless otherwise provided in this Regulation or in national laws, the Office and the courts or authorities of the Member States shall on request give assistance to each other by communicating information or opening files for inspection. Where the Office lays files open to inspection by courts, Public Prosecutors' Offices or central industrial property offices, the inspection shall not be subject to the restrictions laid down in Article 88.

*Article 91***Exchange of publications**

1. The Office and the central industrial property offices of the Member States shall despatch to each other on request and for their own use one or more copies of their respective publications free of charge.
2. The Office may conclude agreements relating to the exchange or supply of publications.

## SECTION 4

**Representation***Article 92***General principles of representation**

1. Subject to the provisions of paragraph 2, no person shall be compelled to be represented before the Office.
2. Without prejudice to paragraph 3, second sentence, natural or legal persons not having either their domicile or their principal place of business or a real and effective industrial or commercial establishment in the Community must be represented before the Office in accordance with Article 93(1) in all proceedings established by this Regulation, other than in filing an application for a Community trade mark; the Implementing Regulation may permit other exceptions.
3. Natural or legal persons having their domicile or principal place of business or a real and effective industrial or commercial establishment in the Community may be represented before the

Office by an employee. An employee of a legal person to which this paragraph applies may also represent other legal persons which have economic connections with the first legal person, even if those other legal persons have neither their domicile nor their principal place of business nor a real and effective industrial or commercial establishment within the Community.

4. The Implementing Regulation shall specify whether and under what conditions an employee must file with the Office a signed authorisation for insertion on the file.

*Article 93***Professional representatives**

1. Representation of natural or legal persons before the Office may only be undertaken by:

- (a) any legal practitioner qualified in one of the Member States and having his place of business within the Community, to the extent that he is entitled, within the said State, to act as a representative in trade mark matters;
- (b) professional representatives whose names appear on the list maintained for this purpose by the Office. The Implementing Regulation shall specify whether and under what conditions the representatives before the Office must file with the Office a signed authorisation for insertion on the file.

Representatives acting before the Office must file with it a signed authorisation for insertion on the files, the details of which are set out in the Implementing Regulation.

2. Any natural person who fulfils the following conditions may be entered on the list of professional representatives:

- (a) he must be a national of one of the Member States;
- (b) he must have his place of business or employment in the Community;
- (c) he must be entitled to represent natural or legal persons in trade mark matters before the central industrial property office of a Member State. Where, in that State, the entitlement is not conditional upon the requirement of special professional qualifications, persons applying to be entered on the list who act in trade mark matters before the central industrial property office of the said State must have habitually so acted for at least five years. However, persons whose professional qualification to represent natural or legal persons in trade mark matters before the central industrial property office of one of the Member States is officially recognised in accordance with the regulations laid down by such State shall not be subject to the condition of having exercised the profession.

3. Entry shall be effected upon request, accompanied by a certificate furnished by the central industrial property office of the Member State concerned, which must indicate that the conditions laid down in paragraph 2 are fulfilled.

4. The President of the Office may grant exemption from:
- (a) the requirement of paragraph 2(c), second sentence, if the applicant furnishes proof that he has acquired the requisite qualification in another way;
  - (b) the requirement of paragraph 2(a) in special circumstances.
5. The conditions under which a person may be removed from the list of professional representatives shall be laid down in the Implementing Regulation.

first and second instance, hereinafter referred to as 'Community trade mark courts', which shall perform the functions assigned to them by this Regulation.

2. Each Member State shall communicate to the Commission within three years of the entry into force of Regulation (EC) No 40/94 a list of Community trade mark courts indicating their names and their territorial jurisdiction.

3. Any change made after communication of the list referred to in paragraph 2 in the number, names or territorial jurisdiction of the courts shall be notified without delay by the Member State concerned to the Commission.

4. The information referred to in paragraphs 2 and 3 shall be notified by the Commission to the Member States and published in the *Official Journal of the European Union*.

5. As long as a Member State has not communicated the list as stipulated in paragraph 2, jurisdiction for any proceedings resulting from an action or application covered by Article 96, and for which the courts of that State have jurisdiction under Article 97, shall lie with that court of the State in question which would have jurisdiction *ratione loci* and *ratione materiae* in the case of proceedings relating to a national trade mark registered in that State.

## TITLE X

### JURISDICTION AND PROCEDURE IN LEGAL ACTIONS RELATING TO COMMUNITY TRADE MARKS

#### SECTION 1

#### **Application of Regulation (EC) No 44/2001**

##### Article 94

#### **Application of Regulation (EC) No 44/2001**

1. Unless otherwise specified in this Regulation, Regulation (EC) No 44/2001 shall apply to proceedings relating to Community trade marks and applications for Community trade marks, as well as to proceedings relating to simultaneous and successive actions on the basis of Community trade marks and national trade marks.

2. In the case of proceedings in respect of the actions and claims referred to in Article 96:

- (a) Articles 2 and 4, points 1, 3, 4 and 5 of Article 5 and Article 31 of Regulation (EC) No 44/2001 shall not apply;
- (b) Articles 23 and 24 of Regulation (EC) No 44/2001 shall apply subject to the limitations in Article 97(4) of this Regulation;
- (c) the provisions of Chapter II of Regulation (EC) No 44/2001 which are applicable to persons domiciled in a Member State shall also be applicable to persons who do not have a domicile in any Member State but have an establishment therein.

#### SECTION 2

#### **Disputes concerning the infringement and validity of Community trade marks**

##### Article 95

#### **Community trade mark courts**

1. The Member States shall designate in their territories as limited a number as possible of national courts and tribunals of

##### Article 96

#### **Jurisdiction over infringement and validity**

The Community trade mark courts shall have exclusive jurisdiction:

- (a) for all infringement actions and — if they are permitted under national law — actions in respect of threatened infringement relating to Community trade marks;
- (b) for actions for declaration of non-infringement, if they are permitted under national law;
- (c) for all actions brought as a result of acts referred to in Article 9(3), second sentence;
- (d) for counterclaims for revocation or for a declaration of invalidity of the Community trade mark pursuant to Article 100.

##### Article 97

#### **International jurisdiction**

1. Subject to the provisions of this Regulation as well as to any provisions of Regulation (EC) No 44/2001 applicable by virtue of Article 94, proceedings in respect of the actions and claims referred to in Article 96 shall be brought in the courts of the Member State in which the defendant is domiciled or, if he is not domiciled in any of the Member States, in which he has an establishment.

2. If the defendant is neither domiciled nor has an establishment in any of the Member States, such proceedings shall be brought in the courts of the Member State in which the plaintiff is domiciled or, if he is not domiciled in any of the Member States, in which he has an establishment.

3. If neither the defendant nor the plaintiff is so domiciled or has such an establishment, such proceedings shall be brought in the courts of the Member State where the Office has its seat.

4. Notwithstanding the provisions of paragraphs 1, 2 and 3:

- (a) Article 23 of Regulation (EC) No 44/2001 shall apply if the parties agree that a different Community trade mark court shall have jurisdiction;
- (b) Article 24 of Regulation (EC) No 44/2001 shall apply if the defendant enters an appearance before a different Community trade mark court.

5. Proceedings in respect of the actions and claims referred to in Article 96, with the exception of actions for a declaration of non-infringement of a Community trade mark, may also be brought in the courts of the Member State in which the act of infringement has been committed or threatened, or in which an act within the meaning of Article 9(3), second sentence, has been committed.

#### Article 98

##### Extent of jurisdiction

1. A Community trade mark court whose jurisdiction is based on Article 97(1) to (4) shall have jurisdiction in respect of:

- (a) acts of infringement committed or threatened within the territory of any of the Member States;
- (b) acts within the meaning of Article 9(3), second sentence, committed within the territory of any of the Member States.

2. A Community trade mark court whose jurisdiction is based on Article 97(5) shall have jurisdiction only in respect of acts committed or threatened within the territory of the Member State in which that court is situated.

#### Article 99

##### Presumption of validity — Defence as to the merits

1. The Community trade mark courts shall treat the Community trade mark as valid unless its validity is put in issue by the defendant with a counterclaim for revocation or for a declaration of invalidity.

2. The validity of a Community trade mark may not be put in issue in an action for a declaration of non-infringement.

3. In the actions referred to in Article 96(a) and (c) a plea relating to revocation or invalidity of the Community trade mark submitted otherwise than by way of a counterclaim shall be

admissible in so far as the defendant claims that the rights of the proprietor of the Community trade mark could be revoked for lack of use or that the Community trade mark could be declared invalid on account of an earlier right of the defendant.

#### Article 100

##### Counterclaims

1. A counterclaim for revocation or for a declaration of invalidity may only be based on the grounds for revocation or invalidity mentioned in this Regulation.

2. A Community trade mark court shall reject a counterclaim for revocation or for a declaration of invalidity if a decision taken by the Office relating to the same subject matter and cause of action and involving the same parties has already become final.

3. If the counterclaim is brought in a legal action to which the proprietor of the trade mark is not already a party, he shall be informed thereof and may be joined as a party to the action in accordance with the conditions set out in national law.

4. The Community trade mark court with which a counterclaim for revocation or for a declaration of invalidity of the Community trade mark has been filed shall inform the Office of the date on which the counterclaim was filed. The latter shall record this fact in the Register of Community trade marks.

5. Article 57(2) to (5) shall apply.

6. Where a Community trade mark court has given a judgment which has become final on a counterclaim for revocation or for invalidity of a Community trade mark, a copy of the judgment shall be sent to the Office. Any party may request information about such transmission. The Office shall mention the judgment in the Register of Community trade marks in accordance with the provisions of the Implementing Regulation.

7. The Community trade mark court hearing a counterclaim for revocation or for a declaration of invalidity may stay the proceedings on application by the proprietor of the Community trade mark and after hearing the other parties and may request the defendant to submit an application for revocation or for a declaration of invalidity to the Office within a time limit which it shall determine. If the application is not made within the time limit, the proceedings shall continue; the counterclaim shall be deemed withdrawn. Article 104(3) shall apply.

#### Article 101

##### Applicable law

1. The Community trade mark courts shall apply the provisions of this Regulation.

2. On all matters not covered by this Regulation a Community trade mark court shall apply its national law, including its private international law.

3. Unless otherwise provided in this Regulation, a Community trade mark court shall apply the rules of procedure governing the same type of action relating to a national trade mark in the Member State in which the court is located.

#### Article 102

##### Sanctions

1. Where a Community trade mark court finds that the defendant has infringed or threatened to infringe a Community trade mark, it shall, unless there are special reasons for not doing so, issue an order prohibiting the defendant from proceeding with the acts which infringed or would infringe the Community trade mark. It shall also take such measures in accordance with its national law as are aimed at ensuring that this prohibition is complied with.

2. In all other respects the Community trade mark court shall apply the law of the Member State in which the acts of infringement or threatened infringement were committed, including the private international law.

#### Article 103

##### Provisional and protective measures

1. Application may be made to the courts of a Member State, including Community trade mark courts, for such provisional, including protective, measures in respect of a Community trade mark or Community trade mark application as may be available under the law of that State in respect of a national trade mark, even if, under this Regulation, a Community trade mark court of another Member State has jurisdiction as to the substance of the matter.

2. A Community trade mark court whose jurisdiction is based on Article 97(1), (2), (3) or (4) shall have jurisdiction to grant provisional and protective measures which, subject to any necessary procedure for recognition and enforcement pursuant to Title III of Regulation (EC) No 44/2001, are applicable in the territory of any Member State. No other court shall have such jurisdiction.

#### Article 104

##### Specific rules on related actions

1. A Community trade mark court hearing an action referred to in Article 96, other than an action for a declaration of non-infringement shall, unless there are special grounds for continuing the hearing, of its own motion after hearing the parties or at the request of one of the parties and after hearing the other parties, stay the proceedings where the validity of the Community trade mark is already in issue before another Community trade mark court on account of a counterclaim or where an application for revocation or for a declaration of invalidity has already been filed at the Office.

2. The Office, when hearing an application for revocation or for a declaration of invalidity shall, unless there are special grounds for continuing the hearing, of its own motion after

hearing the parties or at the request of one of the parties and after hearing the other parties, stay the proceedings where the validity of the Community trade mark is already in issue on account of a counterclaim before a Community trade mark court. However, if one of the parties to the proceedings before the Community trade mark court so requests, the court may, after hearing the other parties to these proceedings, stay the proceedings. The Office shall in this instance continue the proceedings pending before it.

3. Where the Community trade mark court stays the proceedings it may order provisional and protective measures for the duration of the stay.

#### Article 105

##### Jurisdiction of Community trade mark courts of second instance — Further appeal

1. An appeal to the Community trade mark courts of second instance shall lie from judgments of the Community trade mark courts of first instance in respect of proceedings arising from the actions and claims referred to in Article 96.

2. The conditions under which an appeal may be lodged with a Community trade mark court of second instance shall be determined by the national law of the Member State in which that court is located.

3. The national rules concerning further appeal shall be applicable in respect of judgments of Community trade mark courts of second instance.

#### SECTION 3

##### Other disputes concerning Community trade marks

#### Article 106

##### Supplementary provisions on the jurisdiction of national courts other than Community trade mark courts

1. Within the Member State whose courts have jurisdiction under Article 94(1) those courts shall have jurisdiction for actions other than those referred to in Article 96, which would have jurisdiction *ratione loci* and *ratione materiae* in the case of actions relating to a national trade mark registered in that State.

2. Actions relating to a Community trade mark, other than those referred to in Article 96, for which no court has jurisdiction under Article 94(1) and paragraph 1 of this Article may be heard before the courts of the Member State in which the Office has its seat.

#### Article 107

##### Obligation of the national court

A national court which is dealing with an action relating to a Community trade mark, other than the action referred to in Article 96, shall treat the trade mark as valid.

## SECTION 4

**Transitional provision**

## Article 108

**Transitional provision relating to the application of the Convention on Jurisdiction and Enforcement**

The provisions of Regulation (EC) No 44/2001 which are rendered applicable by the preceding Articles shall have effect in respect of any Member State solely in the text of the Regulation which is in force in respect of that State at any given time.

## TITLE XI

**EFFECTS ON THE LAWS OF THE MEMBER STATES**

## SECTION 1

**Civil actions on the basis of more than one trade mark**

## Article 109

**Simultaneous and successive civil actions on the basis of Community trade marks and national trade marks**

1. Where actions for infringement involving the same cause of action and between the same parties are brought in the courts of different Member States, one seized on the basis of a Community trade mark and the other seized on the basis of a national trade mark:

- (a) the court other than the court first seized shall of its own motion decline jurisdiction in favour of that court where the trade marks concerned are identical and valid for identical goods or services. The court which would be required to decline jurisdiction may stay its proceedings if the jurisdiction of the other court is contested;
- (b) the court other than the court first seized may stay its proceedings where the trade marks concerned are identical and valid for similar goods or services and where the trade marks concerned are similar and valid for identical or similar goods or services.

2. The court hearing an action for infringement on the basis of a Community trade mark shall reject the action if a final judgment on the merits has been given on the same cause of action and between the same parties on the basis of an identical national trade mark valid for identical goods or services.

3. The court hearing an action for infringement on the basis of a national trade mark shall reject the action if a final judgment on the merits has been given on the same cause of action and between the same parties on the basis of an identical Community trade mark valid for identical goods or services.

4. Paragraphs 1, 2 and 3 shall not apply in respect of provisional, including protective, measures.

## SECTION 2

**Application of national laws for the purpose of prohibiting the use of Community trade marks**

## Article 110

**Prohibition of use of Community trade marks**

1. This Regulation shall, unless otherwise provided for, not affect the right existing under the laws of the Member States to invoke claims for infringement of earlier rights within the meaning of Article 8 or Article 53(2) in relation to the use of a later Community trade mark. Claims for infringement of earlier rights within the meaning of Article 8(2) and (4) may, however, no longer be invoked if the proprietor of the earlier right may no longer apply for a declaration that the Community trade mark is invalid in accordance with Article 54(2).

2. This Regulation shall, unless otherwise provided for, not affect the right to bring proceedings under the civil, administrative or criminal law of a Member State or under provisions of Community law for the purpose of prohibiting the use of a Community trade mark to the extent that the use of a national trade mark may be prohibited under the law of that Member State or under Community law.

## Article 111

**Prior rights applicable to particular localities**

1. The proprietor of an earlier right which only applies to a particular locality may oppose the use of the Community trade mark in the territory where his right is protected in so far as the law of the Member State concerned so permits.

2. Paragraph 1 shall cease to apply if the proprietor of the earlier right has acquiesced in the use of the Community trade mark in the territory where his right is protected for a period of five successive years, being aware of such use, unless the Community trade mark was applied for in bad faith.

3. The proprietor of the Community trade mark shall not be entitled to oppose use of the right referred to in paragraph 1 even though that right may no longer be invoked against the Community trade mark.

## SECTION 3

**Conversion into a national trade mark application**

## Article 112

**Request for the application of national procedure**

1. The applicant for or proprietor of a Community trade mark may request the conversion of his Community trade mark application or Community trade mark into a national trade mark application:

- (a) to the extent that the Community trade mark application is refused, withdrawn, or deemed to be withdrawn;
- (b) to the extent that the Community trade mark ceases to have effect.
2. Conversion shall not take place:
- (a) where the rights of the proprietor of the Community trade mark have been revoked on the grounds of non-use, unless in the Member State for which conversion is requested the Community trade mark has been put to use which would be considered to be genuine use under the laws of that Member State;
- (b) for the purpose of protection in a Member State in which, in accordance with the decision of the Office or of the national court, grounds for refusal of registration or grounds for revocation or invalidity apply to the Community trade mark application or Community trade mark.
3. The national trade mark application resulting from the conversion of a Community trade mark application or a Community trade mark shall enjoy in respect of the Member State concerned the date of filing or the date of priority of that application or trade mark and, where appropriate, the seniority of a trade mark of that State claimed under Articles 34 or 35.
4. In cases where a Community trade mark application is deemed to be withdrawn, the Office shall send to the applicant a communication fixing a period of three months from the date of that communication in which a request for conversion may be filed.
5. Where the Community trade mark application is withdrawn or the Community trade mark ceases to have effect as a result of a surrender being recorded or of failure to renew the registration, the request for conversion shall be filed within three months after the date on which the Community trade mark application has been withdrawn or on which the Community trade mark ceases to have effect.
6. Where the Community trade mark application is refused by decision of the Office or where the Community trade mark ceases to have effect as a result of a decision of the Office or of a Community trade mark court, the request for conversion shall be filed within three months after the date on which that decision acquired the authority of a final decision.
7. The effect referred to in Article 32 shall lapse if the request is not filed in due time.

*Article 113*

**Submission, publication and transmission of the request for conversion**

1. A request for conversion shall be filed with the Office and shall specify the Member States in which application of the procedure for registration of a national trade mark is desired. The request shall not be deemed to be filed until the conversion fee has been paid.

2. If the Community trade mark application has been published, receipt of any such request shall be recorded in the Register of Community trade marks and the request for conversion shall be published.

3. The Office shall check whether the conversion requested fulfils the conditions set out in this Regulation, in particular Article 112(1), (2), (4), (5) and (6), and paragraph 1 of this Article, together with the formal conditions laid down in the Implementing Regulation. If these conditions are fulfilled, the Office shall transmit the request for conversion to the industrial property offices of the Member States specified therein.

*Article 114*

**Formal requirements for conversion**

1. Any central industrial property office to which the request for conversion is transmitted may obtain from the Office any additional information concerning the request enabling that office to make a decision regarding the national trade mark resulting from the conversion.

2. A Community trade mark application or a Community trade mark transmitted in accordance with Article 113 shall not be subjected to formal requirements of national law which are different from or additional to those provided for in this Regulation or in the Implementing Regulation.

3. Any central industrial property office to which the request is transmitted may require that the applicant shall, within not less than two months:

- (a) pay the national application fee;
- (b) file a translation in one of the official languages of the State in question of the request and of the documents accompanying it;
- (c) indicate an address for service in the State in question;
- (d) supply a representation of the trade mark in the number of copies specified by the State in question.

TITLE XII

**THE OFFICE**

SECTION 1

**General provisions**

*Article 115*

**Legal status**

1. The Office shall be a body of the Community. It shall have legal personality.

2. In each of the Member States the Office shall enjoy the most extensive legal capacity accorded to legal persons under their laws; it may, in particular, acquire or dispose of movable and immovable property and may be a party to legal proceedings.

3. The Office shall be represented by its President.

#### Article 116

##### Staff

1. The Staff Regulations of officials of the European Communities, hereinafter referred to as 'the Staff Regulations', the Conditions of Employment of other servants of the European Communities, and the rules adopted by agreement between the Institutions of the European Communities for giving effect to those Staff Regulations and Conditions of Employment shall apply to the staff of the Office, without prejudice to the application of Article 136 to the members of the Boards of Appeal.

2. Without prejudice to Article 125, the powers conferred on each Institution by the Staff Regulations and by the Conditions of Employment of other servants shall be exercised by the Office in respect of its staff.

#### Article 117

##### Privileges and immunities

The Protocol on the Privileges and Immunities of the European Communities shall apply to the Office.

#### Article 118

##### Liability

1. The contractual liability of the Office shall be governed by the law applicable to the contract in question.

2. The Court of Justice shall be competent to give judgment pursuant to any arbitration clause contained in a contract concluded by the Office.

3. In the case of non-contractual liability, the Office shall, in accordance with the general principles common to the laws of the Member States, make good any damage caused by its departments or by its servants in the performance of their duties.

4. The Court of Justice shall have jurisdiction in disputes relating to compensation for the damage referred to in paragraph 3.

5. The personal liability of its servants towards the Office shall be governed by the provisions laid down in their Staff Regulations or in the Conditions of Employment applicable to them.

#### Article 119

##### Languages

1. The application for a Community trade mark shall be filed in one of the official languages of the European Community.

2. The languages of the Office shall be English, French, German, Italian and Spanish.

3. The applicant must indicate a second language which shall be a language of the Office the use of which he accepts as a possible language of proceedings for opposition, revocation or invalidity proceedings.

If the application was filed in a language which is not one of the languages of the Office, the Office shall arrange to have the application, as described in Article 26(1), translated into the language indicated by the applicant.

4. Where the applicant for a Community trade mark is the sole party to proceedings before the Office, the language of proceedings shall be the language used for filing the application for a Community trade mark. If the application was made in a language other than the languages of the Office, the Office may send written communications to the applicant in the second language indicated by the applicant in his application.

5. The notice of opposition and an application for revocation or invalidity shall be filed in one of the languages of the Office.

6. If the language chosen, in accordance with paragraph 5, for the notice of opposition or the application for revocation or invalidity is the language of the application for a trade mark or the second language indicated when the application was filed, that language shall be the language of the proceedings.

If the language chosen, in accordance with paragraph 5, for the notice of opposition or the application for revocation or invalidity is neither the language of the application for a trade mark nor the second language indicated when the application was filed, the opposing party or the party seeking revocation or invalidity shall be required to produce, at his own expense, a translation of his application either into the language of the application for a trade mark, provided that it is a language of the Office, or into the second language indicated when the application was filed. The translation shall be produced within the period prescribed in the Implementing Regulation. The language into which the application has been translated shall then become the language of the proceedings.

7. Parties to opposition, revocation, invalidity or appeal proceedings may agree that a different official language of the European Community is to be the language of the proceedings.

#### Article 120

##### Publication and entries in the Register

1. An application for a Community trade mark, as described in Article 26(1), and all other information the publication of which is prescribed by this Regulation or the Implementing Regulation, shall be published in all the official languages of the European Community.

2. All entries in the Register of Community trade marks shall be made in all the official languages of the European Community.

3. In cases of doubt, the text in the language of the Office in which the application for the Community trade mark was filed shall be authentic. If the application was filed in an official language of the European Community other than one of the languages of the Office, the text in the second language indicated by the applicant shall be authentic.

*Article 121*

The translation services required for the functioning of the Office shall be provided by the Translation Centre for the Bodies of the European Union.

*Article 122***Control of legality**

1. The Commission shall check the legality of those acts of the President of the Office in respect of which Community law does not provide for any check on legality by another body and of acts of the Budget Committee attached to the Office pursuant to Article 138.

2. It shall require that any unlawful acts as referred to in paragraph 1 be altered or annulled.

3. Member States and any person directly and individually concerned may refer to the Commission any act as referred to in paragraph 1, whether express or implied, for the Commission to examine the legality of that act. Referral shall be made to the Commission within one month of the day on which the party concerned first became aware of the act in question. The Commission shall take a decision within three months. If no decision has been taken within this period, the case shall be deemed to have been dismissed.

*Article 123***Access to documents**

1. Regulation (EC) No 1049/2001 of the European Parliament and of the Council of 30 May 2001 regarding public access to European Parliament, Council and Commission documents <sup>(1)</sup> shall apply to documents held by the Office.

2. The Administrative Board shall adopt the practical arrangements for Implementing Regulation (EC) No 1049/2001 with regard to this Regulation.

3. Decisions taken by the Office pursuant to Article 8 of Regulation (EC) No 1049/2001 may give rise to the lodging of a complaint to the Ombudsman or form the subject of an action before the Court of Justice, under the conditions laid down in Articles 195 and 230 of the Treaty respectively.

## SECTION 2

**Management of the Office***Article 124***Powers of the President**

1. The Office shall be managed by the President.

<sup>(1)</sup> OJ L 145, 31.5.2001, p. 43.

2. To this end the President shall have in particular the following functions and powers:

- (a) he shall take all necessary steps, including the adoption of internal administrative instructions and the publication of notices, to ensure the functioning of the Office;
- (b) he may place before the Commission any proposal to amend this Regulation, the Implementing Regulation, the rules of procedure of the Boards of Appeal, the fees regulations and any other rules applying to Community trade marks after consulting the Administrative Board and, in the case of the fees regulations and the budgetary provisions of this Regulation, the Budget Committee;
- (c) he shall draw up the estimates of the revenue and expenditure of the Office and shall implement the budget;
- (d) he shall submit a management report to the Commission, the European Parliament and the Administrative Board each year;
- (e) he shall exercise in respect of the staff the powers laid down in Article 116(2);
- (f) he may delegate his powers.

3. The President shall be assisted by one or more Vice-Presidents. If the President is absent or indisposed, the Vice-President or one of the Vice-Presidents shall take his place in accordance with the procedure laid down by the Administrative Board.

*Article 125***Appointment of senior officials**

1. The President of the Office shall be appointed by the Council from a list of at most three candidates, which shall be prepared by the Administrative Board. Power to dismiss the President shall lie with the Council, acting on a proposal from the Administrative Board.

2. The term of office of the President shall not exceed five years. This term of office shall be renewable.

3. The Vice-President or Vice-Presidents of the Office shall be appointed or dismissed as in paragraph 1, after consultation of the President.

4. The Council shall exercise disciplinary authority over the officials referred to in paragraphs 1 and 3.



## SECTION 3

**Administrative Board**

## Article 126

**Creation and powers**

1. An Administrative Board is hereby set up, attached to the Office. Without prejudice to the powers attributed to the Budget Committee in Section 5 — budget and financial control — the Administrative Board shall have the powers defined below.
2. The Administrative Board shall draw up the lists of candidates provided for in Article 125.
3. It shall advise the President on matters for which the Office is responsible.
4. It shall be consulted before adoption of the guidelines for examination in the Office and in the other cases provided for in this Regulation.
5. It may deliver opinions and requests for information to the President and to the Commission where it considers that this is necessary.

## Article 127

**Composition**

1. The Administrative Board shall be composed of one representative of each Member State and one representative of the Commission and their alternates.
2. The members of the Administrative Board may, subject to the provisions of its rules of procedure, be assisted by advisers or experts.

## Article 128

**Chairmanship**

1. The Administrative Board shall elect a chairman and a deputy chairman from among its members. The deputy chairman shall *ex officio* replace the chairman in the event of his being prevented from attending to his duties.
2. The duration of the terms of office of the chairman and the deputy chairman shall be three years. The terms of office shall be renewable.

## Article 129

**Meetings**

1. Meetings of the Administrative Board shall be convened by its chairman.
2. The President of the Office shall take part in the deliberations, unless the Administrative Board decides otherwise.
3. The Administrative Board shall hold an ordinary meeting once a year; in addition, it shall meet on the initiative of its

chairman or at the request of the Commission or of one-third of the Member States.

4. The Administrative Board shall adopt rules of procedure.
5. The Administrative Board shall take its decisions by a simple majority of the representatives of the Member States. However, a majority of three-quarters of the representatives of the Member States shall be required for the decisions which the Administrative Board is empowered to take under Article 125(1) and (3). In both cases each Member State shall have one vote.
6. The Administrative Board may invite observers to attend its meetings.
7. The Secretariat for the Administrative Board shall be provided by the Office.

## SECTION 4

**Implementation of procedures**

## Article 130

**Competence**

For taking decisions in connection with the procedures laid down in this Regulation, the following shall be competent:

- (a) examiners;
- (b) Opposition Divisions;
- (c) an Administration of Trade Marks and Legal Division;
- (d) Cancellation Divisions;
- (e) Boards of Appeal.

## Article 131

**Examiners**

An examiner shall be responsible for taking decisions on behalf of the Office in relation to an application for registration of a Community trade mark, including the matters referred to in Articles 36, 37 and 68, except in so far as an Opposition Division is responsible.

## Article 132

**Opposition Divisions**

1. An Opposition Division shall be responsible for taking decisions on an opposition to an application to register a Community trade mark.
2. The decisions of the Opposition Divisions shall be taken by three-member groups. At least one member shall be legally qualified. In certain specific cases provided for in the Implementing Regulation, the decisions shall be taken by a single member.

## Article 133

**Administration of Trade Marks and Legal Division**

1. The Administration of Trade Marks and Legal Division shall be responsible for those decisions required by this Regulation which do not fall within the competence of an examiner, an Opposition Division or a Cancellation Division. It shall in particular be responsible for decisions in respect of entries in the Register of Community trade marks.
2. It shall also be responsible for keeping the list of professional representatives which is referred to in Article 93.
3. A decision of the Division shall be taken by one member.

## Article 134

**Cancellation Divisions**

1. A Cancellation Division shall be responsible for taking decisions in relation to an application for the revocation or declaration of invalidity of a Community trade mark.
2. The decisions of the Cancellation Divisions shall be taken by three-member groups. At least one member shall be legally qualified. In certain specific cases provided for in the Implementing Regulation, the decisions shall be taken by a single member.

## Article 135

**Boards of Appeal**

1. The Boards of Appeal shall be responsible for deciding on appeals from decisions of the examiners, Opposition Divisions, Administration of Trade Marks and Legal Division and Cancellation Divisions.
2. The decisions of the Boards of Appeal shall be taken by three members, at least two of whom are legally qualified. In certain specific cases, decisions shall be taken by an enlarged Board chaired by the President of the Boards of Appeal or by a single member, who must be legally qualified.
3. In order to determine the special cases which fall under the jurisdiction of the enlarged Board, account should be taken of the legal difficulty or the importance of the case or of special circumstances which justify it. Such cases may be referred to the enlarged Board:
  - (a) by the authority of the Boards of Appeal set up in accordance with the rules of procedure of the Boards referred to in Article 162(3); or
  - (b) by the Board handling the case.

4. The composition of the enlarged Board and the rules on referrals to it shall be laid down pursuant to the rules of procedure of the Boards referred to in Article 162(3).

5. To determine which specific cases fall under the authority of a single member, account should be taken of the lack of difficulty of the legal or factual matters raised, the limited importance of the individual case or the absence of other specific circumstances. The decision to confer a case on one member in the cases referred to shall be adopted by the Board handling the case. Further details shall be laid down in the rules of procedure of the Boards referred to in Article 162(3).

## Article 136

**Independence of the members of the Boards of Appeal**

1. The President of the Boards of Appeal and the chairmen of the Boards shall be appointed, in accordance with the procedure laid down in Article 125 for the appointment of the President of the Office, for a term of five years. They may not be removed from office during this term, unless there are serious grounds for such removal and the Court of Justice, on application by the institution which appointed them, takes a decision to this effect. The term of office of the President of the Boards of Appeal and the chairmen of the Boards may be renewed for additional five-year periods, or until retirement age if this age is reached during the new term of office.

The President of the Boards of Appeal shall, *inter alia*, have managerial and organisational powers, principally to:

- (a) chair the authority of the Boards of Appeal responsible for laying down the rules and organising the work of the Boards, which authority is provided for in the rules of procedure of the Boards referred to in Article 162(3);
- (b) ensure the implementation of the authority's decisions;
- (c) allocate cases to a Board on the basis of objective criteria determined by the authority of the Boards of Appeal;
- (d) forward to the President of the Office the Boards' expenditure requirements, with a view to drawing up the expenditure estimates.

The President of the Boards of Appeal shall chair the enlarged Board.

Further details shall be laid down in the rules of procedure of the Boards referred to in Article 162(3).

2. The members of the Boards of Appeal shall be appointed by the Administrative Board for a term of five years. Their term of office may be renewed for additional five-year periods, or until retirement age if that age is reached during the new term of office.

3. The members of the Boards of Appeal may not be removed from office unless there are serious grounds for such removal and the Court of Justice, after the case has been referred to it by the Administrative Board on the recommendation of the President of the Boards of Appeal, after consulting the chairman of the Board to which the member concerned belongs, takes a decision to this effect.

4. The President of the Boards of Appeal and the chairmen and members of the Boards of Appeal shall be independent. In their decisions they shall not be bound by any instructions.

5. The President of the Boards of Appeal and the chairmen and members of the Boards of Appeal may not be examiners or members of the Opposition Divisions, Administration of Trade Marks and Legal Division or Cancellation Divisions.

#### Article 137

### Exclusion and objection

1. Examiners and members of the Divisions set up within the Office or of the Boards of Appeal may not take part in any proceedings if they have any personal interest therein, or if they have previously been involved as representatives of one of the parties. Two of the three members of an Opposition Division shall not have taken part in examining the application. Members of the Cancellation Divisions may not take part in any proceedings if they have participated in the final decision on the case in the proceedings for registration or opposition proceedings. Members of the Boards of Appeal may not take part in appeal proceedings if they participated in the decision under appeal.

2. If, for one of the reasons mentioned in paragraph 1 or for any other reason, a member of a Division or of a Board of Appeal considers that he should not take part in any proceedings, he shall inform the Division or Board accordingly.

3. Examiners and members of the Divisions or of a Board of Appeal may be objected to by any party for one of the reasons mentioned in paragraph 1, or if suspected of partiality. An objection shall not be admissible if, while being aware of a reason for objection, the party has taken a procedural step. No objection may be based upon the nationality of examiners or members.

4. The Divisions and the Boards of Appeal shall decide as to the action to be taken in the cases specified in paragraphs 2 and 3 without the participation of the member concerned. For the purposes of taking this decision the member who withdraws or has been objected to shall be replaced in the Division or Board of Appeal by his alternate.

#### SECTION 5

### Budget and financial control

#### Article 138

### Budget Committee

1. A Budget Committee is hereby set up, attached to the Office. The Budget Committee shall have the powers assigned to it in this Section and in Article 38(4).

2. Articles 126(6), 127, 128 and 129(1) to (4), (6) and (7) shall apply to the Budget Committee *mutatis mutandis*.

3. The Budget Committee shall take its decisions by a simple majority of the representatives of the Member States. However, a majority of three-quarters of the representatives of the Member States shall be required for the decisions which the Budget Committee is empowered to take under Articles 38(4), 140(3) and 143. In both cases each Member State shall have one vote.

#### Article 139

### Budget

1. Estimates of all the Office's revenue and expenditure shall be prepared for each financial year and shall be shown in the Office's budget, and each financial year shall correspond with the calendar year.

2. The revenue and expenditure shown in the budget shall be in balance.

3. Revenue shall comprise, without prejudice to other types of income, total fees payable under the fees regulations, total fees payable under the Madrid Protocol referred to in Article 140 of this Regulation for an international registration designating the European Community and other payments made to Contracting Parties to the Madrid Protocol, total fees payable under the Geneva Act referred to in Article 106c of Council Regulation (EC) No 6/2002 of 12 December 2001 on Community designs<sup>(1)</sup> for an international registration designating the European Community and other payments made to Contracting Parties to the Geneva Act, and, to the extent necessary, a subsidy entered against a specific heading of the general budget of the European Communities, Commission section.

#### Article 140

### Preparation of the budget

1. The President shall draw up each year an estimate of the Office's revenue and expenditure for the following year and shall send it to the Budget Committee not later than 31 March in each year, together with a list of posts.

<sup>(1)</sup> OJ L 3, 5.1.2002, p. 1.

2. Should the budget estimates provide for a Community subsidy, the Budget Committee shall immediately forward the estimate to the Commission, which shall forward it to the budget authority of the Communities. The Commission may attach an opinion on the estimate along with an alternative estimate.

3. The Budget Committee shall adopt the budget, which shall include the Office's list of posts. Should the budget estimates contain a subsidy from the general budget of the Communities, the Office's budget shall, if necessary, be adjusted.

#### Article 141

### **Audit and control**

1. An internal audit function shall be set up within the Office, to be performed in compliance with the relevant international standards. The internal auditor, appointed by the President, shall be responsible to him for verifying the proper operation of budget implementation systems and procedures of the Office.

2. The internal auditor shall advise the President on dealing with risks, by issuing independent opinions on the quality of management and control systems and by issuing recommendations for improving the conditions of implementation of operations and promoting sound financial management.

3. The responsibility for putting in place internal control systems and procedures suitable for carrying out his tasks shall lie with the authorising officer.

#### Article 142

### **Auditing of accounts**

1. Not later than 31 March in each year the President shall transmit to the Commission, the European Parliament, the Budget Committee and the Court of Auditors accounts of the Office's total revenue and expenditure for the preceding financial year. The Court of Auditors shall examine them in accordance with Article 248 of the Treaty.

2. The Budget Committee shall give a discharge to the President of the Office in respect of the implementation of the budget.

#### Article 143

### **Financial provisions**

The Budget Committee shall, after consulting the Court of Auditors of the European Communities and the Commission, adopt internal financial provisions specifying, in particular, the procedure for establishing and implementing the Office's budget. As far as is compatible with the particular nature of the Office, the financial provisions shall be based on the financial regulations adopted for other bodies set up by the Community.

#### Article 144

### **Fees regulations**

1. The fees regulations shall determine in particular the amounts of the fees and the ways in which they are to be paid.

2. The amounts of the fees shall be fixed at such a level as to ensure that the revenue in respect thereof is in principle sufficient for the budget of the Office to be balanced.

3. The fees regulations shall be adopted and amended in accordance with the procedure referred to in Article 163(2).

#### TITLE XIII

### **INTERNATIONAL REGISTRATION OF MARKS**

#### SECTION I

### **General provisions**

#### Article 145

### **Application of provisions**

Unless otherwise specified in this title, this Regulation and its Implementing Regulations shall apply to applications for international registrations under the Protocol relating to the Madrid Agreement concerning the international registration of marks, adopted at Madrid on 27 June 1989 (hereafter referred to as 'international applications' and 'the Madrid Protocol' respectively), based on an application for a Community trade mark or on a Community trade mark and to registrations of marks in the international register maintained by the International Bureau of the World Intellectual Property Organisation (hereafter referred to as 'international registrations' and 'the International Bureau', respectively) designating the European Community.

#### SECTION 2

### **International registration on the basis of applications for a Community trade mark and of Community trade marks**

#### Article 146

### **Filing of an international application**

1. International applications pursuant to Article 3 of the Madrid Protocol based on an application for a Community trade mark or on a Community trade mark shall be filed at the Office.

2. Where an international application is filed before the mark on which the international registration is to be based has been registered as a Community trade mark, the applicant for the international registration must indicate whether the international registration is to be based on a Community trade mark application or registration. Where the international registration is to be based on a Community trade mark once it is registered,

the international application shall be deemed to have been received at the Office on the date of registration of the Community trade mark.

#### Article 147

### Form and contents of the international application

1. The international application shall be filed in one of the official languages of the European Community, using a form provided by the Office. Unless otherwise specified by the applicant on that form when he files the international application, the Office shall correspond with the applicant in the language of filing in a standard form.

2. If the international application is filed in a language which is not one of the languages allowed under the Madrid Protocol, the applicant must indicate a second language from among those languages. This shall be the language in which the Office submits the international application to the International Bureau.

3. Where the international application is filed in a language other than one of the languages allowed under the Madrid Protocol for the filing of international applications, the applicant may provide a translation of the list of goods or services in the language in which the international application is to be submitted to the International Bureau pursuant to paragraph 2.

4. The Office shall forward the international application to the International Bureau as soon as possible.

5. The filing of an international application shall be subject to the payment of a fee to the Office. In the cases referred to in the second sentence of Article 146(2), the fee shall be due on the date of registration of the Community trade mark. The application shall be deemed not to have been filed until the required fee has been paid.

6. The international application must fulfil the relevant conditions laid down in the Implementing Regulation.

#### Article 148

### Recordal in the files and in the Register

1. The date and number of an international registration based on a Community trade mark application, shall be recorded in the files of that application. When the application results in a Community trade mark, the date and number of the international registration shall be entered in the Register.

2. The date and number of an international registration based on a Community trade mark shall be entered in the Register.

#### Article 149

### Request for territorial extension subsequent to the international registration

A request for territorial extension made subsequent to the international registration pursuant to Article 3ter(2) of the Madrid Protocol may be filed through the intermediary of the Office. The request must be filed in the language in which the international application was filed pursuant to Article 147.

#### Article 150

### International fees

Any fees payable to the International Bureau under the Madrid Protocol shall be paid direct to the International Bureau.

#### SECTION 3

### International registrations designating the European Community

#### Article 151

### Effects of international registrations designating the European Community

1. An international registration designating the European Community shall, from the date of its registration pursuant to Article 3(4) of the Madrid Protocol or from the date of the subsequent designation of the European Community pursuant to Article 3ter(2) of the Madrid Protocol, have the same effect as an application for a Community trade mark.

2. If no refusal has been notified in accordance with Article 5(1) and (2) of the Madrid Protocol or if any such refusal has been withdrawn, the international registration of a mark designating the European Community shall, from the date referred to in paragraph 1, have the same effect as the registration of a mark as a Community trade mark.

3. For the purposes of applying Article 9(3), publication of the particulars of the international registration designating the European Community pursuant to Article 152(1) shall take the place of publication of a Community trade mark application, and publication pursuant to Article 152(2) shall take the place of publication of the registration of a Community trade mark.

#### Article 152

### Publication

1. The Office shall publish the date of registration of a mark designating the European Community pursuant to Article 3(4) of the Madrid Protocol or the date of the subsequent designation of the European Community pursuant to Article 3ter(2) of the Madrid Protocol, the language of filing of the international application and the second language indicated by the applicant,

the number of the international registration and the date of publication of such registration in the Gazette published by the International Bureau, a reproduction of the mark and the numbers of the classes of the goods or services in respect of which protection is claimed.

2. If no refusal of protection of an international registration designating the European Community has been notified in accordance with Article 5(1) and (2) of the Madrid Protocol or if any such refusal has been withdrawn, the Office shall publish this fact, together with the number of the international registration and, where applicable, the date of publication of such registration in the Gazette published by the International Bureau.

#### Article 153

##### Seniority

1. The applicant for an international registration designating the European Community may claim, in the international application, the seniority of an earlier trade mark registered in a Member State, including a trade mark registered in the Benelux countries, or registered under international arrangements having effect in a Member State, as provided for in Article 34.

2. The holder of an international registration designating the European Community may, as from the date of publication of the effects of such registration pursuant to Article 152(2), claim at the Office the seniority of an earlier trade mark registered in a Member State, including a trade mark registered in the Benelux countries, or registered under international arrangements having effect in a Member State, as provided for in Article 35. The Office shall notify the International Bureau accordingly.

#### Article 154

##### Examination as to absolute grounds for refusal

1. International registrations designating the European Community shall be subject to examination as to absolute grounds for refusal in the same way as applications for Community trade marks.

2. Protection of an international registration shall not be refused before the holder of the international registration has been allowed the opportunity to renounce or limit the protection in respect of the European Community or of submitting his observations.

3. Refusal of protection shall take the place of refusal of a Community trade mark application.

4. Where protection of an international registration is refused by a decision under this Article which has become final or where the holder of the international registration has renounced the protection in respect of the European Community pursuant to paragraph 2, the Office shall refund the holder of the international registration a part of the individual fee to be laid down in the Implementing Regulation.

#### Article 155

##### Search

1. Once the Office has received a notification of an international registration designating the European Community, it shall draw up a Community search report as provided for in Article 38(1).

2. As soon as the Office has received a notification of an international registration designating the European Community, the Office shall transmit a copy thereof to the central industrial property office of each Member State which has informed the Office of its decision to operate a search in its own register of trade marks as provided for in Article 38(2).

3. Article 38(3) to (6) shall apply *mutatis mutandis*.

4. The Office shall inform the proprietors of any earlier Community trade marks or Community trade mark applications cited in the Community search report of the publication of the international registration designating the European Community as provided for in Article 152(1).

#### Article 156

##### Opposition

1. International registration designating the European Community shall be subject to opposition in the same way as published Community trade mark applications.

2. Notice of opposition shall be filed within a period of three months which shall begin six months following the date of the publication pursuant to Article 152(1). The opposition shall not be treated as duly entered until the opposition fee has been paid.

3. Refusal of protection shall take the place of refusal of a Community trade mark application.

4. Where protection of an international registration is refused by a decision under this Article which has become final or where the holder of the international registration has renounced the protection in respect of the European Community prior to a decision under this Article which has become final, the Office shall refund the holder of the international registration a part of the individual fee to be laid down in the Implementing Regulation.

#### Article 157

##### Replacement of a Community trade mark by an international registration

The Office shall, upon request, enter a notice in the Register that a Community trade mark is deemed to have been replaced by an international registration in accordance with Article 4bis of the Madrid Protocol.

*Article 158***Invalidation of the effects of an international registration**

1. The effects of an international registration designating the European Community may be declared invalid.
2. The application for invalidation of the effects of an international registration designating the European Community shall take the place of an application for a declaration of revocation as provided for in Article 51 or for a declaration of invalidity as provided for in Article 52 or Article 53.

*Article 159***Conversion of a designation of the European Community through an international registration into a national trade mark application or into a designation of Member States**

1. Where a designation of the European Community through an international registration has been refused or ceases to have effect, the holder of the international registration may request the conversion of the designation of the European Community:
  - (a) into a national trade mark application pursuant to Articles 112, 113 and 114;
  - (b) into a designation of a Member State party to the Madrid Protocol or the Madrid Agreement concerning the international registration of marks, adopted at Madrid on 14 April 1891, as revised and amended (hereafter referred to as the 'Madrid Agreement'), provided that on the date when conversion was requested it was possible to have designated that Member State directly under the Madrid Protocol or the Madrid Agreement. Articles 112, 113 and 114 shall apply.
2. The national trade mark application or the designation of a Member State party to the Madrid Protocol or the Madrid Agreement resulting from the conversion of the designation of the European Community through an international registration shall enjoy, in respect of the Member State concerned, the date of the international registration pursuant to Article 3(4) of the Madrid Protocol or the date of the extension to the European Community pursuant to Article 3ter(2) of the Madrid Protocol if the latter was made subsequently to the international registration, or the date of priority of that registration and, where appropriate, the seniority of a trade mark of that State claimed under Article 153.
3. The request for conversion shall be published.

*Article 160***Use of a mark subject of an international registration**

For the purposes of applying Article 15(1), Article 42(2), Article 51(1)(a) and Article 57(2), the date of publication pursuant to Article 152(2) shall take the place of the date of registration for the purpose of establishing the date as from which the mark which is the subject of an international

registration designating the European Community must be put to genuine use in the Community.

*Article 161***Transformation**

1. Subject to paragraph 2, the provisions applicable to Community trade mark applications shall apply *mutatis mutandis* to applications for transformation of an international registration into a Community trade mark application pursuant to Article 9quinquies of the Madrid Protocol.
2. When the application for transformation relates to an international registration designating the European Community the particulars of which have been published pursuant to Article 152(2), Articles 37 to 42 shall not apply.

## TITLE XIV

## FINAL PROVISIONS

*Article 162***Community implementing provisions**

1. The rules implementing this Regulation shall be adopted in an Implementing Regulation.
2. In addition to the fees provided for in the preceding Articles, fees shall be charged, in accordance with the detailed rules of application laid down in the Implementing Regulation, in the cases listed below:
  - (a) late payment of the registration fee;
  - (b) issue of a copy of the certificate of registration;
  - (c) registration of a licence or another right in respect of a Community trade mark;
  - (d) registration of a licence or another right in respect of an application for a Community trade mark;
  - (e) cancellation of the registration of a licence or another right;
  - (f) alteration of a registered Community trade mark;
  - (g) issue of an extract from the Register;
  - (h) inspection of the files;
  - (i) issue of copies of file documents;
  - (j) issue of certified copies of the application;
  - (k) communication of information in a file;
  - (l) review of the determination of the procedural costs to be refunded.

3. The Implementing Regulation and the rules of procedure of the Boards of Appeal shall be adopted and amended in accordance with the procedure referred to in Article 163(2).

#### Article 163

##### **Establishment of a committee and procedure for the adoption of implementing regulations**

1. The Commission shall be assisted by a committee referred to as the 'Committee on Fees, Implementation Rules and the Procedure of the Boards of Appeal of the Office for Harmonisation in the Internal Market (trade marks and designs)'.

2. Where reference is made to this paragraph, Articles 5 and 7 of Decision 1999/468/EC shall apply.

The period laid down in Article 5(6) of Decision 1999/468/EC shall be set at three months.

#### Article 164

##### **Compatibility with other Community legal provisions**

This Regulation shall not affect Council Regulation (EC) No 510/2006, and in particular Article 14 thereof.

#### Article 165

##### **Provisions relating to the enlargement of the Community**

1. As from the date of accession of Bulgaria, the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Romania, Slovenia and Slovakia (hereinafter referred to as 'new Member State(s)'), a Community trade mark registered or applied for pursuant to this Regulation before the respective dates of accession shall be extended to the territory of those Member States in order to have equal effect throughout the Community.

2. The registration of a Community trade mark which is under application at the date of accession may not be refused on the basis of any of the absolute grounds for refusal listed in Article 7(1), if these grounds became applicable merely because of the accession of a new Member State.

3. Where an application for the registration of a Community trade mark has been filed during the six months prior to the date of accession, notice of opposition may be given pursuant to Article 41 where an earlier trade mark or another earlier right

within the meaning of Article 8 was acquired in a new Member State prior to accession, provided that it was acquired in good faith and that the filing date or, where applicable, the priority date or the date of acquisition in the new Member State of the earlier trade mark or other earlier right precedes the filing date or, where applicable, the priority date of the Community trade mark applied for.

4. A Community trade mark as referred to in paragraph 1 may not be declared invalid:

- (a) pursuant to Article 52 if the grounds for invalidity became applicable merely because of the accession of a new Member State;
- (b) pursuant to Article 53(1) and (2) if the earlier national right was registered, applied for or acquired in a new Member State prior to the date of accession.

5. The use of a Community trade mark as referred to in paragraph 1 may be prohibited pursuant to Articles 110 and 111, if the earlier trade mark or other earlier right was registered, applied for or acquired in good faith in the new Member State prior to the date of accession of that State; or, where applicable, has a priority date prior to the date of accession of that State.

#### Article 166

##### **Repeal**

Regulation (EC) No 40/94, as amended by the instruments set out in Annex I, is repealed.

References to the repealed Regulation shall be construed as references to this Regulation and shall be read in accordance with the correlation table in Annex II.

#### Article 167

##### **Entry into force**

1. This Regulation shall enter into force on the 20th day following its publication in the *Official Journal of the European Union*.

2. The Member States shall within three years following entry into force of Regulation (EC) No 40/94 take the necessary measures for the purpose of implementing Articles 95 and 114.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 26 February 2009.

For the Council

The President

I. LANGER



## ANNEX I

**Repealed Regulation with list of its successive amendments  
(referred to in Article 166)**

Council Regulation (EC) No 40/94

(OJ L 11, 14.1.1994, p. 1)

Council Regulation (EC) No 3288/94

(OJ L 349, 31.12.1994, p. 83)

Council Regulation (EC) No 807/2003

(OJ L 122, 16.5.2003, p. 36)

Only point 48 of Annex III

Council Regulation (EC) No 1653/2003

(OJ L 245, 29.9.2003, p. 36)

Council Regulation (EC) No 1992/2003

(OJ L 296, 14.11.2003, p. 1)

Council Regulation (EC) No 422/2004

(OJ L 70, 9.3.2004, p. 1)

Council Regulation (EC) No 1891/2006

(OJ L 386, 29.12.2006, p. 14)

Only Article 1

Annex II, Part 4 (C)(I) of the 2003 Act of Accession

(OJ L 236, 23.9.2003, p. 342)

Annex III, Point 1.I of the 2005 Act of Accession

(OJ L 157, 21.6.2005, p. 231)

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## ANNEX II

## Correlation Table

Regulation (EC) No 40/94	This Regulation
Articles 1 to 14	Articles 1 to 14
Article 15(1)	Article 15(1), first subparagraph
Article 15(2), introductory words	Article 15(1), second subparagraph, introductory words
Article 15(2), point a	Article 15(1), second subparagraph, point a
Article 15(2), point b	Article 15(1), second subparagraph, point b
Article 15(3)	Article 15(2)
Articles 16 to 36	Articles 16 to 36
Article 37	—
Article 38	Article 37
Article 39	Article 38
Article 40	Article 39
Article 41	Article 40
Article 42	Article 41
Article 43	Article 42
Article 44	Article 43
Article 44a	Article 44
Articles 45 to 48	Articles 45 to 48
Article 48a	Article 49
Article 49	Article 50
Article 50	Article 51
Article 51	Article 52
Article 52	Article 53
Article 53	Article 54
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Article 55	Article 56
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Article 57	Article 58
Article 58	Article 59
Article 59	Article 60
Article 60	Article 61
Article 60a	Article 62
Article 61	Article 63
Article 62	Article 64
Article 63	Article 65
Article 64	Article 66
Article 65	Article 67
Article 66	Article 68
Article 67	Article 69
Article 68	Article 70
Article 69	Article 71
Article 70	Article 72
Article 71	Article 73
Article 72	Article 74

Regulation (EC) No 40/94	This Regulation
Article 73	Article 75
Article 74	Article 76
Article 75	Article 77
Article 76	Article 78
Article 77	Article 79
Article 77a	Article 80
Article 78	Article 81
Article 78a	Article 82
Article 79	Article 83
Article 80	Article 84
Article 81	Article 85
Article 82	Article 86
Article 83	Article 87
Article 84	Article 88
Article 85	Article 89
Article 86	Article 90
Article 87	Article 91
Article 88	Article 92
Article 89	Article 93
Article 90	Article 94
Article 91	Article 95
Article 92	Article 96
Article 93	Article 97
Article 94(1), introductory wording	Article 98(1), introductory wording
Article 94(1), first indent	Article 98(1)(a)
Article 94(1), second indent	Article 98(1)(b)
Article 94(2)	Article 98(2)
Article 95	Article 99
Article 96	Article 100
Article 97	Article 101
Article 98	Article 102
Article 99	Article 103
Article 100	Article 104
Article 101	Article 105
Article 102	Article 106
Article 103	Article 107
Article 104	Article 108
Article 105	Article 109
Article 106	Article 110
Article 107	Article 111
Article 108	Article 112
Article 109	Article 113
Article 110	Article 114
Article 111	Article 115
Article 112	Article 116
Article 113	Article 117
Article 114	Article 118

Regulation (EC) No 40/94	This Regulation
Article 115	Article 119
Article 116	Article 120
Article 117	Article 121
Article 118	Article 122
Article 118a	Article 123
Article 119	Article 124
Article 120	Article 125
Article 121(1) and (2)	Article 126(1) and (2)
Article 121(3)	—
Article 121(4)	Article 126(3)
Article 121(5)	Article 126(4)
Article 121(6)	Article 126(5)
Article 122	Article 127
Article 123	Article 128
Article 124	Article 129
Article 125	Article 130
Article 126	Article 131
Article 127	Article 132
Article 128	Article 133
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Article 131	Article 136
Article 132	Article 137
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Article 136	Article 141
Article 137	Article 142
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Article 143	Article 148
Article 144	Article 149
Article 145	Article 150
Article 146	Article 151
Article 147	Article 152
Article 148	Article 153
Article 149	Article 154
Article 150	Article 155
Article 151	Article 156
Article 152	Article 157
Article 153	Article 158
Article 154	Article 159
Article 155	Article 160
Article 156	Article 161

Regulation (EC) No 40/94	This Regulation
Article 157(1)	Article 162(1)
Article 157(2), introductory wording	Article 162(2), introductory wording
Article 157(2)(2)	Article 162(2)(a)
Article 157(2)(3)	Article 162(2)(b)
Article 157(2)(5)	Article 162(2)(c)
Article 157(2)(6)	Article 162(2)(d)
Article 157(2)(7)	Article 162(2)(e)
Article 157(2)(8)	Article 162(2)(f)
Article 157(2)(9)	Article 162(2)(g)
Article 157(2)(10)	Article 162(2)(h)
Article 157(2)(11)	Article 162(2)(i)
Article 157(2)(12)	Article 162(2)(j)
Article 157(2)(13)	Article 162(2)(k)
Article 157(2)(14)	Article 162(2)(l)
Article 157(3)	Article 162(3)
Article 158	Article 163
Article 159	Article 164
Article 159a(1), (2) and (3)	Article 165(1), (2) and (3)
Article 159a(4), initial wording	Article 165(4), initial wording
Article 159a(4), first indent	Article 165(4)(a)
Article 159a(4), second indent	Article 165(4)(b)
Article 159a(5)	Article 165(5)
—	Article 166
Article 160(1)	Article 167(1)
Article 160(2)	Article 167(2)
Article 160(3) and (4)	—
—	Annex I
—	Annex II

# **ANNEX 50**

Joint Recommendation  
Concerning Provisions on the  
Protection of Well-Known Marks

*adopted by*

the Assembly of the Paris Union for the  
Protection of Industrial Property

and

the General Assembly of the  
World Intellectual Property Organization (WIPO)

at the

Thirty-Fourth Series of Meetings of the  
Assemblies of the Member States of WIPO  
September 20 to 29, 1999



World Intellectual Property Organization  
Geneva 2000

## PREFACE

The Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks, which includes the text of the provisions as adopted by the Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications (SCT), at its second session, second part (June 7 to 11, 1999), was adopted at a joint session of the Assembly of the Paris Union for the Protection of Industrial Property and the General Assembly of the World Intellectual Property Organization (WIPO) at the Thirty-Fourth Series of Meetings of the Assemblies of the Member States of WIPO (September 20 to 29, 1999).

The draft Provisions on the Protection of Well-Known Marks have been considered by the WIPO Committee of Experts on Well-Known Marks at its first session (November 13 to 16, 1995), second session (October 28 to 31, 1996) and third session (October 20 to 23, 1997). The Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications (SCT) continued the work at its first session (July 13 to 17, 1998), second session, first part (March 15 to 17, 1999), and at its second session, second part (June 7 to 11, 1999).

The Recommendation is the first implementation of WIPO's policy to adapt to the pace of change in the field of industrial property by considering new options for accelerating the development of international harmonized common principles. The question of new approaches to the progressive development of international intellectual property law was outlined in the WIPO Program and Budget for the biennium 1998-99, which under Main Program 09 states:

“Given the practical imperative for accelerated development and implementation of certain international harmonized common principles and rules in industrial property law, the future strategy for this main program includes consideration of ways to complement the treaty-based approach [...]. If Member States judge it to be in their interests so to proceed, a more flexible approach may be taken towards the harmonization of industrial property principles and rules, and coordination of administration, so that results can be achieved and applied more rapidly, ensuring earlier practical benefits for administrators and users of the industrial property system.” (see document A/32/2-WO/BC/18/2, page 86).

This volume contains the text of the Joint Recommendation, the accompanying provisions, and explanatory notes prepared by the International Bureau.



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*Joint Recommendation*

The Assembly of the Paris Union for the Protection of Industrial Property and the General Assembly of the World Intellectual Property Organization (WIPO),

*Taking into account* the provisions of the Paris Convention for the Protection of Industrial Property relative to the protection of well-known marks;

*Recommend* that each Member State may consider the use of any of the provisions adopted by the Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications (SCT) at its second session, second part, as guidelines for the protection for well-known marks;

*It is further recommended* to each Member State of the Paris Union or of WIPO which is also a member of a regional intergovernmental organization that has competence in the area of registration of trademarks, to bring to the attention of that organization the possibility of protecting well-known marks in accordance, *mutatis mutandis*, with the provisions contained herein.

Provisions follow.

*Article 1*

*Definitions*

For the purposes of these Provisions:

(i) “Member State” means a State member of the Paris Union for the Protection of Industrial Property and/or of the World Intellectual Property Organization;

(ii) “Office” means any agency entrusted by a Member State with the registration of marks;

(iii) “competent authority” means an administrative, judicial or quasi-judicial authority of a Member State which is competent for determining whether a mark is a well-known mark, or for enforcing the protection of well-known marks;

(iv) “business identifier” means any sign used to identify a business of a natural person, a legal person, an organization or an association;

(v) “domain name” means an alphanumeric string that corresponds to a numerical address on the Internet.

PART I  
DETERMINATION OF WELL-KNOWN MARKS

*Article 2*  
*Determination of Whether a Mark is a*  
*Well-Known Mark in a Member State*

(1) [*Factors for Consideration*] (a) In determining whether a mark is a well-known mark, the competent authority shall take into account any circumstances from which it may be inferred that the mark is well known.

(b) In particular, the competent authority shall consider information submitted to it with respect to factors from which it may be inferred that the mark is, or is not, well known, including, but not limited to, information concerning the following:

1. the degree of knowledge or recognition of the mark in the relevant sector of the public;
2. the duration, extent and geographical area of any use of the mark;
3. the duration, extent and geographical area of any promotion of the mark, including advertising or publicity and the presentation, at fairs or exhibitions, of the goods and/or services to which the mark applies;
4. the duration and geographical area of any registrations, and/or any applications for registration, of the mark, to the extent that they reflect use or recognition of the mark;
5. the record of successful enforcement of rights in the mark, in particular, the extent to which the mark was recognized as well known by competent authorities;
6. the value associated with the mark.

(c) The above factors, which are guidelines to assist the competent authority to determine whether the mark is a well-known mark, are not pre-conditions for reaching that determination. Rather, the determination in each case will depend upon the particular circumstances of that case. In some cases all of the factors may be relevant. In other cases some of the factors may be relevant. In still other cases none of the factors may be relevant, and the decision may be based on additional factors that are not listed in subparagraph (b), above. Such additional factors may be relevant, alone, or in combination with one or more of the factors listed in subparagraph (b), above.

[Article 2, continued]

(2) [*Relevant Sector of the Public*] (a) Relevant sectors of the public shall include, but shall not necessarily be limited to:

(i) actual and/or potential consumers of the type of goods and/or services to which the mark applies;

(ii) persons involved in channels of distribution of the type of goods and/or services to which the mark applies;

(iii) business circles dealing with the type of goods and/or services to which the mark applies.

(b) Where a mark is determined to be well known in at least one relevant sector of the public in a Member State, the mark shall be considered by the Member State to be a well-known mark.

(c) Where a mark is determined to be known in at least one relevant sector of the public in a Member State, the mark may be considered by the Member State to be a well-known mark.

(d) A Member State may determine that a mark is a well-known mark, even if the mark is not well known or, if the Member States applies subparagraph (c), known, in any relevant sector of the public of the Member State.

(3) [*Factors Which Shall Not Be Required*] (a) A Member State shall not require, as a condition for determining whether a mark is a well-known mark:

(i) that the mark has been used in, or that the mark has been registered or that an application for registration of the mark has been filed in or in respect of, the Member State;

(ii) that the mark is well known in, or that the mark has been registered or that an application for registration of the mark has been filed in or in respect of, any jurisdiction other than the Member State; or

(iii) that the mark is well known by the public at large in the Member State.

(b) Notwithstanding subparagraph (a)(ii), a Member State may, for the purpose of applying paragraph (2)(d), require that the mark be well known in one or more jurisdictions other than the Member State.

PART II  
SCOPE OF PROTECTION

*Article 3*  
*Protection of Well-Known Marks; Bad Faith*

(1) [*Protection of Well-Known Marks*] A Member State shall protect a well-known mark against conflicting marks, business identifiers and domain names, at least with effect from the time when the mark has become well known in the Member State.

(2) [*Consideration of Bad Faith*] Bad faith may be considered as one factor among others in assessing competing interests in applying Part II of these Provisions.

*Article 4*  
*Conflicting Marks*

(1) [*Conflicting Marks*] (a) A mark shall be deemed to be in conflict with a well-known mark where that mark, or an essential part thereof, constitutes a reproduction, an imitation, a translation, or a transliteration, liable to create confusion, of the well-known mark, if the mark, or an essential part thereof, is used, is the subject of an application for registration, or is registered, in respect of goods and/or services which are identical or similar to the goods and/or services to which the well-known mark applies.

(b) Irrespective of the goods and/or services for which a mark is used, is the subject of an application for registration, or is registered, that mark shall be deemed to be in conflict with a well-known mark where the mark, or an essential part thereof, constitutes a reproduction, an imitation, a translation, or a transliteration of the well-known mark, and where at least one of the following conditions is fulfilled:

(i) the use of that mark would indicate a connection between the goods and/or services for which the mark is used, is the subject of an application for registration, or is registered, and the owner of the well-known mark, and would be likely to damage his interests;

(ii) the use of that mark is likely to impair or dilute in an unfair manner the distinctive character of the well-known mark;

(iii) the use of that mark would take unfair advantage of the distinctive character of the well-known mark.

(c) Notwithstanding Article 2(3)(a)(iii), for the purpose of applying paragraph (1)(b)(ii) and (iii), a Member State may require that the well-known mark be well known by the public at large.

(d) Notwithstanding paragraphs (2) to (4), a Member State shall not be required to apply:

(i) paragraph (1)(a) to determine whether a mark is in conflict with a well-known mark, if the mark was used or registered, or an application for its registration was filed, in or in respect of the Member State, in respect of goods and/or services which are identical or similar to the goods and/or services to which the well-known mark applies, before the well-known mark became well known in the Member State;

(ii) paragraph (1)(b) to determine whether a mark is in conflict with a well-known mark, to the extent that the mark was used, was the subject of an application for registration, or was registered, in or in respect of the Member State, for particular goods and/or services, before the well-known mark became well known in the Member State;

except where the mark has been used or registered, or the application for its registration has been filed, in bad faith.

(2) [*Opposition Procedures*] If the applicable law allows third parties to oppose the registration of a mark, a conflict with a well-known mark under paragraph (1)(a) shall constitute a ground for opposition.

(3) [*Invalidation Procedures*] (a) The owner of a well-known mark shall be entitled to request, during a period which shall not be less than five years beginning from the date on which the fact of registration was made known to the public by the Office, the invalidation, by a decision of the competent authority, of the registration of a mark which is in conflict with the well-known mark.

(b) If the registration of a mark may be invalidated by a competent authority on its own initiative, a conflict with a well-known mark shall, during a period which shall not be less than five years beginning from the date on which the fact of registration was made known to the public by the Office, be a ground for such invalidation.

(4) [*Prohibition of Use*] The owner of a well-known mark shall be entitled to request the prohibition, by a decision of the competent authority, of the use of a mark which is in conflict with the well-known mark. Such request shall be admissible for a period which shall not be less than five years beginning from the time the owner of the well-known mark had knowledge of the use of the conflicting mark.

(5) [*No Time Limit in Case of Registration or Use in Bad Faith*] (a) Notwithstanding paragraph (3), a Member State may not prescribe any time limit for requesting the invalidation of the registration of a mark which is in conflict with a well-known mark if the conflicting mark was registered in bad faith.

(b) Notwithstanding paragraph (4), a Member State may not prescribe any time limit for requesting the prohibition of the use of a mark which is in conflict with a well-known mark if the conflicting mark was used in bad faith.

(c) In determining bad faith for the purposes of this paragraph, the competent authority shall take into consideration whether the person who obtained the registration of or used the mark which is in conflict with a well-known mark had, at the time when the mark was used or registered, or the application for its registration was filed, knowledge of, or reason to know of, the well-known mark.

(6) [*No Time Limit in Case of Registration Without Use*] Notwithstanding paragraph (3), a Member State may not prescribe any time limit for requesting the invalidation of the registration of a mark which is in conflict with a well-known mark, if that mark was registered, but never used.



*Article 5*  
*Conflicting Business Identifiers*

(1) [*Conflicting Business Identifiers*] (a) A business identifier shall be deemed to be in conflict with a well-known mark where that business identifier, or an essential part thereof, constitutes a reproduction, an imitation, a translation, or a transliteration of the well-known mark, and where at least one of the following conditions is fulfilled:

(i) the use of the business identifier would indicate a connection between the business for which it is used and the owner of the well-known mark, and would be likely to damage his interests;

(ii) the use of the business identifier is likely to impair or dilute in an unfair manner the distinctive character of the well-known mark;

(iii) the use of the business identifier would take unfair advantage of the distinctive character of the well-known mark.

(b) Notwithstanding Article 2(3)(iii), for the purposes of applying paragraph (1)(a)(ii) and (iii), a Member State may require that the well-known mark be well known to the public at large.

(c) A Member State shall not be required to apply subparagraph (a) to determine whether a business identifier is in conflict with a well-known mark, if that business identifier was used or registered, or an application for its registration was filed, in or in respect of the Member State, before the well-known mark became well known in or in respect of the Member State, except where the business identifier was used or registered, or the application for its registration was filed, in bad faith.

(2) [*Prohibition of Use*] The owner of a well-known mark shall be entitled to request the prohibition, by a decision of the competent authority, of the use of a business identifier which is in conflict with the well-known mark. Such request shall be admissible for a period which shall not be less than five years beginning from the time the owner of the well-known mark had knowledge of the use of the conflicting business identifier.

(3) [*No Time Limit in Case of Registration or Use in Bad Faith*] (a) Notwithstanding paragraph (2), a Member State may not prescribe any time limit for requesting the prohibition of the use of a business identifier which is in conflict with a well-known mark if the conflicting business identifier was used in bad faith.

(b) In determining bad faith for the purposes of this paragraph, the competent authority shall consider whether the person who obtained the registration of or used the business identifier which is in conflict with a well-known mark had, at the time when the business identifier was used or registered, or the application for its registration was filed, knowledge of, or reason to know of, the well-known mark.

*Article 6*  
*Conflicting Domain Names*

(1) [*Conflicting Domain Names*] A domain name shall be deemed to be in conflict with a well-known mark at least where that domain name, or an essential part thereof, constitutes a reproduction, an imitation, a translation, or a transliteration of the well-known mark, and the domain name has been registered or used in bad faith.

(2) [*Cancellation; Transfer*] The owner of a well-known mark shall be entitled to request, by a decision of the competent authority, that the registrant of the conflicting domain name cancel the registration, or transfer it to the owner of the well-known mark.

## EXPLANATORY NOTES\*

prepared by the International Bureau

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\* These notes were prepared by the International Bureau of the World Intellectual Property Organization (WIPO) for explanatory purposes only. The *Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications (SCT)* agreed that the notes would not be submitted for adoption by the Assembly of the Paris Union and the WIPO General Assembly, but would rather constitute an explanatory document prepared by the International Bureau so that, in cases of conflicts between the provisions and the notes, the provisions would prevail (see paragraph 17 of document SCT/2/5).

*Notes on Article 1*

1.1 *Items (i) and (ii)*. These items are self-explanatory.

1.2 *Item (iii)*. The legal nature of the “competent authority” will depend on the national system of a given Member State. The definition has been drafted broadly in order to accommodate all systems that exist in Member States.

1.3 *Item (iv)*. “Business identifiers” are signs which identify businesses as such, and not the products or services offered by the business, the latter feature constituting a pure trademark function. Signs that may constitute business identifiers are, for example, trade names, business symbols, emblems or logos. Some confusion as regards the functions of marks and business identifiers stems from the fact that, sometimes, the name of a company, i.e., its business identifier, is identical with one of the company’s trademarks.

1.4 *Item (v)*. Internet “domain names” can be described as user-friendly substitutes for numerical Internet addresses. A numerical Internet address (also referred to as “Internet Protocol address” or “IP address”) is a numeric code which enables identification of a given computer connected to the Internet. The domain name is a mnemonic substitute for such an address which, if typed into the computer, is automatically converted into the numeric address.

*Notes on Article 2*

2.1 *Paragraph 1(a)*. The owner of a mark, who intends to prove that the mark is well known, has to produce information that may support such a claim. Paragraph 1(a) requires that a competent authority take into consideration any circumstances that are put forward in order to show that a mark is well known.

2.2 *Paragraph 1(b)*. By way of example, paragraph 1(b) lists a number of criteria which, if submitted, must be considered by a competent authority. An authority is not allowed to insist on the presentation of any particular criteria; the choice as to what information is forwarded is left to the party requesting protection. The non-fulfillment of any particular criterion cannot in itself lead to the conclusion that a given mark is not well known.

2.3 *No. 1*. The degree of knowledge or recognition of a mark can be determined through consumer surveys and opinion polls. The point under consideration recognizes such methods, without setting any standards for methods to be used or quantitative results to be obtained.

2.4 *No. 2*. The duration, extent and geographical area of any use of the mark are highly relevant indicators as to the determination whether or not a mark is well known by the relevant sector of the public. Attention is drawn to Article 2(3)(a)(i), providing that actual use of a mark in the State in which it is to be protected as a well-known mark cannot be required. However, use of the mark in neighboring territories, in territories in which the same language or languages are spoken, in territories which are covered by the same media (television or printed press) or in territories which have close trade relations may be relevant for establishing the knowledge of that mark in a given State.

2.5 The term “use” is not defined. On the national or regional level, the question of what constitutes “use” of a mark usually arises in the context of acquisition of trademark rights through use, the invalidation of registrations for non-use, or the acquisition of distinctive character of a mark through use. However, for the purpose of the Provisions, the term “use” should cover use of a mark on the Internet.

2.6 *No. 3.* Although “promotion of a mark” may well be considered to constitute use, it is included as a separate criterion for determining whether a mark is well known. This is mainly done in order to avoid any argument as to whether or not promotion of a mark can be considered to be use of the mark. Where an ever increasing number of competing goods and/or services are on the market, knowledge among the public of a given mark, especially as regards new goods and/or services, could be primarily due to the promotion of that mark. Advertising, for example, in print or electronic media (including the Internet), is one form of promotion. Another example of promotion would be the exhibiting of goods and/or services at fairs or exhibitions. Because the visitors at an exhibition may come from different countries (even if the access as exhibitors is limited to nationals from one country, for example, in the case of a national fair or exhibition), “promotion” in the sense of No. 3 is not limited to international fairs or exhibitions.

2.7 *No. 4.* The number of registrations of a mark obtained worldwide and the duration of those registrations may be an indicator as to whether such a mark can be considered to be well known. Where the number of registrations obtained worldwide is held relevant, it should not be required that those registrations are in the name of the same person, since in many cases a mark is owned in different countries by different companies belonging to the same group. Registrations are relevant only to the extent that they reflect use or recognition of the mark, for example, if the mark is actually used in the country for which it was registered, or was registered with a *bona fide* intention of using it.

2.8 *No. 5.* Due to the principle of territoriality, well-known marks are enforced on a national basis. Evidence of successful enforcement of the right to a well-known mark or of the recognition of a given mark as being well known, for example, in neighboring countries, may serve as an indicator as to whether a mark is well known in a particular State. Enforcement is intended to be construed broadly, also covering opposition procedures in which the owner of a well-known mark has prevented the registration of a conflicting mark.

2.9 *No. 6.* There exists a considerable variety of methods for trademark evaluation. This criterion does not suggest the use of any particular method. It merely recognizes that the value associated with a mark may be an indicator as to whether or not that mark is well known.

2.10 *Paragraph (1)(c)* makes it clear that the criteria listed under subparagraph (b) do not constitute an exhaustive list, and that compliance or non-compliance with any of those factors cannot in itself be conclusive as to whether or not a given mark is well known.

2.11 *Paragraph (2)(a).* Subparagraph (a) recognizes that, as regards the knowledge of a given mark by the public, such knowledge may exist in relevant sectors of the public, rather than in the public at large. By way of example, three relevant sectors are described in items (i) to (iii). Items (i) to (iii) are of an illustrative nature, and relevant sectors of the public other than the ones described in those items may exist.

2.12 *Item (i)*. The expression “consumers” is to be understood in the wide sense of the term, and should not be restricted to those persons who actually and physically consume the product. In that respect, reference can be made to the term “consumer protection” which covers all parts of the consuming public. Because the nature of the goods or services to which a mark is applied can vary considerably, actual and/or potential consumers can be different in each case. Groups of actual and/or potential consumers may be identified with the help of parameters such as the target group for the goods and services in relation to which the mark is used or the group of actual purchasers.

2.13 *Item (ii)*. Depending on the nature of the goods and services, the channels of distribution may differ considerably. Certain goods are sold in supermarkets and are easily obtainable by the consumers. Other goods are distributed through accredited dealers or through sales agents directly to a consumer’s business or home. This means, for example, that a survey among consumers who exclusively shop in supermarkets may not be a good indication for establishing the relevant sector of the public in relation to a mark which is used exclusively in respect of goods sold by mail order.

2.14 *Item (iii)*. The business circles which deal with the goods and/or services to which a mark applies are in general constituted by importers, wholesalers, licensees or franchisees interested and prepared to deal in the goods or services to which the mark applies.

2.15 *Paragraph (2)(b)*. In order for a mark to be considered to be a well-known mark, it is sufficient that the mark is well known in at least one relevant sector of the public. It is not permitted to apply a more stringent test such as, for example, that the mark be well known by the public at large. The reason for this is that marks are often used in relation to goods or services which are directed to certain sectors of the public such as, for example, customers belonging to a certain group of income, age or sex. An extensive definition of the sector of the public which should have knowledge of the mark would not further the purpose of international protection of well-known marks, namely to prohibit use or registration of such marks by unauthorized parties with the intention of either passing off their goods or services as those of the real owner of the mark, or selling the right to the owner of the well-known mark.

2.16 *Paragraph 2(c)*. Whereas paragraph (2)(b) establishes that Member States must protect marks which are well known in at least one relevant sector of their public, paragraph (2)(c) introduces, on an optional basis, the possibility for Member States to also protect marks which are merely known by a relevant sector of the public.

2.17 *Paragraph 2(d)* clarifies that paragraph (2)(b) and, where applicable, (c) sets a minimum standard of protection, and that Member States are free to afford protection to marks that are, for example, well known only outside the State in which protection is sought.

2.18 *Paragraph (3)(a)* sets out certain conditions whose fulfillment cannot be required as a condition for determining whether a mark is well known.

2.19 *Paragraph 3(b)*. If it is possible to protect a mark in a Member State on the ground that it is well known outside its jurisdiction, this paragraph permits a Member State, in derogation of paragraph (3)(a)(ii), to request evidence in support of this fact.

*Notes on Article 3*

3.1 *General.* The protection which should be granted to well-known marks in application of the Provisions is protection against conflicting marks, business identifiers and domain names. The Provisions do not apply to conflicts between well-known marks and geographical indications or appellations of origin. However, the Provisions constitute a minimum standard of protection, and Member States are of course free to provide for broader protection.

3.2 *Paragraph (1).* Under this paragraph, a well-known mark is entitled to protection by a Member State at least as of the time when the mark has become well known in the Member State. This means that a Member State is not obliged to protect an “internationally” known mark if that mark is not well known in that State, or the mark is known albeit not well known. However, as expressed by the words “at least,” protection may be granted before a mark has become well known.

3.3 *Paragraph (2).* Cases involving the protection of a well-known mark very often involve an element of bad faith. Paragraph (2) takes account of this fact by stating in general terms that bad faith should be considered in balancing the interests of the parties involved in cases concerning the enforcement of well-known marks.

*Notes on Article 4*

4.1 *Paragraph (1)(a)* defines the conditions under which a mark is deemed to be in conflict with a well-known mark in respect of identical or similar goods and/or services. If the conditions of this subparagraph are met, the remedies provided for in paragraphs (2) to (6) are applicable.

4.2 *Paragraph (1)(b)* is applicable irrespective of the nature of the goods and/or services to which the conflicting mark applies. The remedies provided for in paragraphs (3) to (6) are only available in such cases if at least one of the conditions set out in items (i) to (iii) is met. Where protection is to be granted against the registration of, for example, a conflicting mark which has not yet been used, the conditions of items (i) to (iii) have to be applied as if the conflicting mark had been used, as indicated by the words “would” in items (i) and (iii) and “is likely to” in item (ii).

4.3 *Item (i).* Under this item, a connection between a well-known mark and a third party’s goods or services may be indicated, for example, if the impression is created that the owner of the well-known mark is involved in the production of those goods, or the offering of those services, or that such production or offering was licensed or sponsored by him. The interests of the owner of the well-known mark could be damaged if the goods and/or services with which the connection is established have a down-market image, thereby reflecting negatively on the goodwill of the well-known mark.

4.4 *Item (ii).* This item would apply, for example, if the use of a conflicting mark is likely to impair or dilute in an unfair manner the unique position of a well-known mark in the market. A further example of dilution is where the conflicting mark is used on goods or services which are of an inferior quality or of an immoral or obscene nature. The meaning of

the words “in an unfair manner” implies that third-party use of a well-known mark which is not contrary to honest commercial practice (e.g., reference to a well-known mark for review or parody) does not constitute dilution.

4.5 *Item (iii)*. The case referred to in this item differs from the cases covered by items (i) and (ii) in that no wrong connection concerning the real source of the goods and/or services is indicated (as in item (i)), and the value of the well-known mark has not diminished in the eyes of the public (as in item (ii)), but rather the use in question would, for example, amount to a free ride on the goodwill of the well-known mark for the person who uses a conflicting mark. The reference to “unfair advantage” in this item is intended to give Member States flexibility in the application of this criterion. For example, reference to a well-known mark for commercially justifiable reasons, such as the sale of spare parts, is not unfair and should, thus, be allowed.

4.6 *Paragraph (1)(c)*. Subparagraph (c) provides for an exception to the general principle contained in Article 2(3)(a)(iii), namely that a Member State shall not require knowledge of a mark by the public at large when determining whether a mark is a well-known mark. Knowledge of a mark by the public at large may, however, be required if that mark is to be protected under Article 4(1)(b)(ii) and (iii).

4.7 *Paragraph (1)(d)* clarifies that rights which were acquired prior to the moment when the mark has become well known in a Member State would not be considered to be in conflict with the well-known mark. However, there is one important derogation from that rule, namely, when a mark was used or registered, or the application for its registration was filed, in bad faith.

4.8 *Paragraph (2)*. The objective of this paragraph is to ensure that, where procedures for opposing the registration of a mark exist, owners of well-known marks would be entitled to oppose the registration of a mark which would be in conflict with their well-known mark. The possibility of opposition against the registration of marks based on a conflict with a well-known mark gives an early opportunity for owners of well-known marks to defend their marks. The reference to paragraph (1)(a) limits the requirement concerning opposition procedures to cases involving confusion. Consequently, cases of alleged dilution do not have to be dealt with in opposition procedures.

4.9 *Paragraph (3)(a)*. Under subparagraph (a), the date on which the fact of registration was made public by the Office is the starting point for calculating the period during which invalidation procedures have to be accepted, because it is the earliest date on which the owner of a well-known mark can be expected to have received official notice of the registration of a conflicting mark. The time period provided by that paragraph starts to run on the date on which the fact of registration was made public by the Office, and expires not less than five years thereafter.

4.10 *Paragraph (3)(b)*. If procedures for the invalidation of the registration of a mark can be initiated by a competent authority on its own initiative, it is considered to be reasonable that a conflict with a well-known mark also be treated as a ground for invalidation.

4.11 *Paragraph (4)* provides the owner of a well-known mark with a further remedy, namely, the right to request an order from a competent authority to prohibit the use of a conflicting mark. Similar to the right to request invalidation procedures under paragraph (3), the right to request an order to prohibit the use of a conflicting mark is subject to a time limit



of at least five years. However, in the case of use of a conflicting mark, the time period of at least five years must be calculated from the moment from which the owner of the well-known mark had knowledge of the conflicting use. It follows that there is no obligation to prohibit the use of a mark which is in conflict with a well-known mark where the owner of the well-known mark has knowingly tolerated such use during at least five years. The question of whether knowledge by a licensee of the use of a conflicting mark is attributable to the owner of the well-known mark is not dealt with by this paragraph and has, consequently, to be decided under the applicable law.

4.12 *Paragraph (5)(a) and (b)* provides that any time limit which, under paragraphs (3) and (4), may be applicable in connection with the invalidation of a registration or with the prohibition of use cannot be applied if a mark was registered or used in bad faith.

4.13 *Paragraph (5)(c)* provides one possible criterion that can be used in order to determine bad faith.

4.14 *Paragraph (6)*. A potential problem for the owner of a well-known mark could be a situation in which a mark which is in conflict with a well-known mark was registered in good faith but never used. This situation will, in most cases, be taken care of by provisions under national or regional laws providing that the registration of a mark which has not been used for a certain period of time becomes liable for cancellation. However, if such a use requirement does not exist, a situation is conceivable in which a mark which is in conflict with a well-known mark has been registered in good faith but has never been used and had therefore not attracted the attention of the owner of the well-known mark. Paragraph (6) aims at avoiding the situation where the owner of the well-known mark is prevented from defending his rights by the time limits applicable under paragraph (3) or (4).

#### *Notes on Article 5*

5.1 *General*. Article 5 sets out the remedies which Member States have to make available if a well-known mark is in conflict with a business identifier. This Article essentially consists of the same provisions as Article 4, but takes account of the special nature of business identifiers. The main differences between marks and business identifiers are that (i) marks distinguish goods and/or services, whereas business identifiers distinguish businesses, and (ii) the registration of marks is effected by national or regional authorities (trademark offices in most cases), whereas business identifiers may be registered by administrations which may vary from country to country, or not be registered at all.

5.2 As regards those parts of Article 5 which are identical with Article 4, reference is made to the notes on Article 4.

5.3 *Paragraphs (2) and (3)*. See note 5.2.

*Notes on Article 6*

6.1 *General.* The question of jurisdiction is deliberately not dealt with and is, consequently, left to the Member State in which protection is sought. Thus, the plaintiff in an action for the protection of a well-known mark against its registration as a domain name must establish that the competent authority has jurisdiction over the defendant in the State in which the action is brought, as well as that the mark in question is a well-known mark in that State.

6.2 *Paragraph (1)* describes one of the most frequently occurring conditions under which a domain name is deemed to be in conflict with a well-known mark. As expressed by the words “at least” this is not the only possible situation of conflict between a well-known mark and a domain name, and Member States are of course free to provide remedies for other situations of conflict.

6.3 *Paragraph (2).* The remedies provided for in paragraph (2) are those which are the most appropriate in the situation at hand, namely the transfer or the cancellation of the infringing domain name.

[End of document]

# **ANNEX 51**

# Uniform Domain Name Dispute Resolution Policy

Policy Adopted: August 26, 1999

Implementation Documents Approved: October 24, 1999

## Notes:

- 1. This policy is now in effect. See [www.icann.org/udrp/udrp-schedule.htm](http://www.icann.org/udrp/udrp-schedule.htm) for the implementation schedule.**
- 2. This policy has been adopted by all ICANN-accredited registrars. It has also been adopted by certain managers of country-code top-level domains (e.g., .nu, .tv, .ws).**
- 3. The policy is between the registrar (or other registration authority in the case of a country-code top-level domain) and its customer (the domain-name holder or registrant). Thus, the policy uses "we" and "our" to refer to the registrar and it uses "you" and "your" to refer to the domain-name holder.**

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## Uniform Domain Name Dispute Resolution Policy

(As Approved by ICANN on October 24, 1999)

**1. Purpose.** This Uniform Domain Name Dispute Resolution Policy (the "Policy") has been adopted by the Internet Corporation for Assigned Names and Numbers ("ICANN"), is incorporated by reference into your Registration Agreement, and sets forth the terms and conditions in connection with a dispute between you and any party other than us (the registrar) over the registration and use of an Internet domain name registered by you. Proceedings under [Paragraph 4](#) of this Policy will be conducted according to the Rules for Uniform Domain Name Dispute Resolution Policy (the "Rules of Procedure"), which are available at [<https://www.icann.org/resources/pages/policy-2012-02-25-en>](http://www.icann.org/en/dndr/udrp/uniform-</a></p></div><div data-bbox=)

[rules.htm](#), and the selected administrative-dispute-resolution service provider's supplemental rules.

**2. Your Representations.** By applying to register a domain name, or by asking us to maintain or renew a domain name registration, you hereby represent and warrant to us that (a) the statements that you made in your Registration Agreement are complete and accurate; (b) to your knowledge, the registration of the domain name will not infringe upon or otherwise violate the rights of any third party; (c) you are not registering the domain name for an unlawful purpose; and (d) you will not knowingly use the domain name in violation of any applicable laws or regulations. It is your responsibility to determine whether your domain name registration infringes or violates someone else's rights.

**3. Cancellations, Transfers, and Changes.** We will cancel, transfer or otherwise make changes to domain name registrations under the following circumstances:

- a. subject to the provisions of [Paragraph 8](#), our receipt of written or appropriate electronic instructions from you or your authorized agent to take such action;
- b. our receipt of an order from a court or arbitral tribunal, in each case of competent jurisdiction, requiring such action; and/or
- c. our receipt of a decision of an Administrative Panel requiring such action in any administrative proceeding to which you were a party and which was conducted under this Policy or a later version of this Policy adopted by ICANN. (See [Paragraph 4\(i\)](#) and [\(k\)](#) below.)

We may also cancel, transfer or otherwise make changes to a domain name registration in accordance with the terms of your Registration Agreement or other legal requirements.

**4. Mandatory Administrative Proceeding.**

This Paragraph sets forth the type of disputes for which you are required to submit to a mandatory administrative proceeding. These proceedings will be conducted before one of the administrative-dispute-resolution service providers listed at [www.icann.org/en/dndr/udrp/approved-providers.htm](http://www.icann.org/en/dndr/udrp/approved-providers.htm) (each, a "Provider").

**a. Applicable Disputes.** You are required to submit to a mandatory administrative proceeding in the event that a third party (a "complainant") asserts to the applicable Provider, in compliance with the Rules of Procedure, that

(i) your domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights; and

(ii) you have no rights or legitimate interests in respect of the domain name; and

(iii) your domain name has been registered and is being used in bad faith.

In the administrative proceeding, the complainant must prove that each of these three elements are present.

**b. Evidence of Registration and Use in Bad Faith.** For the purposes of [Paragraph 4\(a\)\(iii\)](#), the following circumstances, in particular but without limitation, if found by the Panel to be present, shall be evidence of the registration and use of a domain name in bad faith:

(i) circumstances indicating that you have registered or you have acquired the domain name primarily for the purpose of selling, renting, or otherwise transferring the domain name registration to the complainant

who is the owner of the trademark or service mark or to a competitor of that complainant, for valuable consideration in excess of your documented out-of-pocket costs directly related to the domain name; or

(ii) you have registered the domain name in order to prevent the owner of the trademark or service mark from reflecting the mark in a corresponding domain name, provided that you have engaged in a pattern of such conduct; or

(iii) you have registered the domain name primarily for the purpose of disrupting the business of a competitor; or

(iv) by using the domain name, you have intentionally attempted to attract, for commercial gain, Internet users to your web site or other on-line location, by creating a likelihood of confusion with the complainant's mark as to the source, sponsorship, affiliation, or endorsement of your web site or location or of a product or service on your web site or location.

**c. How to Demonstrate Your Rights to and Legitimate Interests in the Domain Name in Responding to a Complaint.**

When you receive a complaint, you should refer to [Paragraph 5](#) of the Rules of Procedure in determining how your response should be prepared. Any of the following circumstances, in particular but without limitation, if found by the Panel to be proved based on its evaluation of all evidence presented, shall demonstrate your rights or legitimate interests to the domain name for purposes of [Paragraph 4\(a\)\(ii\)](#):

(i) before any notice to you of the dispute, your use of, or demonstrable preparations to use, the domain name or a name corresponding to the domain name in connection with a bona fide offering of goods or services; or

(ii) you (as an individual, business, or other organization) have been commonly known by the domain name, even if you have acquired no trademark or service mark rights; or

(iii) you are making a legitimate noncommercial or fair use of the domain name, without intent for commercial gain to misleadingly divert consumers or to tarnish the trademark or service mark at issue.

**d. Selection of Provider.** The complainant shall select the Provider from among those approved by [ICANN](#) by submitting the complaint to that Provider. The selected Provider will administer the proceeding, except in cases of consolidation as described in [Paragraph 4\(f\)](#).

**e. Initiation of Proceeding and Process and Appointment of Administrative Panel.** The Rules of Procedure state the process for initiating and conducting a proceeding and for appointing the panel that will decide the dispute (the "Administrative Panel").

**f. Consolidation.** In the event of multiple disputes between you and a complainant, either you or the complainant may petition to consolidate the disputes before a single Administrative Panel. This petition shall be made to the first Administrative Panel appointed to hear a pending dispute between the parties. This Administrative Panel may consolidate before it any or all such disputes in its sole



discretion, provided that the disputes being consolidated are governed by this Policy or a later version of this Policy adopted by ICANN.

**g. Fees.** All fees charged by a Provider in connection with any dispute before an Administrative Panel pursuant to this Policy shall be paid by the complainant, except in cases where you elect to expand the Administrative Panel from one to three panelists as provided in [Paragraph 5\(b\)\(iv\)](#) of the Rules of Procedure, in which case all fees will be split evenly by you and the complainant.

**h. Our Involvement in Administrative Proceedings.** We do not, and will not, participate in the administration or conduct of any proceeding before an Administrative Panel. In addition, we will not be liable as a result of any decisions rendered by the Administrative Panel.

**i. Remedies.** The remedies available to a complainant pursuant to any proceeding before an Administrative Panel shall be limited to requiring the cancellation of your domain name or the transfer of your domain name registration to the complainant.

**j. Notification and Publication.** The Provider shall notify us of any decision made by an Administrative Panel with respect to a domain name you have registered with us. All decisions under this Policy will be published in full over the Internet, except when an Administrative Panel determines in an exceptional case to redact portions of its decision.

**k. Availability of Court Proceedings.** The mandatory administrative proceeding requirements set forth in [Paragraph 4](#) shall not prevent either you or the complainant from submitting the dispute to a court of competent jurisdiction for independent resolution before

such mandatory administrative proceeding is commenced or after such proceeding is concluded. If an Administrative Panel decides that your domain name registration should be canceled or transferred, we will wait ten (10) business days (as observed in the location of our principal office) after we are informed by the applicable Provider of the Administrative Panel's decision before implementing that decision. We will then implement the decision unless we have received from you during that ten (10) business day period official documentation (such as a copy of a complaint, file-stamped by the clerk of the court) that you have commenced a lawsuit against the complainant in a jurisdiction to which the complainant has submitted under [Paragraph 3\(b\)\(xiii\)](#) of the Rules of Procedure. (In general, that jurisdiction is either the location of our principal office or of your address as shown in our Whois database. See [Paragraphs 1 and 3 \(b\)\(xiii\)](#) of the Rules of Procedure for details.) If we receive such documentation within the ten (10) business day period, we will not implement the Administrative Panel's decision, and we will take no further action, until we receive (i) evidence satisfactory to us of a resolution between the parties; (ii) evidence satisfactory to us that your lawsuit has been dismissed or withdrawn; or (iii) a copy of an order from such court dismissing your lawsuit or ordering that you do not have the right to continue to use your domain name.

**5. All Other Disputes and Litigation.** All other disputes between you and any party other than us regarding your domain name registration that are not brought pursuant to the mandatory administrative proceeding provisions of [Paragraph 4](#) shall be resolved between you and such other party through any court, arbitration or other proceeding that may be available.

**6. Our Involvement in Disputes.** We will not participate in any way in any dispute between you and any party other

than us regarding the registration and use of your domain name. You shall not name us as a party or otherwise include us in any such proceeding. In the event that we are named as a party in any such proceeding, we reserve the right to raise any and all defenses deemed appropriate, and to take any other action necessary to defend ourselves.

7. Maintaining the Status Quo. We will not cancel, transfer, activate, deactivate, or otherwise change the status of any domain name registration under this Policy except as provided in [Paragraph 3](#) above.

8. Transfers During a Dispute.

**a. Transfers of a Domain Name to a New Holder**. You may not transfer your domain name registration to another holder (i) during a pending administrative proceeding brought pursuant to [Paragraph 4](#) or for a period of fifteen (15) business days (as observed in the location of our principal place of business) after such proceeding is concluded; or (ii) during a pending court proceeding or arbitration commenced regarding your domain name unless the party to whom the domain name registration is being transferred agrees, in writing, to be bound by the decision of the court or arbitrator. We reserve the right to cancel any transfer of a domain name registration to another holder that is made in violation of this subparagraph.

**b. Changing Registrars**. You may not transfer your domain name registration to another registrar during a pending administrative proceeding brought pursuant to [Paragraph 4](#) or for a period of fifteen (15) business days (as observed in the location of our principal place of business) after such proceeding is concluded. You may transfer administration of your domain name registration to another registrar during a pending court action or arbitration, provided that the domain name you have registered with us shall continue to be subject to the proceedings commenced against you in accordance with the

terms of this Policy. In the event that you transfer a domain name registration to us during the pendency of a court action or arbitration, such dispute shall remain subject to the domain name dispute policy of the registrar from which the domain name registration was transferred.

**9. Policy Modifications.** We reserve the right to modify this Policy at any time with the permission of ICANN. We will post our revised Policy at <URL> at least thirty (30) calendar days before it becomes effective. Unless this Policy has already been invoked by the submission of a complaint to a Provider, in which event the version of the Policy in effect at the time it was invoked will apply to you until the dispute is over, all such changes will be binding upon you with respect to any domain name registration dispute, whether the dispute arose before, on or after the effective date of our change. In the event that you object to a change in this Policy, your sole remedy is to cancel your domain name registration with us, provided that you will not be entitled to a refund of any fees you paid to us. The revised Policy will apply to you until you cancel your domain name registration

# **ANNEX 52**

## WIPO Overview of WIPO Panel Views on Selected UDRP Questions, Second Edition ("WIPO Overview 2.0")

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Decision-making authority under the Uniform Domain Name Dispute Resolution Policy and Rules (UDRP) lies exclusively with the appointed panels. To assist awareness of their views on certain questions that commonly arise in proceedings under the UDRP, the WIPO Arbitration and Mediation Center has produced the following update and extension of its informal overview of panel positions on key procedural and substantial issues. This WIPO Overview 2.0 includes new decision references supporting each line of opinion, with over 380 decisions (formerly 100) from over 180 (formerly 80) different UDRP panelists now listed. Reflecting the evolution of the Domain Name System and UDRP jurisprudence, the number of issues included in the WIPO Overview has doubled.

While some of these issues arise only infrequently, all of them are, or are perceived to be, relevant to the operation of the UDRP. On most of these issues, consensus or clear majority views have developed. Certain other questions attract a diversity of views. The WIPO Center's identification of questions and careful and conservative evaluation of opinions is based on some 20,000 UDRP cases it has administered through March 31, 2011. Detailed information on all views is available from the WIPO Center's online [Legal Index](#) of WIPO UDRP Panel Decisions, its [full text](#) decision search facility, and the [full posting](#) of all decisions.

This WIPO Overview was originally created and has been updated and expanded in recognition of the need that has been expressed to identify, as much as possible, consensus among UDRP decisions, so as to maximize the consistency of the UDRP system. It should be understood that, with UDRP decisions covering a multitude of facts and arguments, genuine differences of opinion may be difficult to avoid on particular issues, all the more so where panelists and parties come from a multitude of jurisdictions. Moreover, these opinions must be formed in the context of a rapidly evolving Domain Name System and Internet. However, it is hoped that this update on the UDRP experience will be found helpful by identifying views expressed by panels and providing decisions which help to put those views in context.

While predictability remains a key element of dispute resolution systems, neither this WIPO Overview nor prior panel decisions are binding on panelists, who will make their judgments in the particular circumstances of each individual proceeding. Also, it remains the responsibility of each case party to make its own independent assessment of decisions relevant to its case. In particular, parties should note that the present WIPO Overview cannot serve as a substitution for each party's obligation to argue and establish its case under the UDRP.

The initiative for this WIPO Overview 2.0 was welcomed by the WIPO Domain Name Panelists Meetings convened in Geneva in October 2009 and 2010. The contents, which also reflect discussions at these Meetings, have benefited from substantial contribution and informal review by a number of the most experienced WIPO panelists. The WIPO Center, in consultation with its panelists, will on appropriate occasions consider undertaking further updates. (The [original edition](#) of this WIPO Overview will also continue to be accessible on the WIPO Center's website.)

### QUESTIONS

UDRP Policy  
UDRP Rules  
WIPO Supplemental Rules

## 1. First UDRP Element

- 1.1 Does ownership of a registered trademark to which the domain name is identical or confusingly similar automatically satisfy the requirements under paragraph 4(a)(i) of the UDRP?
- 1.2 What is the test for identity or confusing similarity, and can the content of a website be relevant in determining this?
- 1.3 Is a domain name consisting of a trademark and a negative term confusingly similar to the complainant's trademark? ("sucks cases")
- 1.4 Does the complainant have UDRP-relevant trademark rights in a trademark that was registered, or in which the complainant acquired unregistered rights, after the domain name was registered?
- 1.5 Can a complainant show UDRP-relevant rights in a geographical term or identifier?
- 1.6 Can a complainant show UDRP-relevant rights in a personal name?
- 1.7 What needs to be shown for the complainant to successfully assert common law or unregistered trademark rights?
- 1.8 Can a trademark licensee or a related company to a trademark holder have rights in a trademark for the purpose of filing a UDRP case?
- 1.9 Is a domain name consisting of a trademark and a generic, descriptive or geographical term confusingly similar to a complainant's trademark?
- 1.10 Is a domain name which contains a common or obvious misspelling of a trademark (i.e., typosquatting) confusingly similar to a complainant's trademark?
- 1.11 Are disclaimed or design elements of a trademark considered in assessing identity or confusing similarity?

## 2. Second UDRP Element

- 2.1 Is the complainant required to prove that the respondent lacks rights or legitimate interests in the disputed domain name?
- 2.2 Does a respondent automatically have rights or legitimate interests in a domain name comprised of a dictionary word(s)?
- 2.3 Can a reseller/distributor of trademarked goods or services have rights or legitimate interests in a domain name which contains such trademark?
- 2.4 Can a criticism site generate rights or legitimate interests in the disputed domain name?
- 2.5 Can a fan site generate rights or legitimate interests in the disputed domain name?
- 2.6 Do parking and landing pages or pay-per-click (PPC) links generate rights or legitimate interests in the disputed domain name?
- 2.7 Does a respondent trademark corresponding to a disputed domain name automatically generate rights or legitimate interests?

## 3. Third UDRP Element

- 3.1 Can bad faith be found if the domain name was registered before the trademark was registered or before unregistered trademark rights were acquired?
- 3.2 Can there be use in bad faith when the domain name is not actively used and the domain name holder has taken no active steps to sell the domain name or to contact the trademark holder (passive holding)?
- 3.3 What constitutes a pattern of conduct of preventing a trademark holder from reflecting the mark in a corresponding domain name?
- 3.4 Can constructive notice, or a finding that a respondent "knew or should have known" about a trademark, or willful blindness, form a basis for finding bad faith?
- 3.5 What is the role of a disclaimer on the web page of a disputed domain name?
- 3.6 Can statements made in settlement discussions be relevant to showing bad faith?

- 3.7** Does the renewal of the registration of a domain name amount to a registration for the purposes of determining whether the domain name was registered in bad faith?
- 3.8** Can third-party or "automatically generated" material appearing on a website form a basis for finding registration and/or use in bad faith?
- 3.9** Can use of a privacy or proxy registration service form a basis for finding bad faith?
- 3.10** Can the use of "robots.txt" or similar mechanisms to prevent website content being accessed in an on-line archive form a basis for finding in bad faith?
- 3.11** Can tarnishment of a trademark form a basis for finding bad faith?

#### 4. Procedural Questions

- 4.1** What deference is owed to past UDRP decisions dealing with similar factual matters or legal issues?
- 4.2** Will the WIPO Center put an unsolicited supplemental filing before a panel, and in what circumstances would a panel accept such filing?
- 4.3** What is the proper language of the proceeding and what are the relevant considerations in this regard?
- 4.4** Under what circumstances can a refiled case be accepted?
- 4.5** May a panel perform independent research when reaching a decision?
- 4.6** Does failure of a respondent to respond to the complaint (respondent default) automatically result in the complainant being granted the requested remedy?
- 4.7** What is the standard of proof under the UDRP?
- 4.8** Under what circumstances may further domain names be added to a filed complaint?
- 4.9** Who is the proper respondent in a case involving a privacy or proxy registration service?
- 4.10** Does delay in bringing a complaint prevent a complainant from filing under the UDRP?
- 4.11** Can a registrar be liable as a registrant under the UDRP?
- 4.12** Can UDRP proceedings be suspended for purposes of settlement?
- 4.13** Can a panel decide a case under the UDRP based on a respondent's consent to transfer?
- 4.14** What is the relationship between UDRP proceedings and court proceedings?
- 4.15** To what extent is national law relevant to a panel assessment of rights and legitimate interests and/or bad faith?
- 4.16** Can multiple complainants bring a single consolidated complaint against a respondent? Can a single consolidated complaint be brought against multiple respondents?
- 4.17** In what circumstances should a finding of Reverse Domain Name Hijacking or abuse of process be made?

## DISCUSSION

### 1. First UDRP Element (UDRP paragraph 4(a)(i))

See also the [relevant section](#) in the WIPO Legal Index of WIPO UDRP Panel Decisions (WIPO Legal Index).

#### **1.1 Does ownership of a registered trademark to which the domain name is identical or confusingly similar automatically satisfy the requirements under paragraph 4(a)(i) of the UDRP?**

See also the [relevant section](#) in the WIPO Legal Index.

**Consensus view:** If the complainant owns a trademark, then it generally satisfies the threshold requirement of having trademark rights. The location of the trademark, its date of registration (or first use) [see also [paragraph 1.4](#) below], and the goods and/or services for which it is registered, are all irrelevant for the purpose of finding rights in a trademark under the first element of the UDRP. However, such factors may bear on a panel's determination whether the respondent has registered and used the domain name in bad faith under the third element of the UDRP.

Relevant decisions:



*Uniroyal Engineered Products, Inc. v. Nauga Network Services*, WIPO Case No. [D2000-0503](#), <nauga.net> *inter alia*, Transfer

*Thaigem Global Marketing Limited v. Sanchai Aree*, WIPO Case No. [D2002-0358](#), <thaigem.net>, Transfer

*Consorzio del Formaggio Parmigiano Reggiano v. La casa del Latte di Bibulic Adriano*, WIPO Case No. [D2003-0661](#), <parmigiano.org>, Transfer

*F. Hoffmann-La Roche AG v. Relish Enterprises*, WIPO Case No. [D2007-1629](#), <xenicalla.com>, Transfer

*Drugstore.com, Inc. v. Nurhul Chee / Robert Murry*, WIPO Case No. [D2008-0230](#), <drugstoretm.com>, Denial with dissenting opinion

*RapidShare AG and Christian Schmid v. majeed randi*, WIPO Case No. [D2010-1089](#), <rapidpiracy.com>, Transfer

In certain, highly limited circumstances, some panels have opted to examine the circumstances of trademark registration in considering whether the registration satisfies UDRP requirements. In such cases, panels have typically found trademark registrations that are automatic or unexamined (such as US state registrations as opposed to US federal registrations) are not owed the same deference under the UDRP as examined registrations. In certain cases some panels have declined to consider trademark registrations listed solely on a supplemental register, at least where the validity of or deference due to such listed mark under applicable national law (*i.e.*, the law applicable to the concerned register) is in genuine doubt. Where a trademark includes a word or textual component which has been entirely disclaimed (indicating the complainant has no exclusive rights in such word or text) within the relevant registration, or of a word plus design element in which the design element is found to be the sole source of distinctiveness, such registration alone may be insufficient to enable the complainant to establish relevant rights for standing purposes under the UDRP, absent a showing of acquired distinctiveness through use of the relevant mark. In practice, the latter would typically entail establishing a case for common law or unregistered rights in the mark. [See further [paragraph 1.7](#) below regarding what needs to be shown for common law or unregistered marks under the UDRP. See also [paragraph 1.11](#) below regarding the effect of trademark disclaimers and design elements on assessment of identity or confusing similarity under the UDRP.]

#### Relevant decisions:

*Lion Country Supply, Inc. v. J. Katz*, WIPO Case No. [D2003-0106](#), <lioncountrysupply.com>, Transfer

*PC Mall, Inc. v. Pygmy Computer Systems, Inc.*, WIPO Case No. [D2004-0437](#), <mobile-mall.com> *inter alia*, Denial

*Displays Depot, Inc. v. GNO, Inc.*, WIPO Case No. [D2006-0445](#), <displaydepot.com>, Denial

*Advance News Service Inc. v. Vertical Axis, Inc. / Religionnewsservice.com*, WIPO Case No. [D2008-1475](#), <religionnewsservice.com>, Denial

*Mario Rodriguez BBS Technologies, Inc. v. Guangzhou Tianji Technology Co. Ltd Pengfei Zhang*, WIPO Case No. [D2009-0477](#), <shadygrovefertilitycenter.com> *inter alia*, Denial

*537397 Ontario Inc. operating as Tech Sales Co. v. EXAIR Corporation*, WIPO Case No. [D2009-0567](#), <nexflow.com> *inter alia*, Transfer

*No Zebra Network Ltda v. Baixaki.com, Inc.*, WIPO Case No. [D2009-1071](#), <baixaki.com>, Transfer

### **1.2 What is the test for identity or confusing similarity, and can the content of a website be relevant in determining this?**

See also the [relevant section](#) in the WIPO Legal Index.

The first element of the UDRP serves essentially as a standing requirement. The threshold test for confusing similarity under the UDRP involves a comparison between the trademark and the domain name itself to determine likelihood of Internet user confusion. In order to satisfy this test, the relevant trademark would generally need to be recognizable as such within the domain name, with the addition of common, dictionary, descriptive, or negative terms [regarding the latter see further [paragraph 1.3](#) below] typically being regarded as insufficient to prevent threshold Internet user confusion. Application of the confusing similarity test under the

UDRP would typically involve a straightforward visual or aural comparison of the trademark with the alphanumeric string in the domain name. While each case must be judged on its own merits, circumstances in which a trademark may not be recognizable as such within a domain name may include where the relied-upon mark corresponds to a common term or phrase, itself contained or subsumed within another common term or phrase in the domain name (e.g. trademark HEAT within domain name theatre.com).

However: Some panels have additionally required that, for a domain name to be regarded as confusingly similar to the complainant's trademark, there must be a risk that Internet users may actually believe there to be a real connection between the domain name and the complainant and/or its goods and services. Such panels would typically assess this risk having regard to such factors as the overall impression created by the domain name, the distinguishing value (if any) of any terms, letters or numbers in the domain name additional to the relied-upon mark, and whether an Internet user unfamiliar with any meaning of the disputed domain name seeking the complainant's goods or services on the world wide web would necessarily comprehend such distinguishing value *vis-à-vis* the relevant mark.

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

#### Relevant decisions:

*Arthur Guinness Son & Co. (Dublin) Limited v. Dejan Macesic*, WIPO Case No. [D2000-1698](#), <guinness.com>, Transfer

*Dixons Group Plc v. Mr. Abu Abdullaah*, WIPO Case No. [D2001-0843](#), <dixons-online.net>, Transfer  
*America Online, Inc. v. Johuathan Investments, Inc., and AOLLNEWS.COM*, WIPO Case No. [D2001-0918](#), <aollnews.com> *inter alia*, Denial, Transfer in part

*Fondation Le Corbusier v. Monsieur Bernard Weber, Madame Heidi Weber*, WIPO Case No. [D2003-0251](#), <artlecorbusier.com>, Denial, Transfer in Part

*V&S Vin & Sprit AB v. Ooar Supplies*, WIPO Case No. [D2004-0962](#), <absolutxxx.com>, Transfer

*Covance, Inc. and Covance Laboratories Ltd. v. The Covance Campaign*, WIPO Case No. [D2004-0206](#), <covancecampaign.com>, Denial

*Ice House America, LLC v. Ice Igloo, Inc.*, WIPO Case No. [D2005-0649](#), <icehouseamerica.com> *inter alia*, Transfer

*SoftCom Technology Consulting Inc. v. Olariu Romeo/Orv Fin Group S.L.*, WIPO Case No. [D2008-0792](#), <myhostingfree.com>, Transfer

*Harry Winston Inc. and Harry Winston S.A. v. Jennifer Katherman*, WIPO Case No. [D2008-1267](#), <hairywinston.com>, Denial

*project.me GmbH v. Alan Lin*, WIPO Case No. [DME2009-0008](#), <project.me>, Denial

*Research in Motion Limited v. One Star Global LLC*, WIPO Case No. [D2009-0227](#), <unofficialblackberrystore.com>, Transfer

*F. Hoffmann-La Roche AG v. P Martin*, WIPO Case No. [D2009-0323](#), <alli-xenical.com>, Transfer

*Mejeriforeningen Danish Dairy Board v. Cykon Technology Limited*, WIPO Case No. [D2010-0776](#), <lurpa.com>, Transfer

*Mile, Inc. v. Michael Burg*, WIPO Case No. [D2010-2011](#), <lionsden.com>, Denial

### **1.3 Is a domain name consisting of a trademark and a negative term confusingly similar to the complainant's trademark? ("sucks cases")**

See also the [relevant section](#) in the WIPO Legal Index.

**Consensus view:** Generally, a domain name consisting of a trademark and a negative or pejorative term (such as [trademark]sucks.com) would be considered confusingly similar to the complainant's trademark for the purpose of satisfying the standing requirement under the first element of the UDRP (with the merits of such cases typically falling to be decided under subsequent elements). Panels have recognized that inclusion of a subsidiary word to the dominant feature of a mark at issue typically does not serve to obviate confusion for purposes of the UDRP's first element threshold requirement, and/or that there may be a particular risk of confusion among Internet users whose first language is not the language of the domain name [reference is also made to the discussion under [paragraph 1.2](#) above].

**Relevant decisions:**

*Wal-Mart Stores, Inc. v. Richard MacLeod d/b/a For Sale*, WIPO Case No. [D2000-0662](#), <wal-martsucks.com>, Transfer

*A & F Trademark, Inc. and Abercrombie & Fitch Stores, Inc. v. Justin Jorgensen*, WIPO Case No. [D2001-0900](#), <abercrombieandfilth.com>, Transfer

*Asda Group Limited v. Mr. Paul Kilgour*, WIPO Case No. [D2002-0857](#), <asdasucks.net>, Denial

*Joseph Dello Russo M.D. v. Michelle Guillaumin*, WIPO Case No. [D2006-1627](#), <dellorussosucks.com> *inter alia*, Transfer, Denial in part

*Société Air France v. MSA, Inc.*, WIPO Case No. [D2007-0143](#), <airfrancesuck.com>, Transfer

*Bakers Delight Holdings Ltd v. Andrew Austin*, WIPO Case No. [D2008-0006](#), <bakersdelightlies.com>, Denial

*Red Bull GmbH v. Carl Gamel*, WIPO Case No. [D2008-0253](#), <redbullsucks.com>, Transfer

*Southern California Regional Rail Authority v. Robert Arkow*, WIPO Case No. [D2008-0430](#), <metrolinksucks.com>, *inter alia*, Denial

*Sermo, Inc. v. CatalystMD, LLC*, WIPO Case No. [D2008-0647](#), <sermosucks.com>, Denial

*Vanguard Trademark Holdings USA, LLC v. European Travel Network*, WIPO Case No. [D2008-1325](#), <alamo-sucks.com>, Transfer

*Air Austral v. Tian Yi Tong Investment Ltd.*, WIPO Case No. [D2009-0020](#), <airaustralsucks.com>, Transfer

*Société Air France v. Mark Allaye-Chan*, WIPO Case No. [D2009-0327](#), <airfrance-suck.com>, Transfer

**1.4 Does the complainant have UDRP-relevant trademark rights in a trademark that was registered, or in which the complainant acquired unregistered rights, after the domain name was registered?**

See also the [relevant section](#) in the WIPO Legal Index.

**Consensus view:** Registration of a domain name before a complainant acquires trademark rights in a name does not prevent a finding of identity or confusing similarity under the UDRP. The UDRP makes no specific reference to the date on which the holder of the trademark or service mark acquired rights. However, in such circumstances it may be difficult to prove that the domain name was registered in bad faith under the third element of the UDRP [see in this regard [paragraph 3.1](#) below].

**Relevant decisions:**

*Digital Vision, Ltd. v. Advanced Chemill Systems*, WIPO Case No. [D2001-0827](#), <digitalvision.com>, Denial

*Madrid 2012, S.A. v. Scott Martin-MadridMan Websites*, WIPO Case No. [D2003-0598](#), <2m12.com> *inter alia*, Transfer

*Stoneygate 48 Limited and Wayne Mark Rooney v. Huw Marshall*, WIPO Case No. [D2006-0916](#), <waynerooney.com>, Transfer

*Esquire Innovations, Inc. v. Iscrub.com c/o Whois Identity Shield; and Vertical Axis, Inc, Domain Administrator*, WIPO Case No. [D2007-0856](#), <iscrub.com>, Transfer

*The State of Tennessee, USA v. (DOMAIN NAME 4 SALE) DOMAIN-NAME-4-SALE eMAIL baricci@attglobal.net*, WIPO Case No. [D2008-0640](#), <coverkids.com>, Denial

*Reckitt Benckiser Plc v. Eunsook Wi*, WIPO Case No. [D2009-0239](#), <rb.net>, Denial

### 1.5 Can a complainant show UDRP-relevant rights in a geographical term or identifier?

See also the [relevant section](#) in the WIPO Legal Index.

**Consensus view:** The report of the Second WIPO Internet Domain Name Process declined to recommend specifically extending protection to geographical terms under the UDRP. Some geographical terms, however, can be protected under the UDRP, if the complainant has shown that it has rights in the term and that the term is being used as a trademark for goods or services other than those that are described by or related to the geographical meaning of the term (secondary meaning).

#### Relevant decisions:

*Kur- und Verkehrsverein St. Moritz v. StMoritz.com*, WIPO Case No. [D2000-0617](#), <stmoritz.com>, Denial  
*Skipton Building Society v. Peter Colman*, WIPO Case No. [D2000-1217](#), <skipton.com>, Transfer  
*FC Bayern München AG v. Peoples Net Services Ltd.*, WIPO Case No. [D2003-0464](#), <bayermuenchen.net> *inter alia*, Transfer  
*BAA plc, Aberdeen Airport Limited v. Mr. H. Hashimi*, WIPO Case No. [D2004-0717](#), <aberdeenairport.com>, Transfer  
*Commune of Zermatt and Zermatt Tourismus v. Activelifestyle Travel Network*, WIPO Case No. [D2007-1318](#), <zermatt.com>, Denial  
*Jumeirah International LLC, Jumeirah Beach Resort LLC v. Vertical Axis, Inc, Domain Administrator / Jumeira.com*, WIPO Case No. [D2009-0203](#), <jumeira.com>, Denial  
*Instra Corporation Pty Ltd v. Domain Management SPM*, WIPO Case No. [D2009-1097](#), <asiaegistry.com> *inter alia*, Transfer

**However:** It has generally proven difficult for the legal authority of a geographical area (which has not otherwise obtained a relevant trademark registration) to show unregistered trademark rights in that geographical term on the basis of secondary meaning.

#### Relevant decisions:

*City of Hamina v. Paragon International Projects Ltd.*, WIPO Case No. [D2001-0001](#), <portofhamina.com>, Denial  
*Brisbane City Council v. Joyce Russ Advertising Pty Limited*, WIPO Case No. [D2001-0069](#), <brisbane.com>, Denial  
*Land Sachsen-Anhalt v. Skander Bouhaouala*, WIPO Case No. [D2002-0273](#), <sachsen-anhalt.com>, Denial  
*Province of Brabant Wallon v. Domain Purchase, NOLDC, Inc.*, WIPO Case No. [D2006-0778](#), <Brabant-wallon.org>, Denial

### 1.6 Can a complainant show UDRP-relevant rights in a personal name?

See also the [relevant section](#) in the WIPO Legal Index.

**Consensus view:** Personal names that have been registered as trademarks are generally protected under the UDRP. While the UDRP does not specifically protect personal names as such, in situations where a personal name unregistered as a trademark is being used for trade or commerce, the complainant may be able to establish common law or unregistered trademark rights in that name. In order to do so, proof of use of the person's name as a distinctive identifier of goods or services offered under that name would normally be required [see also [paragraph 1.7](#) below]. A trademark-equivalent basis has been found in the common law action of passing-off, which is generally intended to prevent the making of misrepresentations to the public in the context of trade, and which if established may provide grounds for reliance on a personal name for the purpose of the UDRP.

Relevant decisions:

*Julia Fiona Roberts v. Russell Boyd*, WIPO Case No. [D2000-0210](#), <juliaroberts.com>, Transfer  
*Jeanette Winterson v. Mark Hogarth*, WIPO Case No. [D2000-0235](#), <jeanettewinterson.com> *inter alia*, Transfer  
*Dr. Michael Crichton v. In Stealth Mode*, WIPO Case No. [D2002-0874](#), <michael-crichton.com>, Transfer  
*Tom Cruise v. Network Operations Center / Alberta Hot Rods*, WIPO Case No. [D2006-0560](#), <tomcruise.com>, Transfer  
*Arthur Golden v. Galileo Asesores S.L.*, WIPO Case No. [D2006-1215](#), <arthurgolden.com> *inter alia*, Transfer  
*Jim Carrey v. BWI Domains*, WIPO Case No. [D2009-0563](#), <jimcarrey.com>, Transfer  
*Jay Leno v. Garrison Hintz*, WIPO Case No. [D2009-0569](#), <weeknightswithjayleno.com>, Transfer  
*Geri Halliwell v. Rampe Purda/Privacy-Protect.org*, WIPO Case No. [D2010-1419](#), <gerihalliwell.com>, Transfer  
*Beyoncé Knowles v. Sonny Ahuja*, WIPO Case No. [D2010-1431](#), <beyoncefragrance.com>, Transfer

However: The name in question needs to be actually used in trade or commerce as an identifier of goods or services to establish unregistered trademark rights for the purpose of the UDRP. Merely having a famous name (such as a businessperson who does not actually use his or her name as an identifier for the business engaged in, or a religious leader), or making broad unsupported assertions regarding use of such name in trade or commerce, would not necessarily be sufficient to show unregistered trademark rights.

Relevant decisions:

*Israel Harold Asper v. Communication X Inc.*, WIPO Case No. [D2001-0540](#), <izzyasper.com> *inter alia*, Denial  
*Chinmoy Kumar Ghose v. ICDSoft.com and Maria Sliwa*, WIPO Case No. [D2003-0248](#), <aboutsrichinmoy.com> *inter alia*, Transfer  
*David Pecker v. Mr. Ferris*, WIPO Case No. [D2006-1514](#), <davidpecker.com>, Denial  
*Jacques Chardeau, inter alia v. MindViews, LLC*, WIPO Case No. [D2008-0778](#), <caillebotte.com>, Denial  
*Margaret C. Whitman v. Domains For Sale*, WIPO Case No. [D2008-1534](#), <megwhitmanforgovernor.com> *inter alia*, Denial  
*Vanisha Mittal v. info@setrillonario.com*, WIPO Case No. [D2010-0810](#), <vanishamittal.com>, Denial

**1.7 What needs to be shown for the complainant to successfully assert common law or unregistered trademark rights?**

See also the [relevant section](#) in the WIPO Legal Index.

Consensus view: The complainant must show that the name has become a distinctive identifier associated with the complainant or its goods or services. Relevant evidence of such "secondary meaning" includes length and amount of sales under the trademark, the nature and extent of advertising, consumer surveys and media recognition. The fact that the secondary meaning may only exist in a small geographical area does not limit the complainant's rights in a common law trademark. For a number of reasons, including the nature of the Internet, the availability of trademark-like protection under passing-off laws, and considerations of parity, unregistered rights can arise for the purposes of the UDRP even when the complainant is based in a civil law jurisdiction. However, a conclusory allegation of common law or unregistered rights (even if undisputed) would not normally suffice; specific assertions of relevant use of the claimed mark supported by evidence as appropriate would be required. Some panels have also noted that in cases involving claimed common law or unregistered trademarks that are comprised of descriptive or dictionary words, and therefore not inherently distinctive, there may be a greater onus on the complainant to present compelling evidence of secondary meaning or distinctiveness. Some panels have noted that the more obvious the viability of a complainant's claim to common law or unregistered trademark rights, the less onus there tends to be on that complainant to present the panel with extensive supporting evidence. However, unless such status is objectively clear, panels will be unlikely to take bald claims of trademark fame for granted.

Relevant decisions:

*Uitgeverij Crux v. W. Frederic Isler*, WIPO Case No. [D2000-0575](#), <crux.net >, Transfer  
*Skattedirektoratet v. Eivind Nag*, WIPO Case No. [D2000-1314](#), <skatteetaten.com>, Transfer  
*Amsec Enterprises, L.C. v. Sharon McCall*, WIPO Case No. [D2001-0083](#), <backgroundfacts.com>, Denial  
*Australian Trade Commission v. Matthew Reader*, WIPO Case No. [D2002-0786](#), <austrade.com>, Transfer  
*Imperial College v. Christophe Dessimoz*, WIPO Case No. [D2004-0322](#), <idealeague.com> *inter alia*, Transfer  
*Alpine Entertainment Group, Inc. v. Walter Alvarez*, WIPO Case No. [D2006-1392](#), <realspanking.com>, Denial  
*Fairview Commercial Lending, Inc. v. Aleksandra Pesalj*, WIPO Case No. [D2007-0123](#), <fairviewlending.org>, Transfer  
*The Carphone Warehouse Limited and The Phone House B.V. v. Navigation Catalyst Systems, Inc.*, WIPO Case No. [D2008-0483](#), <thecarephonewarehouse.com> *inter alia*, Transfer, Denial in Part  
*Continental Casualty Company v. Andrew Krause / Domains by Proxy, Inc.*, WIPO Case No. [D2008-0672](#), <continentalcasualty.com>, Denial  
*Thomas Pick aka Pick Inc. v. EUROPREMIUM LTD, Elaine Maria Gross*, WIPO Case No. [D2008-1010](#), <bs.com>, Denial  
*Mancini's Sleepworld v. LAKSH INTERNET SOLUTIONS PRIVATE LIMITED*, WIPO Case No. [D2008-1036](#), <mancinissleepworld.com>, Denial  
*La Mafafa, Inc. dba Cultura Profética v. Domains Real Estate*, WIPO Case No. [D2009-0534](#), <culturaprofetica.com>, Transfer  
*S.N.C. Jesta Fontainebleau v. Po Ser*, WIPO Case No. [D2009-1394](#), <palaisstephany.com>, Transfer

**1.8 Can a trademark licensee or a related company to a trademark holder have rights in a trademark for the purpose of filing a UDRP case?**

See also the [relevant section](#) in the WIPO Legal Index.

**Consensus view:** In most circumstances, a licensee of a trademark or a related company such as a subsidiary or parent to the registered holder of a trademark is considered to have rights in a trademark under the UDRP. For the purpose of filing under the UDRP, evidence of such license and/or authorization of the principal trademark holder to the bringing of the UDRP complaint would tend to support such a finding. Panels have in certain cases been prepared to infer the existence of a license and/or authorization from the particular facts, but in general, relevant evidence is desirable. Although not a requirement, panels have on occasion found it helpful, where a complaint relies on a common source of trademark rights, for all relevant rights holders to be included as co-complainants. [See further [paragraph 4.16](#) below in relation to complaints brought by multiple complainants.]

Relevant decisions:

*Telcel, C.A. v. jerm and Jhonattan RamÁrez*, WIPO Case No. [D2002-0309](#), <telcelbellsouth.com>, Transfer  
*Toyota Motor Sales U.S.A. Inc. v. J. Alexis Productions*, WIPO Case No. [D2003-0624](#), <lexusmichaels.com>, Denial  
*Grupo Televisa, S.A., Televisa, S.A. de C.V., Estrategia Televisa, S.A. de C.V., Videoserpel, Ltd. v. Party Night Inc., a/k/a Peter Carrington*, WIPO Case No. [D2003-0796](#), <televisadeporte.com>, Transfer  
*Spherion Corporation v. Peter Carrington, d/b/a Party Night Inc.*, WIPO Case No. [D2003-1027](#), <shperion.com>, Transfer  
*Teva Pharmaceutical USA, Inc. v. US Online Pharmacies*, WIPO Case No. [D2007-0368](#), <adipex-p.com>, Transfer  
*Komatsu Deutschland GmbH v. Ali Osman / ANS*, WIPO Case No. [D2009-0107](#), <komatsugermany.com> *inter alia*, Transfer

**1.9 Is a domain name consisting of a trademark and a generic, descriptive or geographical term confusingly similar to a complainant's trademark?**

See also the relevant sections ([generic](#), [geographic](#) terms) in the WIPO Legal Index.

The addition of merely generic, descriptive, or geographical wording to a trademark in a domain name would normally be insufficient in itself to avoid a finding of confusing similarity under the first element of the UDRP. Panels have usually found the incorporated trademark to constitute the dominant or principal component of the domain name. The principal exception that some panels have found in certain cases is where a trademark (especially one of a descriptive nature) is incorporated or subsumed within other words or textual elements so that the trademark is not clearly the dominant component of the domain name.

#### Relevant decisions:

*Ansell Healthcare Products Inc. v. Australian Therapeutics Supplies Pty, Ltd.*, WIPO Case No. [D2001-0110](#), <ansellcondoms.com>, Transfer

*Hachette Filipacchi Presse v. Vanilla Limited/Vanilla Inc/Domain Finance Ltd.*, WIPO Case No. [D2005-0587](#), <naturelle.com> *inter alia*, Transfer, with Denial in Part

*eBay Inc. v. ebayMoving / Izik Apo*, WIPO Case No. [D2006-1307](#), <ebaymoving.com>, Transfer

*Playboy Enterprises International, Inc. v. Zeynel Demirtas*, WIPO Case No. [D2007-0768](#), <playboyturkey.com>, Transfer

*Hoffmann-La Roche Inc. v. Wei-Chun Hsia*, WIPO Case No. [D2008-0923](#), <yourtamiflushop.com>, Transfer

*BHP Billiton Innovation Pty Ltd, BMA Alliance Coal Operations Pty Ltd v. Cameron Jackson*, WIPO Case No. [D2008-1338](#), <auriasdiamonds.info> *inter alia*, Transfer

*TPI Holdings, Inc. v. Carmen Armengol*, WIPO Case No. [D2009-0361](#), <autotradertransactions.com>, Transfer

*Nintendo of America Inc. v. Fernando Sascha Gutierrez*, WIPO Case No. [D2009-0434](#), <unlimitedwiidownloads.com>, Transfer

### **1.10 Is a domain name which contains a common or obvious misspelling of a trademark (i.e., typosquatting) confusingly similar to a complainant's trademark?**

See also the [relevant section](#) in the WIPO Legal Index.

Consensus view: A domain name which contains a common or obvious misspelling of a trademark normally will be found to be confusingly similar to such trademark, where the misspelled trademark remains the dominant or principal component of the domain name.

#### Relevant decisions:

*Wachovia Corporation v. Peter Carrington*, WIPO Case No. [D2002-0775](#), <wochovia.com> *inter alia*, Transfer

*Fuji Photo Film U.S.A., Inc. v. LaPorte Holdings*, WIPO Case No. [D2004-0971](#), <fuijifilm.com>, Transfer

*Humana Inc. v. Cayman Trademark Trust*, WIPO Case No. [D2006-0073](#), <humanna.com>, Transfer

*Edmunds.com, Inc. v. Digi Real Estate Foundation*, WIPO Case No. [D2006-1043](#), <edmundss.com>, Transfer

*Express Scripts, Inc. v. Whois Privacy Protection Service, Inc. / Domaindeals, Domain Administrator*, WIPO Case No. [D2008-1302](#), <expresscripts.com>, Transfer

### **1.11 Are disclaimed or design elements of a trademark considered in assessing identity or confusing similarity?**

See also the [relevant section](#) in the WIPO Legal Index.

Textual content which has been expressly disclaimed in a complainant's relevant trademark registration is generally disregarded by panels when assessing a domain name's identity or confusing similarity under the first element of the UDRP. Also, as figurative, stylized or design elements in a trademark are generally incapable of representation in a domain name, such elements are typically disregarded for the purpose of assessing identity or confusing similarity, with such assessment generally being between the alpha-numeric components of the

domain name, and the dominant textual components of the relevant mark. However, design elements in a trademark may be relevant to the decision in certain circumstances - such as where, for example, they form an especially prominent or distinctive part of the trademark overall. Some panels have found it to be a matter of impression in the circumstances of each case. Where the *entire* textual component of a complainant's relevant trademark has been disclaimed, or the *only* protectable component of such mark is comprised of design elements which generally cannot be represented in the alpha-numeric string of a domain name, then (absent a showing of acquired distinctiveness through use of the relevant mark) the complainant may lack any relevant rights under the UDRP on the basis of such mark, rendering moot any assessment of the disputed domain name's identity or confusing similarity with it. [See further [paragraph 1.1](#) above.]

#### Relevant decisions:

*Sweeps Vacuum & Repair Center, Inc. v. Nett Corp.*, WIPO Case No.[D2001-0031](#), <sweeps.com>, Denial  
*Meat and Livestock Commission v. David Pearce aka OTC / The Recipe for BSE*, WIPO Case No.[D2003-0645](#), <brishmeat.com> *inter alia*, Denial  
*J2 Global Communications, Inc. v. Ideas Plus, Inc.*, WIPO Case No.[D2005-0792](#), <e-fax.com>, Denial  
*Asset Loan Co. Pty Ltd v. Gregory Rogers*, WIPO Case No.[D2006-0300](#), <assetloanco.net>, Transfer  
*Dreamstar Cash S.L. v. Brad Klarkson*, WIPO Case No.[D2007-1943](#), <gals4free.com>, Transfer  
*Hero v. The Heroic Sandwich*, WIPO Case No.[D2008-0779](#), <hero.com>, Denial  
*Ideation Unlimited, Inc. v. Dan Myers*, WIPO Case No.[D2008-1441](#), <prescriptioncosmetics.com>, Denial  
*Which? Limited v. Whichcar.com c/o Whois Identity Shield / Vertical Axis, Inc*, WIPO Case No.[D2008-1637](#), <whichcar.com>, Transfer  
*Casa Editorial El Tiempo, S.A. v. Montanya Ltd*, WIPO Case No.[D2009-0103](#), <clubdesuscriptoreseltiempo.com>, Transfer  
*RUGGEDCOM, Inc. v. James Krachenfels*, WIPO Case No.[D2009-0130](#), <ruggedrouter.com>, Transfer with Dissenting Opinion  
*Ville de Paris v. Salient Properties LLC*, WIPO Case No.[D2009-1279](#), <wifiparis.com>, Denial  
*Espire Infolabs Pvt. Ltd. v. TW Telecom*, WIPO Case No.[D2010-1092](#), <espire.com>, Denial  
*Islamic Bank of Britain Plc v. Ifena Consulting, Charles Shrimpton*, WIPO Case No.[D2010-0509](#), <Islamic-bank.com>, Transfer  
*Limited Liability Company Infomedia v. c/o Office-Mail processing center / Whois privacy services, provided by DomainProtect LLC / 1) Eurofirm Ltd. 2) Ethno Share PO, Domain Manager*, WIPO Case No.[D2010-1239](#), <ethno.com>, Denial  
*Comservice SA v. Mdnh Inc., Brendhan Height*, WIPO Case No. [D2010-1591](#), <comservice.com>, Denial

## **2. Second UDRP Element (UDRP paragraph 4(a)(ii))**

See also the [relevant section](#) in the WIPO Legal Index.

### **2.1 Is the complainant required to prove that the respondent lacks rights or legitimate interests in the domain name?**

See also the [relevant section](#) in the WIPO Legal Index.

Consensus view: While the overall burden of proof rests with the complainant, panels have recognized that this could result in the often impossible task of proving a negative, requiring information that is often primarily within the knowledge of the respondent. Therefore a complainant is required to make out a *prima facie* case that the respondent lacks rights or legitimate interests. Once such *prima facie* case is made, the burden of production shifts to the respondent to come forward with appropriate allegations or evidence demonstrating rights or legitimate interests in the domain name. If the respondent fails to come forward with such appropriate allegations or evidence, a complainant is generally deemed to have satisfied paragraph 4(a)(ii) of the UDRP [see also [paragraph 4.6](#) below in relation to respondent default]. If the respondent does come forward with some allegations or evidence of relevant rights or legitimate interest, the panel then weighs all the



evidence, with the burden of proof always remaining on the complainant.

Relevant decisions:

*Croatia Airlines d.d. v. Modern Empire Internet Ltd.*, WIPO Case No. D2003-0455, <croatiaairlines.com>, Transfer

*Belupo d.d. v. WACHEM d.o.o.*, WIPO Case No. D2004-0110, <belupo.com>, Transfer

*Banco Itau S.A. v. Laercio Teixeira*, WIPO Case No. D2007-0912, <itaushopping.com>, Transfer

*Malayan Banking Berhad v. Beauty, Success & Truth International*, WIPO Case No. D2008-1393, <maybank.com>, Transfer

*Accor v. Eren Atesmen*, WIPO Case No. D2009-0701, <accorreviews.com>, Transfer

**2.2 Does a respondent automatically have rights or legitimate interests in a domain name comprised of a dictionary word(s)?**

See also the relevant section in the WIPO Legal Index.

Consensus view: If the complainant makes a *prima facie* case that the respondent has no rights or legitimate interests, and the respondent fails to show one of the three circumstances under paragraph 4(c) of the UDRP, or any other basis for rights or legitimate interests, then the respondent may lack a legitimate interest in the domain name, even if it is a domain name comprised of a dictionary word or phrase. Factors a panel tends to look for when assessing whether there may be rights or legitimate interests would include the status and fame of the trademark, whether the respondent has registered other domain names containing dictionary words or phrases, and whether the domain name is used in connection with a purpose relating to its generic or descriptive meaning (*e.g.*, a respondent may well have a right to a domain name "apple" if it uses it for a genuine site for apples but not if the site is aimed at selling computers or MP3 players, for example, or an inappropriate other purpose). Panels have recognized that mere registration of a domain name, even one that is comprised of a confirmed dictionary word or phrase (which may be generic with respect to certain goods or services), may not of itself confer rights or legitimate interests in the domain name. Normally, in order to find rights or legitimate interests in a domain name based on the generic or dictionary meaning of a word or phrase contained therein, the domain name would need to be genuinely used or at least demonstrably intended for such use in connection with the relied-upon meaning (and not, for example, to trade off third-party rights in such word or phrase).

Relevant decisions:

*Allocation Network GmbH v. Steve Gregory*, WIPO Case No. D2000-0016, <allocation.com> *inter alia*, Denial  
*Asphalt Research Technology, Inc. v. National Press & Publishing, Inc.*, WIPO Case No. D2000-1005, <ezstreet.net>, Denial

*402 Shoes, Inc. dba Trashy Lingerie v. Jack Weinstock and Whispers Lingerie*, WIPO Case No. D2000-1223, <trashylingerie.com>, Transfer with Concurring Opinion

*Porto Chico Stores, Inc. v. Otavio Zambon*, WIPO Case No. D2000-1270, <lovelygirls.com>, Denial

*Sweeps Vacuum & Repair Center, Inc. v. Nett Corp.*, WIPO Case No. D2001-0031, <sweeps.com>, Denial

*Classmates Online, Inc. v. John Zuccarini, individually and dba RaveClub Berlin*, WIPO Case No. D2002-0635, <classmat.com> *inter alia*, Transfer

*Gorstew Limited v. Worldwidewebsales.com*, WIPO Case No. D2002-0744, <anguillabeaches.com> *inter alia*, Denial

*Emmanuel Vincent Seal trading as Complete Sports Betting v. Ron Basset*, WIPO Case No. D2002-1058, <completesportsbetting.com>, Transfer

*Owens Corning Fiberglas Technology, Inc v. Hammerstone*, WIPO Case No. D2003-0903, <cultured-stone.com>, Transfer

*Mobile Communication Service Inc. v. WebReg, RN*, WIPO Case No. D2005-1304, <mobilcom.com>, Transfer

*Media General Communications, Inc. v. Rarenames, WebReg*, WIPO Case No. D2006-0964, <wcmh.com> ,

## Transfer

*Commune of Zermatt and Zermatt Tourismus v. Activelifestyle Travel Network*, <zermatt.com>, WIPO Case No.D2007-1318, Denial

*Terroni Inc. v. Gioacchino Zerbo*, WIPO Case No.D2008-0666, <terrioni.com>, Transfer

*Société Nationale des Chemins de Fer Français v. RareNames, Inc.*, *RareNames WebReg and RN WebReg*, D2008-1849, <tgvcinema.com> *inter alia*, Transfer

*St Andrews Links Ltd v. Refresh Design*, WIPO Case No.D2009-0601, <theoldcourse.com>, Transfer

*Gibson, LLC v. Jeanette Valencia*, WIPO Case No.D2010-0490, <moderncowgirls.com>, Transfer

### **2.3 Can a reseller/distributor of trademarked goods or services have rights or legitimate interests in a domain name which contains such trademark?**

See also the [relevant section](#) in the WIPO Legal Index.

**Consensus view:** Normally, a reseller or distributor can be making a *bona fide* offering of goods and services and thus have a legitimate interest in the domain name if its use meets certain requirements. These requirements normally include the actual offering of goods and services at issue, the use of the site to sell only the trademarked goods, and the site's accurately and prominently disclosing the registrant's relationship with the trademark holder. The respondent must also not try to "corner the market" in domain names that reflect the trademark. Many panels subscribing to this view have also found that not only authorized but also unauthorized resellers may fall within such *Oki Data* principles. Pay-per-click (PPC) websites would not normally fall within such principles where such websites seek to take unfair advantage of the value of the trademark.

**However:** Some panels take the position (while subscribing to the consensus view) that it will generally be very difficult for a respondent to establish rights or legitimate interests where that respondent has no relevant trademark rights and without the authority of the complainant has used a domain name identical to the complainant's trademark (i.e., <trademark.tld>). [See further View 1 in [paragraph 2.4](#) below regarding impersonation.]

#### Relevant decisions:

*Oki Data Americas, Inc. v. ASD, Inc.*, WIPO Case No.D2001-0903, <okidataparts.com>, Denial

*Experian Information Solutions, Inc. v. Credit Research, Inc.*, WIPO Case No.D2002-0095, <experiancredit.com> *inter alia*, Transfer

*National Association for Stock Car Auto Racing, Inc. v. Racing Connection / The Racin' Connection, Inc.*, WIPO Case No.D2007-1524, <nascartours.com>, Denial

*ITT Manufacturing Enterprises, Inc., ITT Corporation v. Douglas Nicoll, Differential Pressure Instruments, Inc.*, WIPO Case No.D2008-0936, <ittbarton.com> *inter alia*, Denial

*MasterCard International Incorporated v. Global Access*, WIPO Case No.D2008-1940, <mastercards.com>, Transfer

*Research in Motion Limited v. One Star Global LLC*, WIPO Case No.D2009-0227, <unofficialblackberrystore.com>, Transfer

*Intex Recreation Corp. v. RBT, Inc., Ira Weinstein*, WIPO Case No.,D2010-0119, <intexpool.com>, Transfer  
*Starwood Hotels & Resorts Worldwide Inc., The Sheraton LLC, Sheraton International Inc., Societe des Hotels Meridien, Westin Hotel Management L.P. v. Media Insight a/k/a Media Insights*, WIPO Case No.D2010-0211, <sheratonnassaubeachresort.com>, Transfer

*National Association of Realtors v. John Fothergill*, WIPO Case No.D2010-1284, <listonrealtor.com>, Transfer

**Furthermore:** A small number of panels have taken the view that, without express authority of the relevant trademark holder, a right to resell or distribute that trademark holder's products does not create a right to use a domain name that is identical, confusingly similar, or otherwise wholly incorporates the relevant trademark.

Relevant decisions:

*Motorola, Inc. vs NewGate Internet, Inc.*, WIPO Case No.[D2000-0079](#), <talkabout.com>, Transfer with Dissenting Opinion

*General Electric Company v. Japan, Inc.*, WIPO Case No.[D2001-0410](#), <japan-ge.com>, Transfer

*Rada Mfg. Co. v. J. Mark Press a/k/a J. Mark Cutlery*, WIPO Case No.[D2004-1060](#), <radacutlerysales.com>, Transfer

*F. Hoffmann-La Roche AG v. Canadian Pharmacy Network Online*, WIPO Case No.[D2005-1203](#), <canadian-pharmacy-xeloda.com>, Transfer

*X-ONE B.V. v. Robert Modic*, WIPO Case No.[D2010-0207](#), <gaastrashop.com>, Transfer

*Vibram S.p.A. v. Chen yanbing*, WIPO Case No.[D2010-0981](#), <discountvibramfivefingers.com>, Transfer

*Beyoncé Knowles v. Sonny Ahuja*, WIPO Case No.[D2010-1431](#), <beyoncefragrance.com>, Transfer

For cases dealing with a non-contractual relationship see:

*DaimlerChrysler A.G. v. Donald Drummonds*, WIPO Case No.[D2001-0160](#), <mercedeshop.com>, Denial

*Philip Morris Incorporated v. Alex Tsytkin*, WIPO Case No.[D2002-0946](#), <discount-marlboro-cigarettes.com>, Transfer

*Dr. Ing. h.c. F. Porsche AG v. Del Fabbro Laurent*, WIPO Case No.[D2004-0481](#), <porsche-buy.com> *inter alia*, Denial

*Daimler AG v. William Wood*, WIPO Case No.[D2008-1712](#), <mercedeshop.com>, Transfer

**2.4 Can a criticism site generate rights and legitimate interests?**

See also the [relevant section](#) in the WIPO Legal Index.

This section only concerns sites that practice genuine, noncommercial criticism. There are many UDRP decisions where the respondent argues that the domain name is being used for a free speech purpose but the panel finds that it is primarily a pretext for commercial advantage.

See: *Wal-Mart Stores, Inc. v. Walsucks and Walmarket Puerto Rico*, WIPO Case No.[D2000-0477](#), <walmartcanadasucks.com> *inter alia*, Transfer

*Rolex Watch U.S.A., Inc. v. Spider Webs, Ltd.*, WIPO Case No.[D2001-0398](#), <relojesrolex.com> *inter alia*, Transfer

In the event that a domain name identical or confusingly similar to a trademark is being used for a genuine noncommercial free speech website, there are two main views. In cases involving only US parties or the selection of a US mutual jurisdiction, panelists tend to adopt the reasoning in View 2 (though not universally).

See: *Howard Jarvis Taxpayers Association v. Paul McCauley*, WIPO Case No.[D2004-0014](#), <hjta.com> Denial  
*Sermo, Inc. v. CatalystMD, LLC*, WIPO Case No.[D2008-0647](#), <sermosucks.com> Denial.

View 1: The right to criticize does not necessarily extend to registering and using a domain name that is identical or confusingly similar to the complainant's trademark. That is especially the case if the respondent is using the trademark alone as the domain name (i.e., <trademark.tld>) as that may be understood by Internet users as impersonating the trademark owner. Where the domain name comprises the protected trademark plus an additional, typically derogatory term (e.g., <trademarksucks.tld>), some panels have applied View 2 below.

Relevant decisions:

*Skattedirektoratet v. Eivind Nag*, WIPO Case No.[D2000-1314](#), <skatteetaten.com>, Transfer

*Myer Stores Limited v. Mr. David John Singh*, WIPO Case No.[D2001-0763](#), <myeronline.com>, Transfer

*Triodos Bank NV v. Ashley Dobbs*, WIPO Case No.[D2002-0776](#), <triodos-bank.com>, Transfer

*The Royal Bank of Scotland Group plc, National Westminster Bank plc A/K/A NatWest Bank v. Personal and Pedro Lopez*, WIPO Case No.[D2003-0166](#), <natwestbanksucks.com>, Transfer

*Kirkland & Ellis LLP v. DefaultData.com, American Distribution Systems, Inc.*, WIPO Case No.[D2004-0136](#), <kirklandandellis.com>, Transfer

*1066 Housing Association Ltd. v. Mr. D. Morgan*, WIPO Case No.[D2007-1461](#), <1066ha.com>, Transfer

*Hoteles Turísticos Unidos S.A., HOTUSA v. Jomar Technologies*, WIPO Case No.[D2008-0136](#), <eurostarsblue.com>, Transfer

*Aspis Liv Försäkrings AB v. Neon Network, LLC*, WIPO Case No.[D2008-0387](#), <aspis.com>, Transfer with Dissenting Opinion

*The First Baptist Church of Glenarden v. Melvin Jones*, WIPO Case No.[D2009-0022](#), <fbcglenarden.com>, Transfer

*Anastasia International Inc. v. Domains by Proxy Inc./rumen kadiev*, WIPO Case No.[D2009-1416](#), <anastasia-international.info>, Transfer

**View 2:** Irrespective of whether the domain name as such connotes criticism, the respondent has a legitimate interest in using the trademark as part of the domain name of a criticism site if such use is fair and noncommercial.

#### Relevant decisions:

*Bridgestone Firestone, Inc., Bridgestone/Firestone Research, Inc., and Bridgestone Corporation v. Jack Myers*, WIPO Case No.[D2000-0190](#), <bridgestone-firestone.net>, Denial

*TMP Worldwide Inc. v. Jennifer L. Potter*, WIPO Case No.[D2000-0536](#), <tmpworldwide.net> *inter alia*, Denial

*Howard Jarvis Taxpayers Association v. Paul McCauley*, WIPO Case No.[D2004-0014](#), <hjta.com>, Denial

*Sermo, Inc. v. CatalystMD, LLC*, WIPO Case No.[D2008-0647](#), <sermosucks.com>, Denial

*Sutherland Institute v. Continuitive LLC*, WIPO Case No.[D2009-0693](#), <sutherlandinstitute.com>, Denial

**Additional considerations:** Some panels have opted to assess questions of whether a respondent may have a legitimate interest in using a trademark as part of the domain name of a criticism site by reference to additional considerations, including whether: (i) the domain name has been registered and is used genuinely for the purpose of criticizing the mark owner; (ii) the registrant believes the criticism to be well-founded and lacks intent for commercial gain; (iii) it is immediately apparent to Internet users visiting the website at the domain name that it is not operated by the owner of the mark; (iv) the respondent has refrained from registering all or most of the obvious domain names reasonably suitable for the owner of the mark; (v) where appropriate, a prominent and appropriate link is provided to the relevant trademark owner's website; and (vi) where there is a likelihood that email intended for the complainant will use the domain name in issue, senders are alerted in an appropriate way that their emails have been misaddressed.

#### Relevant Decisions:

*Covance, Inc. and Covance Laboratories Ltd. v. The Covance Campaign*, WIPO Case No.[D2004-0206](#), <covancecampaign.com>, Denial

*Fundación Calvin Ayre Foundation v. Erik Deutsch*, WIPO Case No.[D2007-1947](#), <calvinayrefoundation.org>, Transfer

*Grupo Costamex, SA de C.V. v. Stephen Smith and Oneandone Private Registration / 1&1 Internet Inc.*, WIPO Case No.[D2009-0062](#), <royalholiday.info>, Transfer

*Midland Heart Limited v. Uton Black*, WIPO Case No.[D2009-0076](#), <midlandheart.com>, Denial

*Coast Hotels Ltd. v. Bill Lewis and UNITE HERE*, WIPO Case No.[D2009-1295](#), <coasthotels-badforbc.info>, Denial

## **2.5 Can a fan site generate rights or legitimate interests in the disputed domain name?**

See also the [relevant section](#) in the WIPO Legal Index.

Many of the considerations used by panels in relation to criticism sites, as discussed in paragraph 2.4 above, also are applied by panels in relation to fan or tribute sites. Moreover, this section only deals with fan sites that are clearly active and noncommercial. There are many UDRP cases in which the respondent claims to have an active noncommercial fan site but the panel finds that it is primarily a pretext for commercial advantage.

See: *Helen Fielding v. Anthony Corbert aka Anthony Corbett*, WIPO Case No. D2000-1000, <bridgetjones.com>, Transfer

View 1: The registrant of an active and noncommercial fan site may have rights and legitimate interests in the domain name that includes the complainant's trademark. The site should be actually in use, clearly distinctive from any official site, and noncommercial in nature. Panels have found that a claimed fan site which includes pay-per-click (PPC) links or automated advertising would not normally be regarded as a legitimate non-commercial site. However, some panels have recognized that a degree of incidental commercial activity may be permissible in certain circumstances (e.g., where such activity is of an ancillary or limited nature or bears some relationship to the site's subject).

#### Relevant decisions:

*Estate of Gary Jennings and Joyce O. Servis v. Submachine and Joe Ross*, WIPO Case No. D2001-1042, <garyjennings.com>, Denial

*2001 White Castle Way, Inc. v. Glyn O. Jacobs*, WIPO Case No. D2004-0001, <patbenatar.com>, Denial

*Tom Cruise v. Network Operations Center / Alberta Hot Rods*, WIPO Case No. D2006-0560, <tomcruise.com>, Transfer

*Estate of Francis Newton Souza v. ZWYX.org Ltd.*, WIPO Case No. D2007-0221, <fnsouza.com>, Denial

*Ain-Jeem, Inc. v. Barto Enterprises, Inc., Philip Barto*, WIPO Case No. D2007-1841, <kareemabduljabbar.com>, Transfer

*The Jennifer Lopez Foundation v. Jeremiah Tieman, Jennifer Lopez Net, Jennifer Lopez, Vaca Systems LLC*, WIPO Case No. D2009-0057, <jenniferlopez.net> *inter alia*, Transfer

View 2: A respondent does not have rights or legitimate interests in expressing its view, even if positive, on an individual or entity by using an identical or confusingly similar domain name, if the respondent is intentionally misrepresenting itself as being (or as in some way associated with) that individual or entity, or seeks to derive commercial advantage from its registration and use. Also, where the domain name is identical to the trademark, panels have noted that such respondent action prevents the trademark holder from exercising its rights to the trademark and managing its presence on the Internet.

#### Relevant decisions:

*David Gilmour, David Gilmour Music Limited and David Gilmour Music Overseas Limited v. Ermanno Cenicolla*, WIPO Case No. D2000-1459, <davidgilmour.com>, Transfer

*Stoneygate 48 Limited and Wayne Mark Rooney v. Huw Marshall*, WIPO Case No. D2006-0916, <waynerooney.com>, Transfer

*David Foox v. Kung Fox and Bill Hicks*, WIPO Case No. D2008-0472, <davidfoox.info> *inter alia*, Transfer

*Russell Peters v. George Koshy and Navigation Catalyst Systems, Inc.*, WIPO Case No. D2009-0173, <russelpeters.com>, Transfer

*Giochi Preziosi S.P.A. v. VGMD NetWeb S.L.*, WIPO Case No. D2009-0542, <gormiti.mobi>, Denial

## **2.6 Do parking and landing pages or pay-per-click links generate rights or legitimate interests in the disputed domain name?**

See also the relevant section in the WIPO Legal Index.

Panels have generally recognized that use of a domain name to post parking and landing pages or PPC links may be permissible in some circumstances, but would not *of itself* confer rights or legitimate interests arising

from a "bona fide offering of goods or services" [see also paragraph 3.8 below] or from "legitimate noncommercial or fair use" of the domain name, especially where resulting in a connection to goods or services competitive with those of the rights holder. As an example of such permissible use, where domain names consisting of dictionary or common words or phrases support posted PPC links genuinely related to the generic meaning of the domain name at issue, this may be permissible and indeed consistent with recognized sources of rights or legitimate interests under the UDRP, provided there is no capitalization on trademark value (a result that PPC page operators can achieve by suppressing PPC advertising related to the trademark value of the word or phrase). By contrast, where such links are based on trademark value, UDRP panels have tended to consider such practices generally as unfair use resulting in misleading diversion.

#### Relevant decisions:

*Express Scripts, Inc. v. Windgather Investments Ltd. / Mr. Cartwright*, WIPO Case No. [D2007-0267](#), <express-scripts.com>, Transfer

*Asian World of Martial Arts Inc. v. Texas International Property Associates*, WIPO Case No. [D2007-1415](#), <proforcekarate.com> *inter alia*, Transfer

*Gold Medal Travel Group plc v. Damir Kruzicevic*, WIPO Case No. [D2007-1902](#), <goldmedal.com>, Denial

*Legacy Health System v. Nijat Hassanov*, WIPO Case No. [D2008-1708](#), <legacyhealthsystem.com>, Transfer

*Trade Me Limited v. Vertical Axis Inc*, WIPO Case No. [D2009-0093](#), <trademe.com>, Denial

*Mpire Corporation v. Michael Frey*, WIPO Case No. [D2009-0258](#), <widgebucks.com>, Transfer

*Compart AG v. Compart.com / Vertical Axis, Inc.*, WIPO Case No. [D2009-0462](#), <compart.com>, Transfer

*Donald J. Trump v. Mediaking LLC d/b/a Mediaking Corporation and Aaftek Domain Corp.*, WIPO Case No. [D2010-1404](#), <trumpllasvegas.com>, Transfer

*Paris Hilton v. Deepak Kumar*, WIPO Case No. [D2010-1364](#), <parishiltonheiress.com>, Transfer

*Lardi Ltd v. Belize Domain WHOIS Service Lt*, WIPO Case No. [D2010-1437](#), <larditrans.com>, Transfer

*Havanna S.A. v. Brendan Hight, Mdnh Inc*, WIPO Case No., [D2010-1652](#), <havanna.com>, Denial

### **2.7 Does a respondent trademark corresponding to a disputed domain name automatically generate rights or legitimate interests?**

See also the [relevant section](#) in the WIPO Legal Index.

Panels have tended to recognize that a respondent's registration of a trademark which corresponds to a disputed domain name normally will, but does not necessarily, establish respondent rights or legitimate interests in that domain name for the purpose of the second element of the UDRP. For example, panels have generally declined to find respondent rights or legitimate interests in a domain name on the basis of a corresponding trademark registration where the overall circumstances demonstrate that such trademark was obtained primarily to circumvent the application of the UDRP.

#### Relevant decisions:

*Madonna Ciccone, p/k/a Madonna v. Dan Parisi and "Madonna.com"*, WIPO Case No. [D2000-0847](#), <madonna.com>, Transfer

*Chemical Works of Gedeon Richter Plc v. Covex Farma S.L.*, WIPO Case No. [D2008-1379](#), <cavinton.com> *inter alia*, Transfer, Cancellation in Part

*British Sky Broadcasting Group Plc. and British Sky Broadcasting Limited v. Global Access*, WIPO Case No. [D2009-0817](#), <skytravel.com>, Denial

### **3. Third UDRP Element (UDRP paragraph 4(a)(iii))**

See also the [relevant section](#) in the WIPO Legal Index.

#### **3.1 Can bad faith be found if the disputed domain name was registered before the trademark was**

**registered or before unregistered trademark rights were acquired?**

See also the relevant section in the WIPO Legal Index.

Consensus view: Generally speaking, although a trademark can form a basis for a UDRP action under the first element irrespective of its date [see further paragraph 1.4 above], when a domain name is registered by the respondent before the complainant's relied-upon trademark right is shown to have been first established (whether on a registered or unregistered basis), the registration of the domain name would not have been in bad faith because the registrant could not have contemplated the complainant's then non-existent right.

Relevant decisions:

*John Ode dba ODE and ODE - Optimum Digital Enterprises v. Intership Limited*, WIPO Case No. D2001-0074, <ode.com>, Denial

*Digital Vision, Ltd. v. Advanced Chemill Systems*, WIPO Case No. D2001-0827, <digitalvision.com>, Denial

*PrintForBusiness B.V v. LBS Horticulture*, WIPO Case No. D2001-1182, <print4business.com>, Denial

*Collective Media, Inc. v. CKV / COLLECTIVEMEDIA.COM*, WIPO Case No. D2008-0641, <collectivemedia.com>, Denial

*Meeza QSTP-LLC v. Torsten Frank / medisite Systemhaus GmbH*, WIPO Case No. D2009-0943, <meeza.com>, Denial

However: In certain situations, when the respondent is clearly aware of the complainant, and it is clear that the aim of the registration was to take advantage of the confusion between the domain name and any potential complainant rights, bad faith can be found. This has been found to occur: shortly before or after a publicized merger between companies, but before any new trademark rights in the combined entity have arisen; or when the respondent (e.g., as a former employee or business partner, or other informed source) seeks to take advantage of any rights that may arise from the complainant's enterprises; or where the potential mark in question is the subject of substantial media attention (e.g., in connection with a widely anticipated product or service launch) of which the respondent is aware, and before the complainant is able to obtain registration of an applied-for trademark, the respondent registers the domain name in order to take advantage of the complainant's likely rights in that mark. (In all such cases, in order to have a chance to succeed in any filed UDRP complaint, the complainant must actually demonstrate relevant trademark rights, as these are a precondition for satisfying the standing requirement under the first element of the UDRP for rights in a mark.)

Relevant decisions:

*ExecuJet Holdings Ltd. v. Air Alpha America, Inc.*, WIPO Case No. D2002-0669, <execujet.com>, Denial

*Kangwon Land, Inc. v. Bong Woo Chun (K.W.L. Inc)*, WIPO Case No. D2003-0320, <kangwonland.com>, Transfer

*Madrid 2012, S.A. v. Scott Martin-MadridMan Websites*, WIPO Case No. D2003-0598, <2m12.com> *inter alia*, Transfer

*General Growth Properties, Inc., Provo Mall L.L.C. v. Steven Rasmussen/Provo Towne Centre Online*, WIPO Case No. D2003-0845, <provotownecentre.com> *inter alia*, Transfer

*Geopack v. Name Administration Inc. (BVI)*, WIPO Case No. D2006-1590, <geopack.com>, Denial  
*537397 Ontario Inc. operating as Tech Sales Co. v. EXAIR Corporation*, WIPO Case No. D2009-0567, <nexflow.com> *inter alia*, Transfer

*San Diego Hydroponics & Organics v. Innovative Growing Solutions, Inc.*, WIPO Case No. D2009-1545, <sandiegohydro.com>, Denial

Furthermore: Irrespective of whether the domain name was registered before the relevant trademark was registered or acquired, a small number of panels have begun to consider the effect of the requirement of paragraph 2 of the UDRP, which states: "By applying to register a domain name, or by asking us to maintain or renew a domain name registration, you hereby represent and warrant to us that . . . (d) you will not knowingly

use the domain name in violation of any applicable laws or regulations. It is your responsibility to determine whether your domain name registration infringes or violates someone else's rights." Some panels have regarded this as a warranty at the time of registration that the domain name will not be used in bad faith, finding that, by breaching such warranty, use in bad faith may render the registration in bad faith. Other panels have looked at the totality of the circumstances in assessing "registration and use in bad faith," as a unitary concept, given that some of the circumstances listed as evidence of bad faith registration and use in paragraph 4(b) of the UDRP appear to discuss only use and not registration. Still other panels that have considered these approaches have instead reaffirmed the "literal" interpretation of bad faith registration and bad faith use regardless of paragraphs 2 or 4(b) of the UDRP. This is a developing area of UDRP jurisprudence.

#### Relevant decisions:

*Global Media Resources SA v. Sexplanets aka SexPlanets Free Hosting*, WIPO Case No. D2001-1391, <sexplanets.com>, Denial

*City Views Limited v. Moniker Privacy Services / Xander, Jeduyu, ALGEBRALIVE*, WIPO Case No. D2009-0643, <mummygold.com>, Denial

*Octogen Pharmacal Company, Inc. v. Domains By Proxy, Inc. / Rich Sanders and Octogen e-Solutions*, WIPO Case No. D2009-0786, <octogen.com>, *inter alia*, Transfer

*Validas, LLC v. SMVS Consultancy Private Limited*, WIPO Case No. D2009-1413, <validas.com>, Denial

*Torus Insurance Holdings Limited v. Torus Computer Resources*, WIPO Case No. D2009-1455, <torus.com>, Transfer

*Eastman Sporto Group LLC v. Jim and Kenny*, WIPO Case No. D2009-1688, <sporto.com>, Transfer

*Camon S.p.A. v. Intelli-Pet, LLC*, WIPO Case No. D2009-1716, <walkydogusa.com>, Denial

*Tata Communications International Pte Ltd (f/k/a VSNL International Pte Ltd) v. Portmedia Inc. / TRUERROOTS.COM c/o Nameview Inc. Whois*, WIPO Case No. D2010-0217, <trueroots.com>, Denial

*Burn World-Wide, Ltd. d/b/a BGT Partners v. Banta Global Turnkey Ltd*, WIPO Case No. D2010-0470, <bgt.com>, Denial

*A. Nattermann & Cie. GmbH and Sanofi-aventis v. Watson Pharmaceuticals, Inc.*, WIPO Case No. D2010-0800, <ferrlecit.com>, Denial with Dissenting Opinion

*Jappy GmbH v. Satoshi Shimoshita*, WIPO Case No. D2010-1001, <jappy.com>, Transfer

*Mile, Inc. v. Michael Burg*, WIPO Case No. D2010-2011, <lionsden.com>, Denial

### **3.2 Can there be use in bad faith when the domain name is not actively used and the domain name holder has taken no active steps to sell the domain name or contact the trademark holder (passive holding)?**

See also the relevant section in the WIPO Legal Index.

Consensus view: With comparative reference to the circumstances set out in paragraph 4(b) of the UDRP deemed to establish bad faith registration and use, panels have found that the apparent lack of so-called active use (e.g., to resolve to a website) of the domain name without any active attempt to sell or to contact the trademark holder (passive holding), does not as such prevent a finding of bad faith. The panel must examine all the circumstances of the case to determine whether the respondent is acting in bad faith. Examples of what may be cumulative circumstances found to be indicative of bad faith include the complainant having a well-known trademark, no response to the complaint having been filed, and the registrant's concealment of its identity. Panels may draw inferences about whether the domain name was used in bad faith given the circumstances surrounding registration, and *vice versa*. Some panels have also found that the concept of passive holding may apply even in the event of sporadic use, or of the mere "parking" by a third party of a domain name (irrespective of whether the latter should also result in the generation of incidental revenue from advertising referrals).

#### Relevant decisions:



*Telstra Corporation Limited v. Nuclear Marshmallows*, WIPO Case No. [D2000-0003](#), <telstra.org>, Transfer  
*Jupiters Limited v. Aaron Hall*, WIPO Case No. [D2000-0574](#), <jupiterscasino.com> *inter alia*, Transfer  
*Ladbroke Group Plc v. Sonoma International LDC*, WIPO Case No. [D2002-0131](#), <ladbrokespoker.com> *inter alia*, Transfer  
*Westdev Limited v. Private Data*, WIPO Case No. [D2007-1903](#), <numberone.com>, Transfer  
*Malayan Banking Berhad v. Beauty, Success & Truth International*, WIPO Case No. [D2008-1393](#), <maybank.com>, Transfer  
*Intel Corporation v. The Pentium Group*, WIPO Case No. [D2009-0273](#), <pentiumgroup.net>, Transfer

### **3.3 What constitutes a pattern of conduct of preventing a trademark holder from reflecting the mark in a corresponding domain name?**

See also the [relevant section](#) in the WIPO Legal Index.

**Consensus view:** A pattern of conduct can involve multiple UDRP cases with similar fact situations or a single case where the respondent has registered multiple domain names which are similar to trademarks. However the registration of two domain names in the same case is not generally sufficient to show a pattern, nor is a single prior example of apparent bad faith domain name registration. Although panels will generally look to the specific circumstances, a pattern normally requires more than one relevant example.

#### **Relevant decisions:**

*Home Interiors & Gifts, Inc. v. Home Interiors*, WIPO Case No. [D2000-0010](#), <homeinteriors.net> *inter alia*, Transfer  
*Telstra Corporation Limited v. Ozurls*, WIPO Case No. [D2001-0046](#), <i-telstra.com> *inter alia*, Transfer  
*Investone Retirement Specialists, Inc. v. Motohisa Ohno*, WIPO Case No. [D2005-0643](#), <investone.com>, Denial  
*Playboy Enterprises International, Inc. v. Tom Baert*, WIPO Case No. [D2007-0968](#), <playboys.mobi>, Transfer  
*AMPO, S. COOP v. Contactprivacy.com, Taeho Kim, Philippine*, WIPO Case No. [D2009-0177](#), <ampo.com>, Transfer  
*Wikimedia Foundation Inc. v. Kevo Ouz a/k/a Online Marketing Realty*, WIPO Case No. [D2009-0798](#), <wikipedia.com>, Transfer

### **3.4 Can constructive notice, or a finding that a respondent "knew or should have known" about a trademark, or willful blindness, form a basis for finding bad faith?**

See also the [relevant section](#) in the WIPO Legal Index.

This paragraph considers a number of inter-related concepts which pertain to the issue of a domain name registrant's "knowledge" of the relevant trademark, as discussed by WIPO UDRP panels.

**Constructive Notice:** Panels have mostly declined to introduce the US concept of constructive (deemed) notice *per se* into the UDRP. However, some panels have been prepared to do so in certain circumstances including where a respondent was located in the US and a complainant had a federal US trademark registered before the domain name was obtained by the respondent, and there are indicia of cybersquatting. In such cases, in the absence of positive evidence that the respondent had actual notice, a finding that the respondent was on constructive notice of the complainant's registered trademark has sometimes been used to support a finding of bad faith, with the panel concluding that the respondent had relevant notice of the trademark. Some panels in this type of case have been less inclined to find registration in bad faith based solely upon a claim of such notice where the complainant's trademark is less well-known or corresponds to a common word or phrase.

See also the [relevant section](#) in the WIPO Legal Index.

Relevant decisions:

*Sterling Jewelers Inc. v. Sterling Jewelers, Inc. and Domain Traffic*, WIPO Case No. D2002-0772, <jaredjewelry.com>, Transfer  
*The Sportsman's Guide, Inc. v. Modern Limited, Cayman Islands*, WIPO Case No. D2003-0305, <sportsmenguide.com>, Transfer  
*Champion Broadcasting System, Inc. v. Nokta Internet Technologies*, WIPO Case No. D2006-0128, <wunr.com>, Transfer  
*PC Mall, Inc v. NWPCMALL LLC*, WIPO Case No. D2007-0420, <nwpcmall.com>, Denial  
*American Funds Distributors, Inc. v. Domain Administration Limited*, WIPO Case No. D2007-0950, <americanfunds.com>, Transfer  
*The Fragrance Foundation Inc. v. Texas International Property Associates*, WIPO Case No. D2008-0982, <fragrancefoundation.com>, Transfer  
*Kellwood Company v. Onesies Corporation*, WIPO Case No. D2008-1172, <onesies.net>, Denial  
*Aspenwood Dental Associates, Inc. v. Thomas Wade*, WIPO Case No. D2009-0675, <coloradodentalimplantcenter.com>, Denial

**"Knew or Should Have Known"**: Some panels have in certain circumstances found bad faith registration based in part on proof that the respondent "knew or should have known" about the existence of the complainant's trademark (other than through the above-mentioned US concept of constructive notice). This may be seen as an instance of the panel attributing readily obtainable knowledge to a respondent even if the respondent avers that it did not have the knowledge. Circumstances in which panels have made such finding have included those in which the complainant's trademark was shown to be well-known or in wide use on the Internet or otherwise at the time the domain name was registered, or when a respondent's denial of knowledge is otherwise highly improbable. Some panels have applied a related concept of "constructive knowledge" in particular circumstances, notably where a respondent has acquired a domain name through a process of automated bulk transfer of domain names. Some panels have adopted this approach on the back of paragraph 2 of the UDRP which puts some burden on registrants where it states: "It is your responsibility to determine whether your domain name registration infringes or violates someone else's rights." Other panels have observed that unless some level of constructive knowledge is recognized, automated transfers will represent a blanket defense to bad faith.

See also the [relevant section](#) in the WIPO Legal Index.

Relevant Decisions:

*SembCorp Industries Limited v. Hu Huan Xin*, WIPO Case No. D2001-1092, <sembcorp.com>, Transfer  
*The Nasdaq Stock Market, Inc. v. H. Pouran*, WIPO Case No. D2002-0770, <nasdaqtoday.com> *inter alia*, Transfer  
*Caesars World, Inc. v. Forum LLC.*, WIPO Case No. D2005-0517, <caesarspalacepoker.com>, Transfer  
*Maori Television Service v. Damien Sampat*, WIPO Case No. D2005-0524, <maority.com>, Transfer  
*uwe GmbH v. Telepathy, Inc.*, WIPO Case No. D2007-0261, <uwe.com>, Denial  
*Salt River Community Gaming Enterprises (d/b/a Casino Arizona) v. Fort McDowell Casino*, WIPO Case No. D2007-0416, <casinoarizona.com>, Transfer  
*F. Hoffmann-La Roche AG v. Transure Enterprise Ltd.*, WIPO Case No. D2008-0422, <wwwroche.com>, Transfer  
*Decal (Depositi Costieri Calliope) S.p.A. v. Gregory Ricks*, WIPO Case No. D2008-0585, <decal.com>, Denial  
*Collective Media, Inc. v. CKV / COLLECTIVEMEDIA.COM*, WIPO Case No. D2008-0641, <collectivemedia.com>, Denial  
*Hero v. The Heroic Sandwich*, WIPO Case No. D2008-0779, <hero.com>, Denial  
*The Gap, Inc. v. Deng Youqian*, WIPO Case No. D2009-0113, <babygapclothing.com> *inter alia*, Transfer  
*Research In Motion Limited v. Privacy Locked LLC/Nat Collicot*, WIPO Case No. D2009-0320, <backberry.com>, Transfer

**Willful Blindness:** Some panels have applied a concept of willful blindness in UDRP cases as a basis for finding bad faith. For example, a respondent's registration of large numbers of domain names through automated processes, with no appropriate mechanism for ascertaining whether these may be identical or confusingly similar to such trademarks, may support a finding of bad faith. Panels holding that a respondent must accept the consequences of turning a blind eye to any third-party trademarks through failure to conduct adequate searches have tended to limit the application of this principle to cases in which the respondent is a professional domain name registrant, or has been found to have engaged in a pattern of abusive registration and use of domain names identical or confusingly similar to trademarks (although some panels have also noted that, in theory, such general principle may be just as applicable to non-professional domain name registrants, who, after all, are also subject to paragraph 2 of the UDRP, which provides: "It is your responsibility to determine whether your domain name registration infringes or violates someone else's rights.")

See also the [relevant section](#) in the WIPO Legal Index.

**Relevant decisions:**

*Mobile Communication Service Inc. v. WebReg, RN*, WIPO Case No. [D2005-1304](#), <mobilcom.com>, Transfer  
*Media General Communications, Inc. v. Rarenames, WebReg*, WIPO Case No. [D2006-0964](#), <wcmh.com>, Transfer  
*HSBC Finance Corporation v. Clear Blue Sky Inc. and Domain Manager*, WIPO Case No. [D2007-0062](#), <creditkeeper.com>, Transfer  
*mVisible Technologies, Inc. v. Navigation Catalyst Systems, Inc.*, WIPO Case No. [D2007-1141](#), <imyxr.com> *inter alia*, Transfer  
*Grundfos A/S v. Texas International Property Associates*, WIPO Case No. [D2007-1448](#), <groundfos.com>, Transfer  
*General Electric Company v. Marketing Total S.A*, WIPO Case No. [D2007-1834](#), <gegeneralelectric.com> *inter alia*, Transfer  
*5B Investments, Inc. v. RareNames, WebReg*, WIPO Case No. [D2008-0146](#), <storageplus.com>, Denial  
*Terroni Inc. v. Gioacchino Zerbo*, WIPO Case No. [D2008-0666](#), <terrioni.com>, Transfer  
*Compart AG v. Compart.com / Vertical Axis, Inc.*, WIPO Case No. [D2009-0462](#), <compart.com>, Transfer  
*The Law Society v. RareNames WebReg / Rarenames, Inc.*, WIPO Case No. [D2009-0720](#), <thelawsociety.com>, Transfer  
*Novo Nordisk A/S v. Andrew Melcher*, WIPO Case No. [D2010-0095](#), <flextouch.com>, Denial  
*Tata Communications International Pte Ltd (f/k/a VSNL International Pte Ltd) v. Portmedia Inc. / TRUEROOTS.COM c/o Nameview Inc. Whois*, WIPO Case No. [D2010-0217](#), <trueroots.com>, Denial with Dissenting Opinion

Some panels have found that in certain circumstances there may be an affirmative obligation on registrants more generally to make reasonable good faith efforts to avoid registering and using a domain name that is identical or confusingly similar to a mark held by others, for example, through an Internet search on the domain name through Google or Yahoo!. [With regard to paragraph 2 of the UDRP, and representations and warranties there-under, see also [paragraph 3.1](#) above.]

See also the [relevant section](#) in the WIPO Legal Index.

**Relevant decisions:**

*Aspen Holdings Inc. v. Rick Natsch, Potrero Media Corporation*, WIPO Case No. [D2009-0776](#), <firstquote.org>, Transfer  
*BzzAgent, Inc. v. bzzaget.com c/o Nameview Inc. Whois IDentity Shield and Vertical Axis*, WIPO Case No. [D2010-1187](#), <bzzaget.com>, Transfer  
*Mile, Inc. v. Michael Burg*, WIPO Case No. [D2010-2011](#), <lionsden.com>, Denial

### 3.5 What is the role of a disclaimer on the web page of a disputed domain name?

See also the [relevant section](#) in the WIPO Legal Index.

**Consensus view:** The existence of a disclaimer cannot by itself cure bad faith, when bad faith has been established by other factors. This is typically explained by UDRP panels with reference to the probability of Internet user "initial interest confusion" - by the time such user reaches and reads any disclaimer under the domain name, any registrant objective of attracting visitors for financial advantage to its website through use of the trademark in the domain name will generally have been achieved. A disclaimer can also show that the respondent had prior knowledge of the complainant's trademark. However a disclaimer, especially if it is sufficiently clear and prominent, may sometimes be found to support other factors indicating good faith or legitimate interest.

#### Relevant decisions:

*Estée Lauder Inc. v. estelauder.com, estelauder.net and Jeff Hanna*, WIPO Case No. [D2000-0869](#), <estelauder.com> *inter alia*, Transfer  
*Arthur Guinness Son & Co. (Dublin) Limited v. Dejan Macesic*, WIPO Case No. [D2000-1698](#), <guinness.com>, Transfer  
*Besiktas Jimnastik Kulubu Dernegi v. Mehmet Tolga Avcioglu*, WIPO Case No. [D2003-0035](#), <besiktas.com>, Denial  
*Pliva, Inc. v. Eric Kaiser*, WIPO Case No. [D2003-0316](#), <antabuse.net>, Transfer  
*AARC Inc. v. Jayashankar Balaraman*, WIPO Case No. [D2007-0578](#), <advanceamericacash.net>, Transfer  
*Broan-Nutone, LLC v. Ready Set Sales*, WIPO Case No. [D2010-0920](#), <broanreplacementparts.com> *inter alia*, Transfer

### 3.6 Can statements made in settlement discussions be relevant to showing bad faith?

See also the [relevant section](#) in the WIPO Legal Index.

**Consensus view:** Evidence of offers to sell the domain name are generally admissible under the UDRP, and is often used to show bad faith. This is so both in relation to offers by a respondent to sell made prior to a complainant's filing of a UDRP complaint, or after such filing. The latter takes account of the fact that cybersquatters often wait until a trademark holder launches a complaint before asking for payment. The legal criteria for showing bad faith directly specify that an offer for sale can be evidence of bad faith, and panels are competent to decide whether settlement discussions represent a good faith effort to compromise or a bad faith effort to extort. Admissibility may turn to some extent on which party - complainant or respondent - initiated the settlement discussions, and on whether the complainant itself may have solicited any offer to sell.

#### Relevant decisions:

*CBS Broadcasting, Inc. v. Gaddoor Saidi*, WIPO Case No. [D2000-0243](#), <cbs.org>, Transfer  
*Magnum Piering, Inc. v. The Mudjacks and Garwood S. Wilson, Sr.*, WIPO Case No. [D2000-1525](#), <magnumpiering.com> *inter alia*, Transfer  
*Advance Magazine Publishers Inc. v. Marcellod Russo*, WIPO Case No. [D2001-1049](#), <vogueaustralia.com>, Transfer  
*McMullan Bros., Limited, Maxol Limited, Maxol Direct Limited Maxol Lubricants Limited, Maxol Oil Limited Maxol Direct (NI) Limited v. Web Names Ltd*, WIPO Case No. [D2004-0078](#), <maxol.com>, Transfer  
*NB Trademarks, Inc. v. Domain Privacy LTD and Abadaba S.A.*, WIPO Case No. [D2008-1984](#), <aliensport.com>, Transfer  
*The South African Football Association (SAFA) v. Fairfield Tours (Pty) Ltd*, WIPO Case No. [D2009-0998](#), <bafanabafana.com>, Transfer

### **3.7 Does the renewal of the registration of a domain name amount to a registration for the purposes of determining whether the domain name was registered in bad faith?**

See also the [relevant section](#) in the WIPO Legal Index.

While the transfer of a domain name to a third party does amount to a new registration, a mere renewal of a domain name has not generally been treated as a new registration for the purpose of assessing bad faith. Registration in bad faith must normally occur at the time the current registrant took possession of the domain name. (Movement of a domain name registration from one privacy or proxy service to another may in certain circumstances constitute evidence of a new registration for this purpose.) Panels have tended to the view that formal changes in registration data are not necessarily deemed to constitute a new registration where evidence clearly establishes an unbroken chain of underlying ownership by a single entity or within a genuine conglomerate, and it is clear that any change in WhoIs registrant data is not being made to conceal an underlying owner's identity for the purpose of frustrating assessment of liability in relation to registration or use of the domain name.

#### Relevant decisions:

*Substance Abuse Management, Inc. v. Screen Actors Modesl [sic] International, Inc. (SAMI)*, WIPO Case No. [D2001-0782](#), <sami.com>, Denial

*PAA Laboratories GmbH v. Printing Arts America*, WIPO Case No. [D2004-0338](#), <paa.com>, Denial

*BMEzine.com, LLC. v. Gregory Ricks / Gee Whiz Domains Privacy Service*, WIPO Case No. [D2008-0882](#), <bme.com>, Transfer

*Surcouf v. Shen Kaixin*, WIPO Case No. [D2009-0407](#), <surcouf.net>, Transfer

*Intellogy Solutions, LLC v. Craig Schmidt and IntelliGolf, Inc.*, WIPO Case No. [D2009-1244](#), <intellogy.com>, Denial

However, relying in part on paragraph 2 of the UDRP which expressly references the representations made at the time of renewal, a small number of panels have begun to consider the renewal of a domain name as equivalent to a new registration in certain circumstances, including where it is found that: the registrant changed its use of the domain name prior to renewal; such use amounts to textbook cybersquatting; and the registrant nevertheless proceeded to renew the domain name registration with intent to benefit from its inclusion of the complainant's trademark.

#### Relevant decisions:

*Eastman Sporto Group LLC v. Jim and Kenny*, WIPO Case No. [D2009-1688](#), <sporto.com>, Transfer

In the case of a purchase by one party from another of a portfolio or batch of domain names, these would, consistent with the change in control over the names, normally be regarded as new registrations for the purpose of the UDRP, whereby the relevant intent of the acquiring party is to be assessed as at the date of acquisition of the relevant portfolio or batch of domain names.

#### Relevant decisions:

*Ticketmaster Corporation v. Global Access*, WIPO Case No. [D2007-1921](#), <ticketmast.com>, Transfer

### **3.8 Can third party or "automatically" generated material appearing on a website form a basis for finding bad faith?**

See also the [relevant section](#) in the WIPO Legal Index.

[See also [paragraph 2.6](#) above]

Panels have found that a domain name registrant will normally be deemed responsible for content appearing on a website at its domain name, even if such registrant may not be exercising direct control over such content - for example, in the case of advertising links appearing on an "automatically" generated basis. To the extent that the presence of certain advertising or links under such arrangement may constitute evidence of bad faith use of the relevant domain name, such presence would usually be attributed to the registrant unless it can show some good faith attempt toward preventing inclusion of advertising or links which profit from trading on third-party trademarks. It may not be necessary for the registrant itself to have profited directly under such arrangement in order to establish bad faith use under paragraph 4(b)(iv) of the UDRP. It would normally be sufficient to show that profit or "commercial gain" was made by a third party, such as by the operator of an advertising revenue arrangement applicable to the registrant, or a domain name parking service used by the registrant. Reasons may include that a rights holder should be able to rely on the registrant for enforcement purposes, or that such registrant has undertaken not to infringe third party rights in its registration agreement (see paragraph 2 of the UDRP).

#### Relevant decisions:

*Shangri-La International Hotel Management Limited v. NetIncome Ventures Inc.*, WIPO Case No. D2006-1315, <shangrila.com>, Transfer

*Owens Corning v. NA*, WIPO Case No. D2007-1143, <pinkbatts.com>, Transfer

*McDonald's Corporation v. ZusCom*, WIPO Case No. D2007-1353, <ronaldmcdonaldhouse.info>, Transfer

*Villeroy & Boch AG v. Mario Pingerna*, WIPO Case No. D2007-1912, <villeroy-boch.mobi>, Transfer

*Rolex Watch U.S.A., Inc. v. Vadim Krivitsky*, WIPO Case No. D2008-0396, <rolexdealer.com>, Transfer

*The Jennifer Lopez Foundation v. Jeremiah Tieman, Jennifer Lopez Net, Jennifer Lopez, Vaca Systems LLC*, WIPO Case No. D2009-0057, <jenniferlopez.net> *inter alia*, Transfer

Some panels have found that the inclusion of such advertising links may not necessarily be a basis for finding respondent bad faith where shown to be genuinely automated, and there is no evidence that the respondent influenced the advertising content, and the respondent credibly denies knowledge of the complainant's trademark and there is no evidence of the respondent previously being put on notice of such mark, and other *indicia* of cybersquatting are not present.

#### Relevant decisions:

*Mariah Media Inc. v. First Place® Internet Inc.*, WIPO Case No. D2006-1275, <outside.com>, Denial

### **3.9 Can use of a privacy or proxy registration service form a basis for finding bad faith?**

See also the relevant section in the WIPO Legal Index.

Consensus view: Although use of a privacy or proxy registration service is not in and of itself an indication of bad faith, the manner in which such service is used can in certain circumstances constitute a factor indicating bad faith. For example, registrant use of a privacy service in combination with provision of incomplete contact information to such service or a continued concealment of the "true" or "underlying" registrant (possibly including that registrant's actual date of acquisition) upon the institution of a UDRP proceeding may be evidence of bad faith. Identification by a registrar or privacy or proxy service of another such service as the purported registrant of the domain name may also constitute evidence of cyberflight and bad faith, as may failure in response to a UDRP provider's request to timely confirm the identity and contact information of the registrant of the domain name where the registrant listed in the WhoIs is a privacy or proxy service (although such failure would not prevent a panel from deciding such cases, with the privacy or proxy service typically being regarded as the relevant respondent of record). Reference is sometimes made to paragraph 3.7.7.3 of the ICANN Registrar Accreditation Agreement aiming to regulate the "licensing" of a domain name. [On the broader subject of privacy and proxy registration services and party identity within a UDRP proceeding, see paragraph 4.9 below].

Relevant decisions:

*Gaylord Entertainment Company v. Nevis Domains LLC*, WIPO Case No. [D2006-0523](#), <rymanauditorium.com>, Transfer  
*Fifth Third Bancorp v. Secure Whois Information Service*, WIPO Case No. [D2006-0696](#), <fifththirdreward.com>, Transfer  
*WWF-World Wide Fund for Nature aka WWF International v. Moniker Online Services LLC and Gregory Ricks*, WIPO Case No. [D2006-0975](#), <wwf.com>, Denial  
*HSBC Finance Corporation v. Clear Blue Sky Inc. and Domain Manager*, WIPO Case No. [D2007-0062](#), <creditkeeper.com>, Transfer  
*The iFranchise Group v. Jay Bean / MDNH, Inc. / Moniker Privacy Services [23658]*, WIPO Case No. [D2007-1438](#), <ifranchise.com>, Denial  
*Advance Magazine Publishers Inc. d/b/a Condé Nast Publications v. MSA, Inc. and Moniker Privacy Services*, WIPO Case No. [D2007-1743](#), <wwwwired.com>, Transfer  
*The Saul Zaentz Company d/b/a Tolkein Enterprises v. Eurobox Ltd. / "The Saul Zaentz Company"*, WIPO Case No. [D2008-0156](#), <middleearthonline.com>, Transfer  
*Ustream.TV, Inc. v. Vertical Axis, Inc.*, WIPO Case No. [D2008-0598](#), <ustream.com>, Transfer  
*Pearson Education, Inc v. CTP Internacional; Private Registration at Directi Internet Solutions Pvt. Ltd. and <scottforesmanandcompany.com>*, WIPO Case No. [D2009-0266](#), <scottforesmanandcompany.com>, Transfer

**3.10 Can the use of "robots.txt" or similar mechanisms to prevent website content being accessed in an on-line archive form a basis for finding bad faith?**

See also the [relevant section](#) in the WIPO Legal Index.

Panels have found that, absent convincing justification in a given case for the employment of "robots.txt" or other similar circumvention mechanisms to prevent access to historical website content on a repository such as the Internet Archive (at [www.archive.org](http://www.archive.org)), the use of such device may be considered as an attempt by the domain name registrant to block access by the panel to relevant evidence (for example, if robots.txt is implemented only after the registrant is put on notice of third party rights). In such a case, a panel may be entitled to assume that appropriately evidenced *prima facie* reasonable factual allegations made by a complainant as to the historical use of the website to which the domain name at issue resolves are true, and that, depending on those allegations, the use of mechanisms such as "robots.txt" in the particular case may be a relevant (though not necessarily dispositive) consideration for purposes of assessing bad faith. However, the use as such of robots.txt, especially if it has been used since the inception of the website for legitimate reasons (such as, possibly, to prevent clickfraud), would not, in and of itself, be an indication of bad faith.

Relevant decisions:

*The iFranchise Group v. Jay Bean / MDNH, Inc. / Moniker Privacy Services [23658]*, WIPO Case No. [D2007-1438](#), <ifranchise.com>, Denial  
*Bacchus Gate Corporation d/b/a International Wine Accessories v. CKV and Port Media, Inc.*, WIPO Case No. [D2008-0321](#), <internationalwineaccessories.com>, Denial with Dissenting Opinion  
*Balglow Finance S.A., Fortuna Comércio e Franquias Ltda. v. Name Administration Inc. (BVI)*, WIPO Case No. [D2008-1216](#), <chillibeans.com>, Transfer  
*Rba Edipresse, S.L. v. Brendhan Hight / MDNH Inc.*, WIPO Case No. [D2009-1580](#), <clara.com>, Denial  
*Havanna S.A. v. Brendan Hight, Mdnh Inc*, WIPO Case No. [D2010-1652](#), <havanna.com>, Denial

**3.11 Can tarnishment of a trademark form a basis for finding bad faith?**

See also the [relevant section](#) in the WIPO Legal Index.

Intentional tarnishment of a complainant's trademark may in certain specific circumstances constitute

evidence of registration and/or use of a domain name in bad faith. However, mere conclusory allegations by a complainant are generally insufficient, with supporting proof of such claim typically being required. Tarnishment in this context normally refers to such conduct as linking pornographic images or wholly inappropriate information to an unrelated trademark. While it would not normally extend to the mere posting of information about a complainant, or to the posting of genuine, non-commercial criticism regarding the trademark holder, it may extend to commercially motivated criticism by (or likely on behalf of) a competitor of such trademark holder.

#### Relevant decisions:

*Britannia Building Society v. Britannia Fraud Prevention*, WIPO Case No. [D2001-0505](#), <britanniabuildingsociety.org>, Denial  
*Covance, Inc. and Covance Laboratories Ltd. v. The Covance Campaign*, WIPO Case No. [D2004-0206](#), <covancecampaign.com>, Denial  
*V&V Supremo Foods, Inc. v. pxlchk1@gmail.com*, WIPO Case No. [D2006-1373](#), <1888vvsupremo.com>, Transfer  
*CHRISTIAN DIOR COUTURE v. Paul Farley*, WIPO Case No. [D2008-0008](#), <annadior.com>, Transfer  
*Susan Scheff v. Psyborgue*, WIPO Case No. [D2008-1177](#), <sueschefftruth.com>, Denial  
*Sermo, Inc. v. CatalystMD, LLC*, WIPO Case No. [D2008-0647](#), <sermosucks.com>, Denial  
*Newell Operating Company v. HostMonster.Com and Andrew Shalaby*, WIPO Case No. [D2008-1805](#), <bernzomaticinjuries.com>, Denial

## 4. Procedural Questions

See also the [relevant section](#) in the WIPO Legal Index.

### 4.1 What deference is owed to past UDRP decisions dealing with similar factual matters or legal issues?

See also the [relevant section](#) in the WIPO Legal Index.

Consensus view: The UDRP does not operate on a strict doctrine of precedent. However, panels consider it desirable that their decisions are consistent with prior panel decisions dealing with similar fact situations. This ensures that the UDRP system operates in a fair, effective and predictable manner for all parties, while responding to the continuing evolution of the domain name system. Panels have noted in this context that the UDRP system preserves court options for parties.

#### Relevant decisions:

*Geobra Brandstätter GmbH & Co KG v. Only Kids Inc*, WIPO Case No. [D2001-0841](#), <playmobil.net> *inter alia*, Transfer  
*PAA Laboratories GmbH v. Printing Arts America*, WIPO Case No. [D2004-0338](#), <paa.com>, Denial  
*Howard Jarvis Taxpayers Association v. Paul McCauley*, WIPO Case No. [D2004-0014](#), <hjta.com>, Denial  
*Fresh Intellectual Properties, Inc. v. 800Network.com, Inc.*, WIPO Case No. [D2005-0061](#), <800-flowers.com>, Transfer  
*F. Hoffmann-La Roche AG v. Relish Enterprises*, WIPO Case No. [D2007-1629](#), <xenicalla.com>, Transfer  
*Mile, Inc. v. Michael Burg*, WIPO Case No. [D2010-2011](#), <lionsden.com>, Denial

### 4.2 Will the WIPO Center put an unsolicited supplemental filing before a panel, and in what circumstances would a panel accept such filing?

See also the [relevant section](#) in the WIPO Legal Index.



**Consensus view:** As the UDRP Rules grant the panel sole discretion to request further statements and determine the admissibility of evidence which may include an unsolicited filing, such filings, when received from a party, would typically be put before the panel upon the panel's appointment - at no additional charge - for determination as to admissibility, and assessment of need for further procedural steps (if any). Normally in such cases, a panel would include a ruling on admissibility of any such received filings in its decision, or in the event that an opportunity to reply is offered to the other party, in an administrative panel order. Panels have discretion whether to accept an unsolicited supplemental filing from either party, bearing in mind the need for procedural efficiency, and the obligation to treat each party with equality and ensure that each party has a fair opportunity to present its case. The party submitting its filing would normally need to show its relevance to the case and why it was unable to provide that information in the complaint or response. Most panels that have allowed unsolicited filings have also tended to require some showing of "exceptional" circumstances. Panels which accept a supplemental filing from one side typically allow the other party the opportunity to file a reply to such supplemental filing. In either scenario, or on its own initiative, a panel may in its discretion request further evidence, information or statements from one or other of the parties by way of administrative panel order.

**Relevant decisions:**

*Delikommat Betriebsverpflegung Gesellschaft m.b.H. v. Alexander Lehner*, WIPO Case No. [D2001-1447](#), <delikommat.com>, Transfer

*AutoNation Holding Corp. v. Rabea Alawneh*, WIPO Case No. [D2002-0058](#), <autoway.com>, Denial

*De Dietrich Process Systems v. Kemtron Ireland Ltd.*, WIPO Case No. [D2003-0484](#), <de-dietrich-process-systems.com>, Transfer

*Wal-Mart Stores, Inc. v. Larus H. List*, WIPO Case No. [D2008-0193](#), <wa1mart.com>, Transfer

*NB Trademarks, Inc. v. Domain Privacy LTD and Abadaba S.A.*, WIPO Case No. [D2008-1984](#), <aliensport.com>, Transfer

*Mejeriforeningen Danish Dairy Board v. Cykon Technology Limited*, WIPO Case No. [D2010-0776](#), <lurpa.com>, Transfer

**On when a panel should request a supplemental filing:**

*Auto-C, LLC v. MustNeed.com*, WIPO Case No. [D2004-0025](#), <autochlor.com>, Transfer

*Fratelli Carli S.p.A. v. Linda Norcross*, WIPO Case No. [D2006-0988](#), <carli.org>, Denial

*Metro Sportswear Limited (trading as Canada Goose) v. Vertical Axis Inc. and Canadagoose.com c/o Whois Identity Shield*, WIPO Case No. [D2008-0754](#), <canadagoose.com>, Denial

**4.3 What is the proper language of the proceeding and what are the relevant considerations in this regard?**

See also the [relevant section](#) in the WIPO Legal Index.

**Consensus view:** The language of the proceeding is the language of the registration agreement, unless both parties agree otherwise, or the panel determines otherwise under paragraph 11 of the UDRP Rules.

**Relevant decisions:**

*Telstra Corporation Limited v. Telsra com /Telecomunicaciones Serafin Rodriguez y Asociados*, WIPO Case No. [D2003-0247](#), <telsra.com>, Transfer

*Fondation Le Corbusier v. Monsieur Bernard Weber, Madame Heidi Weber*, WIPO Case No. [D2003-0251](#), <artlecorbusier.com> *inter alia*, Denial, Transfer in Part

*Advanced Magazine Publishers Inc. v. Computer Dazhong*, WIPO Case No. [D2003-0668](#), <voguedress.com>, Transfer

Recognizing the practical need which may arise for a preliminary determination of the language of proceeding

prior to their appointment, panels have found that, in certain situations, where the respondent can apparently understand the language of the complaint (or having been given a fair chance to object has not done so), and the complainant would be unfairly disadvantaged by being forced to translate, the WIPO Center as a provider may accept the language of the complaint, even if it is different from the language of the registration agreement. Such acceptance is subject to the panel's authority to determine the appropriate language of the proceeding on appointment. Likewise, in appropriate circumstances, a response in a language different from that of the complainant may be accepted.

In order to preserve the panel's discretion under paragraph 11 of the UDRP Rules to determine the appropriate language of proceedings in such cases, where a complainant files a complaint in a language other than that of the registration agreement, the WIPO Center will notify both parties (in all relevant languages wherever possible) of the potential language issue, inviting the complainant to either translate the complaint or, if not submitted already, to submit a supported request (*e.g.*, by reference to prior party communication, website language, or respondent identity) that the complaint be accepted in language filed, and that such be the language of proceedings, and similarly providing the respondent with an opportunity to comment on or object to any such language request that may be made by the complainant. If the complainant elects not to translate but rather to submit a supported language request, such request and any comments that may be received from the respondent would normally be placed before the panel for determination of the language issue upon the panel's appointment. The panel, having made such determination, would have power to order any further procedural steps (up to and including ordering the translation of the complaint) it would deem necessary. In such cases, prior to appointment and determination by the panel, the WIPO Center would (wherever possible) send its communications to the parties in "dual language" (*i.e.*, in both the language of the registration agreement, and the language of the complaint).

#### Relevant decisions:

*L'Oreal S.A. v. MUNHYUNJA*, WIPO Case No. [D2003-0585](#), <shuueamura.com>, Transfer  
*Deutsche Messe AG v. Kim Hyungho*, WIPO Case No. [D2003-0679](#), <cebit.com>, Transfer  
*SWX Swiss Exchange v. SWX Financial LTD*, WIPO Case No. [D2008-0400](#), <swxtrader.com>, Transfer  
*MySpace Inc. v. Will Eom*, WIPO Case No. [D2008-0448](#), <mypsace.com>, Transfer  
*Fissler GmbH v. Chin Jang Ho*, WIPO Case No. [D2008-1002](#), <fissler.com>, Transfer  
*Zappos.com, Inc. v. Zufu aka Huahaotrade*, WIPO Case No. [D2008-1191](#), <shop-zappos.com>, Transfer  
*Biotechnology and Biological Sciences Research Council v. Kim Jung Hak*, WIPO Case No. [D2009-1583](#), <bbsrc.com>, Transfer

#### **4.4 Under what circumstances can a refiled case be accepted?**

See also the [relevant section](#) in the WIPO Legal Index.

**Consensus view:** A refiled case concerns the complainant submitting a second complaint involving the same domain name(s) and the same respondent(s) as in an earlier complaint that had been denied. A refiled case may only be accepted in limited circumstances. These circumstances include when the complainant establishes in the complaint that relevant new actions have occurred since the original decision, or that a breach of natural justice or of due process has occurred, or that there was other serious misconduct in the original case (such as perjured evidence). A refiled complaint would usually also be accepted if it includes newly presented evidence that was reasonably unavailable to the complainant during the original case.

In certain, highly limited circumstances (such as where a panel found the evidence in a case to be finely balanced, and that it was possible that the future behavior of the respondent might confirm bad faith registration and use after all), a panel in a previous case may have found it appropriate to record in its decision that, if certain conditions were met, a future refiled complaint may be accepted. Where this has occurred, the extent to which any such previously-stipulated panel conditions may have been met in any refiled complaint may also be a relevant consideration in determining whether such refiled complaint should be accepted.

A re-filing complainant must clearly indicate the grounds allegedly justifying the re-filing of the complaint. The provider with which such refiled complaint has been filed has responsibility for determining if, *prima facie*, the re-filing complainant has indeed pleaded grounds which might justify entertaining the refiled complaint. An affirmative determination is a precondition for provider acceptance of the refiled complaint, and for panel determination of the re-filing request and any decision on the merits. A re-filing complainant's failure to clearly identify that its complaint is a re-filing of an earlier UDRP complaint may constitute a material omission for the purpose of any panel assessment of reverse domain name hijacking. [See further [paragraph 4.17.](#)]

Relevant decisions:

*Creo Products Inc. v. Website In Development*, WIPO Case No. [D2000-1490](#), <creo-scitex.com>, Transfer  
*Maruti Udyog Ltd. v. maruti.com*, WIPO Case No. [D2003-0073](#), <maruti.com>, Transfer  
*AB Svenska Spel v. Andrey Zacharov*, WIPO Case No. [D2003-0527](#), <svenskaspel.com>, Transfer  
*Alpine Entertainment Group, Inc. v. Walter Alvarez*, WIPO Case No. [D2007-1082](#), <realspanking.com>, Transfer  
*Shaw Industries Group Inc. and Columbia Insurance Company v. Rugs of the World Inc.*, WIPO Case No. [D2007-1856](#), <shawrugsonline.com>, Transfer  
*GetMore A/S v. Sooyong Kim*, WIPO Case No. [D2009-0357](#), <getmore.com>, Denial  
*Cheung Kong (Holdings) Limited and Chueng Kong Property Development Limited v. Netego DotCom*, WIPO Case No. [D2009-0540](#), <長江.com>, Denial  
*Giochi Preziosi S.P.A. v. VGMD NetWeb S.L.*, WIPO Case No. [D2009-0542](#), <gormiti.mobi>, Denial  
*Sensis Pty Ltd., Telstra Corporation Limited v. Yellow Page Marketing B.V.*, WIPO Case No. [D2011-0057](#), <yellowpage-adelaide.com> *inter alia*, Transfer

#### **4.5 May a panel perform independent research when reaching a decision?**

See also the [relevant section](#) in the WIPO Legal Index.

Consensus view: A panel may undertake limited factual research into matters of public record if it deems this necessary to reach the right decision. This may include visiting the website linked to the disputed domain name in order to obtain more information about the respondent and the use of the domain name, consulting a repository such as the Internet Archive (at [www.archive.org](http://www.archive.org)) in order to obtain an indication of how a domain name may have been used in the relevant past, reviewing dictionaries or encyclopedias to determine any common meaning, or discretionary referencing of trademark online databases. A panel may also rely on personal knowledge. If a panel intends to rely on information from these or other sources outside the pleadings, especially where such information is not regarded as obvious, it will normally consider issuing a procedural order to the parties to give them an opportunity to comment. Alternatively or additionally, if the panel feels that it requires supplemental information to make a decision in a proceeding, it can issue a procedural order to the parties requesting the submission of such information.

Relevant decisions:

*Société des Produits Nestlé SA v. Telmex Management Services*, WIPO Case No. [D2002-0070](#), <nestlefoods.com>, Transfer  
*Hesco Bastion Limited v. The Trading Force Limited*, WIPO Case No. [D2002-1038](#), <hescobastion.com>, Transfer  
*Howard Jarvis Taxpayers Association v. Paul McCauley*, WIPO Case No. [D2004-0014](#), <hjta.com>, Denial  
*National Football League v. Thomas Trainer*, WIPO Case No. [D2006-1440](#), <nflnetwork.com>, Transfer  
*La Francaise des Jeux v. Domain Drop S.A.*, WIPO Case No. [D2007-1157](#), <coteetmatch.com>, Transfer  
*Descente, Ltd. and Arena Distribution, S.A. v. Portsnpotals Enterprises Limited.*, WIPO Case No. [D2008-1768](#), <arena.com>, Denial  
*Latchways PLC v. Martin Peoples*, WIPO Case No. [D2010-1255](#), <mansafe.com>, Transfer

*Sensis Pty Ltd., Telstra Corporation Limited v. Yellow Page Marketing B.V.*, WIPO Case No. [D2011-0057](#), <yellowpage-adelaide.com> *inter alia*, Transfer

#### **4.6 Does failure of a respondent to respond to the complaint (respondent default) automatically result in the complainant being granted the requested remedy?**

See also the [relevant section](#) in the WIPO Legal Index.

**Consensus view:** A respondent's default does not automatically result in a decision in favor of the complainant. Subject to the principles described in [paragraph 2.1](#) above with regard to the second UDRP element, the complainant must establish each of the three elements required by paragraph 4(a) of the UDRP. Although a panel may draw appropriate inferences from a respondent's default (*e.g.*, to regard factual allegations which are not inherently implausible as being true), paragraph 4 of the UDRP requires the complainant to support its assertions with actual evidence in order to succeed in a UDRP proceeding. There are many examples of cases (typically involving complaints based on wholly unsupported assertions or mere conclusory statements) to which there has been no response where (notwithstanding such respondent default) the decision has nonetheless gone in favor of the respondent on grounds that the complainant has failed to prove its case.

##### Relevant decisions:

*The Vanguard Group, Inc. v. Lorna Kang*, WIPO Case No. [D2002-1064](#), <vanguar.com>, Transfer

*Berlitz Investment Corp. v. Stefan Tinculescu*, WIPO Case No. [D2003-0465](#), <berlitzsucks.com>, Transfer

*Brooke Bollea, a.k.a Brooke Hogan v. Robert McGowan*, WIPO Case No. [D2004-0383](#), <brookehogan.com>, Denial

*Allianz, Compañía de Seguros y Reaseguros S.A. v. John Michael*, WIPO Case No. [D2009-0942](#), <Allianz-es.com>, Transfer

*Mancini's Sleepworld v. LAKSH INTERNET SOLUTIONS PRIVATE LIMITED*, WIPO Case No. [D2008-1036](#), <mancinissleepworld.com>, Denial

*M. Corentin Benoit Thiercelin v. CyberDeal, Inc.*, WIPO Case No. [D2010-0941](#), <virtualexpo.com>, Denial

*Tradewind Media, LLC d/b/a Intopic Media v. Jayson Hahn*, WIPO Case No. [D2010-1413](#), <intopicmedia.org>, Denial

#### **4.7 What is the standard of proof under the UDRP?**

See also the [relevant section](#) in the WIPO Legal Index.

**Consensus View:** The general standard of proof under the UDRP is "on balance" - often expressed as the "balance of probabilities" or "preponderance of the evidence" standard. Under this standard, an asserting party would typically need to establish that it is more likely than not that the claimed fact is true. Conclusory statements unsupported by evidence which merely repeat or paraphrase the criteria or scenarios under paragraphs 4(a), (b), or (c) of the UDRP would typically be insufficient.

##### Relevant decisions:

*Madonna Ciccone, p/k/a Madonna v. Dan Parisi and "Madonna.com"*, WIPO Case No. [D2000-0847](#), <madonna.com>, Transfer

*Tribeca Film Center, Inc. v. Lorenzo Brusasco-Mackenzie*, WIPO Case No. [D2000-1772](#), <tribecafilmcenter.com>, Denial

*Bootie Brewing Company v. Deanna D. Ward and Grabebootie Inc.*, WIPO Case No. [D2003-0185](#), <bootiebar.com>, Denial

*William S. Russell v. Mr. John Paul Batrice d/b/a the Clock Doc*, WIPO Case No. [D2004-0906](#), <clockdoc.com>, Denial

*Check Into Cash, Inc. v. Peter Wolfe, Microtel Ltd.*, WIPO Case No. [D2008-0745](#), <checkintocash.info>.

## Transfer

*Nintendo of America Inc. v. Fernando Sascha Gutierrez*, WIPO Case No. [D2009-0434](#),

<unlimitedwiidownloads.com>, Transfer

*Comservice SA v. Mdnh Inc., Brendhan Height*, WIPO Case No. [D2010-1591](#), <comservice.com>, Denial

### 4.8 Under what circumstances may further domain names be added to a filed complaint?

See also the [relevant section](#) in the WIPO Legal Index.

**Consensus view:** Provided the complainant has relevant trademark rights [see also paragraph 1.8 above], and all relevant domain names are registered by the same domain name holder [see also [paragraphs 4.15](#) below], additional domain names may in certain circumstances be added to a complaint after filing but prior to formal commencement of UDRP proceeding. For example, if it should come to light after the filing of a complaint that there are additional domain names registered by the same domain name holder which are alleged to be identical or confusingly similar to the invoked trademark, this may constitute grounds for their addition to the complaint where fair and practicable. One possible way in which this may come to light is where a complaint is filed against a privacy or proxy registration service, an underlying registrant is disclosed, such entity turns out to also be the registrant of other domain names alleged by the complainant to contravene its trademark rights for purposes of the UDRP, but not yet subject to a UDRP complaint [see further [paragraph 4.9](#) below]. In such circumstances a reasoned request from the complainant to add additional domain names to the filed complaint may be submitted to the WIPO Center. Subject to provider acceptance, and without prejudice to panel discretion, submission of any appropriate amendments to the complaint, and payment of any fees that may apply, upon completion of the administrative compliance review of the amended complaint, such complaint may be notified to the respondent and the proceeding formally commenced on that basis.

**However:** Any request for addition of domain names to a complaint only after it has been notified to the respondent and the proceeding has been formally commenced on that basis would normally need to be addressed by the panel (on appointment). Panels have in some cases been reluctant to grant such requests, where received only after appointment. Where panels grant such requests, they would typically order a partial recommencement of the procedure to allow a proper response opportunity in relation to the added domain names.

#### Relevant decisions:

*Société Air France v. Spiral Matrix*, WIPO Case No. [D2005-1337](#), <airfrancereservation.com> *inter alia*, Transfer

*Department of Management Services, State of Florida v. Digi Real Estate Foundation*, WIPO Case No. [D2007-0547](#), <myflorrida.com>, Transfer

*Société Air France v. Kristin Hirsch, Hirsch Company*, WIPO Case No. [D2008-1213](#), <airfrancesite.info>, Transfer

### 4.9 Who is the proper respondent in a case involving a privacy or proxy registration service?

See also the [relevant section](#) in the WIPO Legal Index.

In general, whoever a panel may ultimately determine to be the proper respondent in a domain name case involving a privacy or proxy registration service, there is wide recognition among panels that a complainant or provider who has correctly sent a UDRP case-communication to the WhoIs-listed registrant of record for a disputed domain name will (at least in the absence of better information) normally have discharged its communication responsibility under the UDRP Rules.

Although reference has been made by some panels to paragraph 3.7.7.3 of the ICANN Registrar Accreditation Agreement, the UDRP and UDRP Rules do not contemplate the use of privacy or proxy registration services *per*

se, nor provide express guidance on the issue. The UDRP Rules define the respondent as the holder of a domain name registration against which a complaint is initiated. The UDRP Rules also give the panel power to conduct proceedings in such manner as it considers appropriate in accordance with such Rules and the UDRP.

Accordingly, in a WIPO UDRP case in which a privacy or proxy registration service is named as the respondent in a filed complaint (*e.g.*, because the complainant was not aware of the identity of any underlying registrant) - and the concerned registrar (or the privacy or proxy service provider) in response to a request from the WIPO Center discloses an underlying registrant of the domain name that differs from the privacy or proxy registration service which appeared in the WhoIs at the time the complaint was filed, on which the complainant may act as described in (c) below - ultimately the panel has discretion to determine the identity of the proper respondent.

Most panels in cases involving privacy or proxy services in which such disclosure of an underlying registrant has occurred, appear to have found it appropriate to record in their issued decision both the name of the privacy or proxy registration service appearing in the WhoIs at the time the complaint was filed, and of any disclosed underlying registrant. Some panels, usually in cases where there has been a clear and timely disclosure, have elected to disregard the privacy or proxy service entirely and focus solely on the registrar-confirmed registrant.

WIPO panels have recognized on the issue more generally, pending any uniform instructions from ICANN on the issue, that where a disclosure of an "underlying registrant" occurs, the following is appropriate:

(a) the WIPO Center makes the (typically registrar-disclosed) "underlying registrant" information available to the complainant, and provides the complainant with an opportunity to amend the complaint to reflect that information should the complainant so choose;

(b) should a complainant choose not to amend its complaint in such circumstances, this would not normally amount to a complaint deficiency for the purpose of the WIPO Center completing its administrative responsibilities under the UDRP Rules;  
(Complainants do tend to amend to reflect any disclosed registrant information, partly to avoid possible enforcement questions in the event of any subsequent transfer or cancellation order.)

(c) in practical terms, a complainant may choose to either *add* a disclosed underlying registrant as a co-respondent to the complaint, or *replace* the originally named privacy or proxy service with the disclosed "underlying registrant", or (as rarely happens) retain the privacy or proxy service as the sole named respondent; also, in any case, the complainant may choose to amend or supplement its substantive pleadings in light of any such disclosure;

(d) in light of the definition of mutual jurisdiction in the UDRP Rules, a complainant may rely for such purposes on the location of the registered domain name holder as it appeared in the WhoIs when the complaint was filed with the WIPO Center (even if that may be the location of the initially-listed proxy or privacy service);

(e) once the WIPO Center has notified the complaint to the WhoIs-listed contact information (especially where confirmed by the registrar) for the domain name registrant, this would normally satisfy the requirement in paragraph 2(a) of the UDRP Rules to employ reasonably available means calculated to achieve actual notice. (Panels have also noted that: (i) there are limits to what can reasonably be done by parties and providers to identify an "underlying registrant" in the context of the UDRP, and if WhoIs information is not readily usable for communication purposes in such case the registrant must expect to bear any consequences; and (ii) in cases of ambiguity as to the identity of the proper respondent, what matters in terms of notification obligations under the UDRP Rules is not so much the name that may "formally" appear on the complaint, but that the latter has been duly notified to the reasonably available contact information of the "registrant", whatever its identity);

(f) preserving panel discretion to determine the identity of the proper respondent in any case in which there

may be ambiguity, for abundance of caution, in its current practice (subject to further evolution of privacy issues), the WIPO Center would normally notify the case and forward a copy of the complaint on notification to any disclosed underlying registrant, as well as to the originally-named privacy or proxy service.

Relevant decisions:

*Xtraplus Corporation v. Flawless Computers*, WIPO Case No. [D2007-0070](#), <zipzoomflysucks.com>, Denial  
*Advance Magazine Publishers Inc. d/b/a Condé Nast Publications v. MSA, Inc. and Moniker Privacy Services*, WIPO Case No. [D2007-1743](#), <wwwwired.com>, Transfer  
*F. Hoffmann-La Roche AG v. PrivacyProtect.org, Domain Admin and Mark Sergijenko*, WIPO Case No. [D2007-1854](#), <xenicalbuy.com>, Transfer  
*Mrs. Eva Padberg v. Eurobox Ltd.*, WIPO Case No. [D2007-1886](#), <eva-padberg.com>, Transfer  
*Elvstrom Sails A/S v. Moniker Privacy Services*, WIPO Case No. [D2008-0393](#), <elvstromsails.com>, Denial  
*Viacom International Inc. v. Pablo, Palermao / Moniker Privacy Services*, WIPO Case No. [D2008-1179](#), <teenick.com>, Transfer  
*The Jennifer Lopez Foundation v. Jeremiah Tieman, Jennifer Lopez Net, Jennifer Lopez, Vaca Systems LLC*, WIPO Case No. [D2009-0057](#), <jenniferlopez.net> *inter alia*, Transfer  
*Association Robert Mazars v. Private Whois Service, c/o mazarsrevenge.com*, WIPO Case No. [D2009-0183](#), <mazarsrevenge.com>, Transfer  
*Research In Motion Limited v. Privacy Locked LLC/Nat Collicot*, WIPO Case No. [D2009-0320](#), <blackberry.com>, Transfer  
*Research In Motion Limited v. PrivacyProtect.org / Pluto Domain Services Private Limited*, WIPO Case No. [D2009-0324](#), <blackberru.com> *inter alia*, Transfer  
*Hertz System, Inc. v. Domainproxyagent.com / Compsys Domain Solutions Private Limited*, WIPO Case No. [D2009-0615](#), <www2hertz.com>, Transfer  
*RapidShare AG, Christian Schmid v. PrivacyAnywhere Software, LLC, Mikhail Berdnikov (Protected Domain Services Customer ID: DSR-2262893, Protected Domain Services Customer ID: DSR-2092987) and RapidShare AG, Christian Schmid v. Winsoul, Inc., Aleksey Atushev; (Protected Domain Services Customer ID: DSR-2239262)*, WIPO Case No. [D2010-0894](#), <rapidsharefilesdownload.com> *inter alia*, Transfer

However: Panels have also found, especially where a "disclosed" registrant in turn appears to be yet another privacy or proxy service, or in similar "Russian doll" scenarios, that the coming to light of such registrant may in certain conditions support a finding of breach of paragraph 8(a) of the UDRP, which cyberflight scenario may have implications for determination of respondent identity as well as for substantive findings.

Relevant decisions:

*TDS Telecommunications Corporation v. Registrant [20758] Nevis Domains and Registrant [117460] Moniker Privacy Services*, WIPO Case No. [D2006-1620](#), <tdstelecom.net>, Transfer  
*HSBC Finance Corporation v. Clear Blue Sky Inc. and Domain Manager*, WIPO Case No. [D2007-0062](#), <creditkeeper.com>, Transfer  
*CanWest Mediaworks Publications Inc. v. Laksh Internet Solutions Private Limited / SA c/o FP*, WIPO Case No. [D2008-0687](#), <theedmontonjournal.com>, Transfer  
*Jay Leno v. St. Kitts Registry, Domain Names Administration*, WIPO Case No. [D2009-0571](#), <jaylenoshow.com>, Transfer

#### **4.10 Does delay in bringing a complaint prevent a complainant from filing under the UDRP?**

See also the [relevant section](#) in the WIPO Legal Index.

Panels have recognized that the doctrine or defense of laches as such does not generally apply under the UDRP, and that delay (by reference to the time of the relevant registration of the disputed domain name) in bringing a complaint does not of itself prevent a complainant from filing under the UDRP, or from being able to succeed

under the UDRP, where a complainant can establish a case on the merits under the requisite three elements. Panels have noted that the remedies under the UDRP are injunctive rather than compensatory in nature, and that a principal concern is to avoid ongoing or future confusion as to the source of communications, goods, or services.

However: Panels have also noted that a delay in bringing a complaint under the UDRP may make it more difficult for a complainant to establish its case on the merits, particularly in relation to the second and third elements requiring the complainant to establish that the respondent lacks rights and legitimate interests and that the respondent registered and used the domain name in bad faith. A small number of panels have also begun to acknowledge the possible applicability, in appropriate and limited circumstances, of a defense of laches under the UDRP where the facts so warrant.

#### Relevant decisions:

*The Hebrew University of Jerusalem v. Alberta Hot Rods*, WIPO Case No. [D2002-0616](#), <alberteinstein.com>, Denial

*Tom Cruise v. Network Operations Center / Alberta Hot Rods*, WIPO Case No. [D2006-0560](#), <tomcruise.com>, Transfer

*Tax Analysts v. eCorp*, WIPO Case No. [D2007-0040](#), <taxanalyst.com>, Denial

*Francine Drescher v. Stephen Gregory*, WIPO Case No. [D2008-1825](#), <frandrescher.com>, Transfer

*The Jennifer Lopez Foundation v. Jeremiah Tieman, Jennifer Lopez Net, Jennifer Lopez, Vaca Systems LLC*, WIPO Case No. [D2009-0057](#), <jenniferlopez.net> *inter alia*, Transfer

*Board of Trustees of the University of Arkansas v. FanMail.com, LLC*, WIPO Case No. [D2009-1139](#), <razorbacks.com>, Denial

*Mile, Inc. v. Michael Burg*, WIPO Case No. [D2010-2011](#), <lionsden.com>, Denial

#### **4.11 Can a registrar be liable as a registrant under the UDRP?**

See also the [relevant section](#) in the WIPO Legal Index.

A registrar may be liable as a *registrant* under the UDRP where it has acted as such in the registration of a domain name. Likewise, a registration undertaken by a registrar through an associated legal entity is not for that reason shielded from the UDRP. When acting solely in its capacity as a registrar, and not as a registrant, a registrar is not subject to jurisdiction under the UDRP as a respondent.

#### Relevant decisions:

*General Electric Company v. Marketing Total S.A.*, WIPO Case No. [D2007-1834](#), <gegeneralelectric.com> *inter alia*, Transfer

*Pernod Ricard v. Tucows.com Co*, WIPO Case No. [D2008-0789](#), <ricard.com>, Transfer

#### **4.12 Can UDRP proceedings be suspended for purposes of settlement?**

See also the [relevant section](#) in the WIPO Legal Index.

WIPO panels have recognized that UDRP proceedings may be suspended by the WIPO Center at the request of the parties to enable settlement of their dispute prior to panel appointment. Where a signed suspension request for such purpose identifying the period of time sought (typically not more than 30 days) is submitted to the WIPO Center by the complainant (and not objected to by the copied respondent) or by both parties, a notification would normally be issued to the parties and registrar advising the period of the suspension, and that the domain name should be unlocked only for the purpose of any transfer of the domain name from the registrant to the complainant under the terms of any agreed settlement between the parties. In the latter scenario, in order to encourage settlement where appropriate, WIPO will fully refund the fee advanced for the



not-yet-appointed panel. A request for suspension would not normally be granted where either party objects. Given the expedited nature of UDRP proceedings, the WIPO Center will normally grant a request to extend the initial suspension by one further period of up to 30 days. A request from the parties to suspend proceedings to explore possible settlement options only after panel appointment would be at the discretion of the panel. Whether or not the proceedings have been suspended, where a settlement is found to have occurred prior to the rendering of the panel's decision, the panel would normally order the proceedings terminated in accordance with paragraph 17 of the UDRP Rules.

Relevant decisions:

*AT&T Corp. v. Ondonk Partners*, WIPO Case No. [D2000-1723](#), <attplaza.com>, Transfer  
*Mori Seiki Co. Ltd. v. Texas International Property Associates*, WIPO Case No. [D2007-1795](#), <mori-seiki.com> *inter alia*, Transfer  
*MasterCard International v. Bankrate*, WIPO Case No. [D2008-0704](#), <mastercreditcard.com>, Transfer  
*F. Hoffmann-La Roche AG v. Texas International Property Associates* "NA NA", WIPO Case No. [D2008-0752](#), <hoffman-laroche.com>, Transfer  
*ANOVO v. Moniker Privacy Services / Alexander Lerman*, WIPO Case No. [D2008-1049](#), <anovo.com>, Transfer  
*Grundfos A/S v. Luca Mueller*, WIPO Case No. [D2009-0091](#), <grundfosinsite.com>, Transfer  
*F. Hoffmann-La Roche AG v. P Martin*, WIPO Case No. [D2009-0323](#), <alli-xenical.com>, Transfer

**4.13 Can a panel decide a case under the UDRP based on a respondent's consent to transfer?**

See also the [relevant section](#) in the WIPO Legal Index.

Where the parties to a UDRP dispute have not succeeded in settling a case between themselves prior to the rendering of a panel decision, but the respondent has given its unilateral and unambiguous consent on the record to the remedy sought by the complainant, a panel may at its discretion order transfer (or cancellation) of the domain name on that basis alone. Some panels have done so on the basis of giving effect to party agreement as to outcome (sometimes, where the parties so request, on a no-fault basis), with a few also by deeming such consent to satisfy the requirement of the three elements of the UDRP (sometimes by virtue of deemed admission). Some panels have declined to grant a remedy solely on the basis of the respondent's consent, but rather elected to proceed to a substantive determination of the merits; for example, because the panel needs to be certain that the complainant has shown that it possesses relevant trademark rights, or because there is ambiguity as to the genuineness of the respondent's consent, or because the respondent has not expressly admitted bad faith, or because the panel finds there is a conduct or other aspect to the proceedings which warrants a full determination on the record, or because the panel finds that the complainant has not agreed to a consent decision and the complainant is entitled to the decision for which it has paid in filing its complaint, or because the panel finds a broader interest in reaching and recording a substantive determination (e.g. in connection with patterns of conduct under paragraph 4(b)(iii) of the UDRP).

Relevant decisions:

*Sassybac, L.L.C. v. Texas International Property Associates*, WIPO Case No. [D2007-1190](#), <sassybac.com>, Transfer  
*Brownells, Inc. v. Texas International Property Associates*, WIPO Case No. [D2007-1211](#), <brwonells.com>, Transfer  
*Ticketmaster Corporation v. Global Access*, WIPO Case No. [D2007-1921](#), <ticketmast.com>, Transfer  
*Infonxx.Inc v. Lou Kerner, WildSites.com*, WIPO Case No. [D2008-0434](#), <infonxxx.com>, Transfer  
*President and Fellows of Harvard College v. Texas International Property Associates - NA NA*, WIPO Case No. [D2008-0597](#), <harvarduniversitypress.com>, Transfer  
*John Bowers QC v. Tom Keogan*, WIPO Case No. [D2008-1720](#), <johnbowersqc.com>, Transfer  
*Malley's Candies Inc. v. Texas International Property Associates - NA NA*, WIPO Case No. [D2008-1803](#),

<malleychocolates.com> *inter alia*, Transfer

*Research In Motion Limited v. Privacy Locked LLC/Nat Collicot*, WIPO Case No. [D2009-0320](#),

<backberry.com>, Transfer

#### **4.14 What is the relationship between UDRP proceedings and court proceedings?**

See also the [relevant section](#) in the WIPO Legal Index.

As paragraph 4(k) of the UDRP indicates, the UDRP does not bar either the complainant or the respondent from seeking a judicial remedies. Paragraph 18(a) of the Rules gives the panel discretion to suspend, terminate or continue a UDRP proceeding where the disputed domain name is the subject of other pending legal proceedings. A panel may determine (as happens in rare instances) that a UDRP dispute cannot be evaluated separately from such ongoing court proceeding, and may terminate or suspend the UDRP case on that basis, normally (in the case of termination) without prejudice to the filing of a future UDRP complaint pending resolution or discontinuation of such court proceeding. As to any previous court proceedings, it is in the UDRP panel's discretion to determine what weight to ascribe thereto, in light of all circumstances. Additionally, national courts have on occasion referred a portion of a case which concerns a domain name for determination under the UDRP. [See further paragraph 2.4 above, as many of the cases cited therein contain discussion of national law.]

Courts are not bound by UDRP panel determinations; where a domain name subject to a UDRP panel decision becomes subject to a court proceeding (for example, because a respondent elects to take the matter to court under paragraph 4(k) of the UDRP); such court case is generally acknowledged to represent a De novo hearing of the case under national law.

##### Relevant decisions:

*August Storck KG v. Origan Firmware*, WIPO Case No. [D2000-0576](#), <nimm2.com>, Transfer

*Russell Specialties Corporation v. Media Image, Inc., Casual Day.Com, and Rodney Williams*, WIPO Case No. [D2002-0322](#), <casualday.com> *inter alia*, Transfer, Denial in Part

*Jason Crouch and Virginia McNeill v. Clement Stein*, WIPO Case No. [D2005-1201](#), <allemeryville.net> *inter alia*, Denial

*Galley, Inc. v. Pride Marketing & Procurement / Richard's Restaurant Supply, Inc.*, WIPO Case No. [D2008-1285](#), <galley.com>, Denial with Dissenting Opinion

*Aussie Car Loans Pty Ltd v. Wilson Accountants Pty Ltd, (formerly Wilson and Wilson Accountants)*, WIPO Case No. [D2008-1477](#), <aussieautoloans.net> *inter alia*, Denial

*Tiara Hotels & Resorts LLC v. John Pepin*, WIPO Case No. [D2009-0041](#), <essque.com>, Transfer

*DNA (Housemarks) Limited v. Tucows.com Co*, WIPO Case No. [D2009-0367](#), <dunlop.com>, Denial

*BD Real Hoteles, SA de C.V. v. Media Insights aka Media Insight*, WIPO Case No. [D2009-0958](#), <cariberealcancun.com>, Transfer, Denial in Part

See further WIPO [Selection of UDRP-related Court Cases](#).

#### **4.15 To what extent is national law relevant to a panel assessment of rights and legitimate interests and/or bad faith?**

See also the [relevant section](#) in the WIPO Legal Index.

Paragraph 15 (a) of the UDRP provides that a panel shall decide a complaint on the basis of the statements and documents submitted and in accordance with the UDRP, the UDRP Rules, and any rules and principles of law that it deems applicable. Rooted in generally-recognized principles of trademark law, and designed to operate in the context of the world wide web, the decision framework of the UDRP generally does not require resort to concepts or jurisprudence specific to national law (other than with respect to the question of whether

trademark rights exist). For example, WIPO panels have recognized that bad faith under the UDRP may be assessed by reference to the consistent body of prior UDRP decisions. Where panels have chosen to apply national law in UDRP decisions, they have done so on grounds including the location or nationality of the parties, or where a specific concept of national law is judged germane to an issue in dispute, or bearing in mind, in certain circumstances, the mutual jurisdiction election in the UDRP proceeding that would likely govern the location (and therefore the law) of any subsequent court case. [See further [paragraph 2.4](#) above, as many of the cases cited therein contain discussion of national law.]

Relevant decisions:

*FMR Corp. v. Native American Warrior Society, Lamar Sneed, Lamar Sneed*, WIPO Case No. [D2004-0978](#), <fidelitybrokerageinvestmentsfraud.com> *inter alia*, Transfer, Denial in Part  
*Fashiontv.com GmbH v. Mr. Chris Olic*, WIPO Case No. [D2005-0994](#), <fashiontv.com>, Denial  
*1066 Housing Association Ltd. v. Mr. D. Morgan*, WIPO Case No. [D2007-1461](#), <1066ha.com>, Transfer  
*Fundación Calvin Ayre Foundation v. Erik Deutsch*, WIPO Case No. [D2007-1947](#), <calvinayrefoundation.org>, Transfer  
*Sermo, Inc. v. CatalystMD, LLC*, WIPO Case No. [D2008-0647](#), <sermosucks.com>, Denial  
*St Andrews Links Ltd v. Refresh Design*, WIPO Case No. [D2009-0601](#), <theoldcourse.com>, Transfer

**4.16 Can multiple complainants bring a single consolidated complaint against a respondent? Can a single consolidated complaint be brought against multiple respondents?**

See also the [relevant section](#) in the WIPO Legal Index.

WIPO panels have articulated principles governing the question of whether a complaint filed with WIPO by multiple complainants may be brought against (one or more) respondents. These criteria encompass situations in which (i) the complainants either have a specific common grievance against the respondent, or the respondent has engaged in common conduct that has affected the complainants' individual rights in a similar fashion; (ii) it would be equitable and procedurally efficient to permit the consolidation; or in the case of complaints brought (whether or not filed by multiple complainants) against more than one respondent, where (i) the domain names or the websites to which they resolve are subject to common control, and (ii) the consolidation would be fair and equitable to all parties.

In order for the filing of a single complaint brought by multiple complainants or against multiple respondents which meets the above criteria to be accepted, such complaint would typically need to be accompanied by a request for consolidation which establishes that the relevant criteria have been met. The onus of establishing this falls on the filing party/parties, and where the relevant criteria have not been met, the complaint in its filed form would not be accepted.

[See further [paragraph 1.8](#) regarding related companies and licensees as complainants.]

Relevant decisions:

*NFL Properties, Inc. inter alia v. Rusty Rahe*, WIPO Case No. [D2000-0128](#), <arizonacardinals.com> *inter alia*, Transfer  
*Fulham Football Club (1987) Limited, et.al v. Domains by Proxy, Inc./ Official Tickets Ltd*, WIPO Case No. [D2009-0331](#), <official-fulham-tickets.com> *inter alia*, Transfer  
*MLB Advanced Media, The Phillies, Padres LP v. OreNet Inc.*, WIPO Case No. [D2009-0985](#), <padresbaseball.com> *inter alia*, Transfer  
*Inter-Continental Hotels Corporation, Six Continents Hotels, Inc. v. Daniel Kirchof*, WIPO Case No. [D2009-1661](#), <amstel-intercontinental.com> *inter alia*, Transfer, Denial in Part  
*Speedo Holdings B.V. v. Programmer, Miss Kathy Beckerson, John Smitt, Matthew Simmons*, WIPO Case No. [D2010-0281](#), <aussiespeedoguy.com> *inter alia*, Transfer

#### **4.17 In what circumstances should a finding of Reverse Domain Name Hijacking or abuse of process be made?**

See also the [relevant section](#) in the WIPO Legal Index.

Paragraph 15(e) of the UDRP Rules provides that, if "after considering the submissions the panel finds that the complaint was brought in bad faith, for example in an attempt at Reverse Domain Name Hijacking or was brought primarily to harass the domain-name holder, the panel shall declare in its decision that the complaint was brought in bad faith and constitutes an abuse of the administrative proceeding". Reverse Domain Name Hijacking is defined under the UDRP Rules as "using the UDRP in bad faith to attempt to deprive a registered domain-name holder of a domain name".

WIPO panels have found that the onus of proving complainant bad faith in such cases is generally on the respondent, whereby mere lack of success of the complaint is not itself sufficient for a finding of Reverse Domain Name Hijacking. To establish Reverse Domain Name Hijacking, a respondent would typically need to show knowledge on the part of the complainant of the complainant's lack of relevant trademark rights, or of the respondent's rights or legitimate interests in, or lack of bad faith concerning, the disputed domain name. Evidence of harassment or similar conduct by the complainant in the face of such knowledge (*e.g.* in previously brought proceedings found by competent authorities to be groundless, or through repeated cease and desist communications) may also constitute a basis for a finding of abuse of process against a complainant filing under the UDRP in such circumstances.

WIPO panels have found Reverse Domain Name Hijacking in circumstances including where: the complainant in fact knew or clearly should have known at the time that it filed the complaint that it could not prove one of the essential elements required by the UDRP; the complainant failed to notify the panel that the complaint was a re-filing of an earlier decided complaint [see further discussion regarding refiled complaints in paragraph 4.4 above] or otherwise misled the panel; a respondent's use of a domain name could not, under any fair interpretation of the reasonably available facts, have constituted bad faith; the complainant knew that the respondent used the disputed domain name as part of a *bona fide* business for which the respondent obtained a domain name prior to the complainant having relevant trademark rights [see further [paragraph 3.1](#) above with respect to bad faith and complainant trademark rights which post-date domain name registration].

The fact of default by a respondent does not necessarily prevent a finding of Reverse Domain Name Hijacking in appropriate cases, and WIPO panels have on occasion entered such findings on their own initiative, especially where the complainant has intentionally attempted to mislead the panel by omitting material evidence.

WIPO panels have declined to find Reverse Domain Name Hijacking in circumstances including where: the complainant has succeeded in establishing each of the three essential elements required under the UDRP; the complainant's argument under a required element of the UDRP fails, but not by such an obvious margin that the complainant must have appreciated that this would be the case at the time of filing the complaint; there is a question of clean hands or factual accuracy on the part of both parties; the respondent's website contains commercial links explicitly referable to the complainant for the purpose of generating revenue, providing a basis for the complainant to be aggrieved; or there appears to be another relevant factual basis for filing the complaint.

##### Relevant decisions:

*carsales.com.au Limited v. Alton L. Flanders*, WIPO Case No. [D2004-0047](#), <carsales.com>, Denial (RDNH found)

*Rudy Rojas v. Gary Davis*, WIPO Case No. [D2004-1081](#), <nativestyles.net> *inter alia*, Denial (RDNH denied)

*Goway Travel Limited v. Tourism Australia*, WIPO Case No. [D2006-0344](#), <downunder.travel>, Denial (RDNH found)

*Proto Software, Inc. v. Vertical Axis, Inc/PROTO.COM*, WIPO Case No. D2006-0905, <proto.com>, Denial (RDNH found)

*Mondial Assistance S.A.S. v. Compana LLC*, WIPO Case No. D2007-0965, <mondial.com>, Denial (RDNH denied)

*Grasso's Koninklijke Machinefabrieken N.V., currently acting as Royal GEA Grasso Holding N.V. v. Tucows.com Co*, WIPO Case No. D2009-0115, <grasso.com>, Denial (RDNH denied)

*Compart AG v. Compart.com / Vertical Axis, Inc.*, WIPO Case No. D2009-0462, <compart.com>, Denial (RDNH denied)

*Cheung Kong (Holdings) Limited and Chueng Kong Property Development Limited v. Netego DotCom*, WIPO Case No. D2009-0540, <長江.com>, Denial (RDNH found)

*Ville de Paris v. Salient Properties LLC*, WIPO Case No. D2009-1279, <wifiparis.com>, Denial (RDNH denied)

*M. Corentin Benoit Thiercelin v. CyberDeal, Inc.*, WIPO Case No. D2010-0941, <virtualexpo.com>, Denial (RDNH found)]

# **ANNEX 53**

*This document, concerning the management of the Internet Domain Name System, is a statement of policy. Though it is not intended or expected, should any discrepancy occur between the document here and that published in the Federal Register, the Federal Register publication controls. The paper is being made available through the Internet solely as a means to facilitate the public's access to this document.*

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## **UNITED STATES DEPARTMENT OF COMMERCE**

### **Management of Internet Names and Addresses**

**Docket Number: 980212036-8146-02**

**AGENCY:** National Telecommunications and Information Administration

**ACTION:** Statement of Policy

**SUMMARY:** On July 1, 1997, as part of the Clinton Administration's *Framework for Global Electronic Commerce*,<sup>(1)</sup> the President directed the Secretary of Commerce to privatize the domain name system (DNS) in a manner that increases competition and facilitates international participation in its management.

Accordingly, on July 2, 1997, the Department of Commerce issued a Request for Comments (RFC) on DNS administration. The RFC solicited public input on issues relating to the overall framework of the DNS administration, the creation of new top-level domains, policies for domain name registrars, and trademark issues. During the comment period, more than 430 comments were received, amounting to some 1500 pages.<sup>(2)</sup>

On January 30, 1998, the National Telecommunications and Information Administration (NTIA), an agency of the Department of Commerce, issued for comment, *A Proposal to Improve the Technical Management of Internet Names and Addresses*. The proposed rulemaking, or "Green Paper," was published in the Federal Register on February 20, 1998, providing opportunity for public comment. NTIA received more than 650 comments, as of March 23, 1998, when the comment period closed.<sup>(3)</sup>

The Green Paper proposed certain actions designed to privatize the management of Internet names and addresses in a manner that allows for the development of robust competition and facilitates global participation in Internet management. The Green Paper proposed for discussion a variety of issues relating to DNS management including private sector creation of a new not-for-profit corporation (the "new corporation") managed by a globally and functionally representative Board of Directors.

**EFFECTIVE DATE:** This general statement of policy is not subject to the delay in effective date required of substantive rules under 5 U.S.C. § 553(d). It does not contain mandatory provisions and does not itself have the force and effect of law.<sup>(4)</sup> Therefore, the effective date of this policy statement is [insert date of publication in the Federal Register].

**FOR FURTHER INFORMATION CONTACT:** Karen Rose, Office of International Affairs (OIA), Rm 4701, National Telecommunications and Information Administration (NTIA), U.S. Department of Commerce, 14<sup>th</sup> and Constitution Ave., NW, Washington, D.C., 20230. Telephone: (202) 482-

0365. E-mail: [dnspolicy@ntia.doc.gov](mailto:dnspolicy@ntia.doc.gov)

**AUTHORITY:** 15 U.S.C. § 1512; 15 U.S.C. § 1525; 47 U.S.C. § 902(b)(2)(H); 47 U.S.C. § 902(b)(2)(I); 47 U.S.C. § 902(b)(2)(M); 47 U.S.C. § 904(c)(1).

## **SUPPLEMENTARY INFORMATION:**

### **Background:**

Domain names are the familiar and easy-to-remember names for Internet computers (e.g., "www.ecommerce.gov"). They map to unique Internet Protocol (IP) numbers (e.g., 98.37.241.30) that serve as routing addresses on the Internet. The domain name system (DNS) translates Internet names into the IP numbers needed for transmission of information across the network.

### *U.S. Role in DNS Development:*

More than 25 years ago, the U.S. Government began funding research necessary to develop packet-switching technology and communications networks, starting with the "ARPANET" network established by the Department of Defense's Advanced Research Projects Agency (DARPA) in the 1960s. ARPANET was later linked to other networks established by other government agencies, universities and research facilities. During the 1970s, DARPA also funded the development of a "network of networks;" this became known as the Internet, and the protocols that allowed the networks to intercommunicate became known as Internet protocols (IP).

As part of the ARPANET development work contracted to the University of California at Los Angeles (UCLA), Dr. Jon Postel, then a graduate student at the university, undertook the maintenance of a list of host names and addresses and also a list of documents prepared by ARPANET researchers, called Requests for Comments (RFCs). The lists and the RFCs were made available to the network community through the auspices of SRI International, under contract to DARPA and later the Defense Communication Agency (DCA) (now the Defense Information Systems Agency (DISA)) for performing the functions of the Network Information Center (the NIC).

After Dr. Postel moved from UCLA to the Information Sciences Institute (ISI) at the University of Southern California (USC), he continued to maintain the list of assigned Internet numbers and names under contracts with DARPA. SRI International continued to publish the lists. As the lists grew, DARPA permitted Dr. Postel to delegate additional administrative aspects of the list maintenance to SRI, under continuing technical oversight. Dr. Postel, under the DARPA contracts, also published a list of technical parameters that had been assigned for use by protocol developers. Eventually these functions collectively became known as the Internet Assigned Numbers Authority (IANA).

Until the early 1980s, the Internet was managed by DARPA, and used primarily for research purposes. Nonetheless, the task of maintaining the name list became onerous, and the Domain Name System (DNS) was developed to improve the process. Dr. Postel and SRI participated in DARPA's development and establishment of the technology and practices used by the DNS. By 1990, ARPANET was completely phased out.



The National Science Foundation (NSF) has statutory authority for supporting and strengthening basic scientific research, engineering, and educational activities in the United States, including the maintenance of computer networks to connect research and educational institutions. Beginning in 1987, IBM, MCI and Merit developed NSFNET, a national high-speed network based on Internet protocols, under an award from NSF. NSFNET, the largest of the governmental networks, provided a "backbone" to connect other networks serving more than 4,000 research and educational institutions throughout the country. The National Aeronautics and Space Administration (NASA) and the U.S. Department of Energy also contributed backbone facilities.

In 1991-92, NSF assumed responsibility for coordinating and funding the management of the non-military portion of the Internet infrastructure. NSF solicited competitive proposals to provide a variety of infrastructure services, including domain name registration services. On December 31, 1992, NSF entered into a cooperative agreement with Network Solutions, Inc. (NSI) for some of these services, including the domain name registration services. Since that time, NSI has managed key registration, coordination, and maintenance functions of the Internet domain name system. NSI registers domain names in the generic top level domains (gTLDs) on a first come, first served basis and also maintains a directory linking domain names with the IP numbers of domain name servers. NSI also currently maintains the authoritative database of Internet registrations.

In 1992, the U.S. Congress gave NSF statutory authority to allow commercial activity on the NSFNET.<sup>(5)</sup> This facilitated connections between NSFNET and newly forming commercial network service providers, paving the way for today's Internet. Thus, the U.S. Government has played a pivotal role in creating the Internet as we know it today. The U.S. Government consistently encouraged bottom-up development of networking technologies, and throughout the course of its development, computer scientists from around the world have enriched the Internet and facilitated exploitation of its true potential. For example, scientists at CERN, in Switzerland, developed software, protocols and conventions that formed the basis of today's vibrant World Wide Web. This type of pioneering Internet research and development continues in cooperative organizations and consortia throughout the world.

#### *DNS Management Today:*

In recent years, commercial use of the Internet has expanded rapidly. As a legacy, however, major components of the domain name system are still performed by, or subject to, agreements with agencies of the U.S. Government.

### **1) Assignment of numerical addresses to Internet users.**

Every Internet computer has a unique IP number. IANA, headed by Dr. Jon Postel, coordinates this system by allocating blocks of numerical addresses to regional IP registries (ARIN in North America, RIPE in Europe, and APNIC in the Asia/Pacific region), under contract with DARPA. In turn, larger Internet service providers apply to the regional IP registries for blocks of IP addresses. The recipients of those address blocks then reassign addresses to smaller Internet service providers and to end users.

### **2) Management of the system of registering names for Internet users.**

The domain name space is constructed as a hierarchy. It is divided into top-level domains (TLDs), with each TLD then divided into second-level domains (SLDs), and so on. More than 200 national, or country-code, TLDs (ccTLDs) are administered by their corresponding governments or by private entities with the appropriate national government's acquiescence. A small set of gTLDs do not carry any national identifier, but denote the intended function of that portion of the domain space. For example, .com was established for commercial users, .org for not-for-profit organizations, and .net for network service providers. The registration and propagation of these key gTLDs are performed by NSI, under a five-year cooperative agreement with NSF. This agreement expires on September 30, 1998.

### **3) Operation of the root server system.**

The root server system is a set of thirteen file servers, which together contain authoritative databases listing all TLDs. Currently, NSI operates the "A" root server, which maintains the authoritative root database and replicates changes to the other root servers on a daily basis. Different organizations, including NSI, operate the other 12 root servers.<sup>(6)</sup> The U.S. Government plays a role in the operation of about half of the Internet's root servers. Universal name consistency on the Internet cannot be guaranteed without a set of authoritative and consistent roots. Without such consistency messages could not be routed with any certainty to the intended addresses.

### **4) Protocol Assignment.**

The Internet protocol suite, as defined by the Internet Engineering Task Force (IETF), contains many technical parameters, including protocol numbers, port numbers, autonomous system numbers, management information base object identifiers and others. The common use of these protocols by the Internet community requires that the particular values used in these fields be assigned uniquely. Currently, IANA, under contract with DARPA, makes these assignments and maintains a registry of the assigned values.

#### *The Need for Change:*

From its origins as a U.S.-based research vehicle, the Internet is rapidly becoming an international medium for commerce, education and communication. The traditional means of organizing its technical functions need to evolve as well. The pressures for change are coming from many different quarters:

- There is widespread dissatisfaction about the absence of competition in domain name registration.
- Conflicts between trademark holders and domain name holders are becoming more common. Mechanisms for resolving these conflicts are expensive and cumbersome.
- Many commercial interests, staking their future on the successful growth of the Internet, are calling for a more formal and robust management structure.

- An increasing percentage of Internet users reside outside of the U.S., and those stakeholders want to participate in Internet coordination.
- As Internet names increasingly have commercial value, the decision to add new top-level domains cannot be made on an *ad hoc* basis by entities or individuals that are not formally accountable to the Internet community.
- As the Internet becomes commercial, it becomes less appropriate for U.S. research agencies to direct and fund these functions.

The Internet technical community has been actively debating DNS management policy for several years. Experimental registry systems offering name registration services in an alternative set of exclusive domains developed as early as January 1996. Although visible to only a fraction of Internet users, alternative systems such as the name.space, AlterNIC, and eDNS affiliated registries<sup>(7)</sup> contributed to the community's dialogue on the evolution of DNS administration.

In May of 1996, Dr. Postel proposed the creation of multiple, exclusive, competing top-level domain name registries. This proposal called for the introduction of up to 50 new competing domain name registries, each with the exclusive right to register names in up to three new top-level domains, for a total of 150 new TLDs. While some supported the proposal, the plan drew much criticism from the Internet technical community.<sup>(8)</sup> The paper was revised and reissued.<sup>(9)</sup> The Internet Society's (ISOC) board of trustees endorsed, in principle, the slightly revised but substantively similar version of the draft in June of 1996.

After considerable debate and redrafting failed to produce a consensus on DNS change, IANA and the Internet Society (ISOC) organized the International Ad Hoc Committee<sup>(10)</sup> (IAHC or the Ad Hoc Committee) in September 1996, to resolve DNS management issues. The World Intellectual Property Organization (WIPO) and the International Telecommunications Union (ITU) participated in the IAHC. The Federal Networking Council (FNC) participated in the early deliberations of the Ad Hoc Committee.

The IAHC issued a draft plan in December 1996 that introduced unique and thoughtful concepts for the evolution of DNS administration.<sup>(11)</sup> The final report proposed a memorandum of understanding (MoU) that would have established, initially, seven new gTLDs to be operated on a nonexclusive basis by a consortium of new private domain name registrars called the Council of Registrars (CORE).<sup>(12)</sup> Policy oversight would have been undertaken in a separate council called the Policy Oversight Committee (POC) with seats allocated to specified stakeholder groups. Further, the plan formally introduced mechanisms for resolving trademark/domain name disputes. Under the MoU, registrants for second-level domains would have been required to submit to mediation and arbitration, facilitated by WIPO, in the event of conflict with trademark holders.

Although the IAHC proposal gained support in many quarters of the Internet community, the IAHC process was criticized for its aggressive technology development and implementation schedule, for being dominated by the Internet engineering community, and for lacking participation by and input from business interests and others in the Internet community.<sup>(13)</sup> Others criticized the plan for failing to solve the competitive problems that were such a source of dissatisfaction among Internet users and for imposing unnecessary burdens on trademark holders. Although the POC responded by revising the original plan, demonstrating a commendable degree of flexibility, the proposal was not able to overcome initial criticism of both the plan and the process by which the plan was developed.<sup>(14)</sup> Important segments of the Internet community remained outside the IAHC process, criticizing it as insufficiently representative.<sup>(15)</sup>

As a result of the pressure to change DNS management, and in order to facilitate its withdrawal from DNS management, the U.S. Government, through the Department of Commerce and NTIA, sought public comment on the direction of U.S. policy with respect to DNS, issuing the Green Paper on January 30, 1998.<sup>(16)</sup> The approach outlined in the Green Paper adopted elements of other proposals, such as the early Postel drafts and the IAHC gTLD- MoU.

**Comments and Response:** The following are summaries of and responses to the major comments that were received in response to NTIA's issuance of *A Proposal to Improve the Technical Management of Internet Names and Addresses*. As used herein, quantitative terms such as "some," "many," and "the majority of," reflect, roughly speaking, the proportion of comments addressing a particular issue but are not intended to summarize all comments received or the complete substance of all such comments.

**1. Principles for a New System.** The Green Paper set out four principles to guide the evolution of the domain name system: stability, competition, private bottom-up coordination, and representation.

**Comments:** In general, commenters supported these principles, in some cases highlighting the importance of one or more of the principles. For example, a number of commenters emphasized the importance of establishing a body that fully reflects the broad diversity of the Internet community. Others stressed the need to preserve the bottom-up tradition of Internet governance. A limited number of commenters proposed additional principles for the new system, including principles related to the protection of human rights, free speech, open communication, and the preservation of the Internet as a public trust. Finally, some commenters who agreed that Internet stability is an important principle, nonetheless objected to the U.S. Government's assertion of any participatory role in ensuring such stability.

**Response:** The U.S. Government policy applies only to management of Internet names and addresses and does not set out a system of Internet "governance." Existing human rights and free speech protections will not be disturbed and, therefore, need not be specifically included in the core principles for DNS management. In addition, this policy is not intended to displace other legal regimes (international law, competition law, tax law and principles of international taxation, intellectual property law, etc.) that may already apply. The continued applicability of these systems as well as the principle of representation should ensure that DNS management proceeds in the interest of the Internet community as a whole. Finally, the U.S. Government believes that it would be irresponsible to withdraw from its existing management role without taking steps to ensure the stability of the Internet during its transition to private sector management. On balance, the comments did not present any consensus for amending the principles outlined in the Green Paper.

**2. The Coordinated Functions.** The Green Paper identified four DNS functions to be performed on a coordinated, centralized basis in order to ensure that the Internet runs smoothly:

1. To set policy for and direct the allocation of IP number blocks;
2. To oversee the operation of the Internet root server system;
3. To oversee policy for determining the circumstances under which new top level domains would be added to the root system; and

4. To coordinate the development of other technical protocol parameters as needed to maintain universal connectivity on the Internet.

**Comments:** Most commenters agreed that these functions should be coordinated centrally, although a few argued that a system of authoritative roots is not technically necessary to ensure DNS stability. A number of commenters, however, noted that the fourth function, as delineated in the Green Paper, overstated the functions currently performed by IANA, attributing to it central management over an expanded set of functions, some of which are now carried out by the IETF.

**Response:** In order to preserve universal connectivity and the smooth operation of the Internet, the U.S. Government continues to believe, along with most commenters, that these four functions should be coordinated. In the absence of an authoritative root system, the potential for name collisions among competing sources for the same domain name could undermine the smooth functioning and stability of the Internet.

The Green Paper was not, however, intended to expand the responsibilities associated with Internet protocols beyond those currently performed by IANA. Specifically, management of DNS by the new corporation does not encompass the development of Internet technical parameters for other purposes by other organizations such as IETF. The fourth function should be restated accordingly:

- to coordinate the *assignment* of other Internet technical parameters as needed to maintain universal connectivity on the Internet.

### 3. Separation of Name and Number Authority.

**Comments:** A number of commenters suggested that management of the domain name system should be separated from management of the IP number system. These commenters expressed the view that the numbering system is relatively technical and straightforward. They feared that tight linkage of domain name and IP number policy development would embroil the IP numbering system in the kind of controversy that has surrounded domain name issuance in recent months. These commenters also expressed concern that the development of alternative name and number systems could be inhibited by this controversy or delayed by those with vested interests in the existing system.

**Response:** The concerns expressed by the commenters are legitimate, but domain names and IP numbers must ultimately be coordinated to preserve universal connectivity on the Internet. Also, there are significant costs associated with establishing and operating two separate management entities.

However, there are organizational structures that could minimize the risks identified by commenters. For example, separate name and number councils could be formed within a single organization. Policy could be determined within the appropriate council that would submit its recommendations to the new corporation's Board of Directors for ratification.

**4. Creation of the New Corporation and Management of the DNS.** The Green Paper called for the creation of a new private, not-for-profit corporation<sup>(17)</sup> responsible for coordinating specific DNS functions for the benefit of the Internet as a whole. Under the Green Paper proposal, the

U.S. Government<sup>(18)</sup> would gradually transfer these functions to the new corporation beginning as soon as possible, with the goal of having the new corporation carry out operational responsibility by October 1998. Under the Green Paper proposal, the U.S. Government would continue to participate in policy oversight until such time as the new corporation was established and stable, phasing out as soon as possible, but in no event later than September 30, 2000. The Green Paper suggested that the new corporation be incorporated in the United States in order to promote stability and facilitate the continued reliance on technical expertise residing in the United States, including IANA staff at USC/ISI.

**Comments:** Almost all commenters supported the creation of a new, private not-for-profit corporation to manage DNS. Many suggested that IANA should evolve into the new corporation. A small number of commenters asserted that the U.S. Government should continue to manage Internet names and addresses. Another small number of commenters suggested that DNS should be managed by international governmental institutions such as the United Nations or the International Telecommunications Union. Many commenters urged the U.S. Government to commit to a more aggressive timeline for the new corporation's assumption of management responsibility. Some commenters also suggested that the proposal to headquarter the new corporation in the United States represented an inappropriate attempt to impose U.S. law on the Internet as a whole.

**Response:** The U.S. Government is committed to a transition that will allow the private sector to take leadership for DNS management. Most commenters shared this goal. While international organizations may provide specific expertise or act as advisors to the new corporation, the U.S. continues to believe, as do most commenters, that neither national governments acting as sovereigns nor intergovernmental organizations acting as representatives of governments should participate in management of Internet names and addresses. Of course, national governments now have, and will continue to have, authority to manage or establish policy for their own ccTLDs.

The U.S. Government would prefer that this transition be complete before the year 2000. To the extent that the new corporation is established and operationally stable, September 30, 2000 is intended to be, and remains, an "outside" date.

IANA has functioned as a government contractor, albeit with considerable latitude, for some time now. Moreover, IANA is not formally organized or constituted. It describes a function more than an entity, and as such does not currently provide a legal foundation for the new corporation. This is not to say, however, that IANA could not be reconstituted by a broad-based, representative group of Internet stakeholders or that individuals associated with IANA should not themselves play important foundation roles in the formation of the new corporation. We believe, and many commenters also suggested, that the private sector organizers will want Dr. Postel and other IANA staff to be involved in the creation of the new corporation.

Because of the significant U.S.-based DNS expertise and in order to preserve stability, it makes sense to headquarter the new corporation in the United States. Further, the mere fact that the new corporation would be incorporated in the United States would not remove it from the jurisdiction of other nations. Finally, we note that the new corporation must be headquartered somewhere, and similar objections would inevitably arise if it were incorporated in another location.

**5. Structure of the New Corporation.** The Green Paper proposed a 15-member Board, consisting of three representatives of regional number registries, two members designated by the Internet Architecture Board (IAB), two members representing domain name registries and domain name registrars, seven members representing Internet users, and the Chief Executive Officer of

the new corporation.

**Comments:** Commenters expressed a variety of positions on the composition of the Board of Directors for the new corporation. In general, however, most commenters supported the establishment of a Board of Directors that would be representative of the functional and geographic diversity of the Internet. For the most part, commenters agreed that the groups listed in the Green Paper included individuals and entities likely to be materially affected by changes in DNS. Most of those who criticized the proposed allocation of Board seats called for increased representation of their particular interest group on the Board of Directors. Specifically, a number of commenters suggested that the allocation set forth in the Green Paper did not adequately reflect the special interests of (1) trademark holders, (2) Internet service providers, or (3) the not-for-profit community. Others commented that the Green Paper did not adequately ensure that the Board would be globally representative.

**Response:** The Green Paper attempted to describe a manageably sized Board of Directors that reflected the diversity of the Internet. It is probably impossible to allocate Board seats in a way that satisfies all parties concerned. On balance, we believe the concerns raised about the representation of specific groups are best addressed by a thoughtful allocation of the "user" seats as determined by the organizers of the new corporation and its Board of Directors, as discussed below.

The Green Paper identified several international membership associations and organizations to designate Board members such as APNIC, ARIN, RIPE, and the Internet Architecture Board. We continue to believe that as use of the Internet expands outside the United States, it is increasingly likely that a properly open and transparent DNS management entity will have board members from around the world. Although we do not set any mandatory minimums for global representation, this policy statement is designed to identify global representativeness as an important priority.

**6. Registrars and Registries.** The Green Paper proposed moving the system for registering second level domains and the management of generic top-level domains into a competitive environment by creating two market-driven businesses, registration of second level domain names and the management of gTLD registries.

**a. Competitive Registrars. Comments:** Commenters strongly supported establishment of a competitive registrar system whereby registrars would obtain domain names for customers in any gTLD. Few disagreed with this position. The Green Paper proposed a set of requirements to be imposed by the new corporation on all would-be registrars. Commenters for the most part did not take exception to the proposed criteria, but a number of commenters suggested that it was inappropriate for the United States government to establish them.

**Response:** In response to the comments received, the U.S. Government believes that the new corporation, rather than the U.S. Government, should establish minimum criteria for registrars that are pro-competitive and provide some measure of stability for Internet users without being so onerous as to prevent entry by would-be domain name registrars from around the world. Accordingly, the proposed criteria are not part of this policy statement.

**b. Competitive Registries. Comments:** Many commenters voiced strong opposition to the idea of competitive and/or for-profit domain name registries, citing one of several concerns. Some suggested that top level domain names are not, by nature, ever truly generic. As such, they will tend to function as "natural monopolies" and should be regulated as a public trust and operated for the benefit of the Internet community as a whole. Others suggested that even if competition initially exists among various domain name registries, lack of portability in the naming systems

would create lock-in and switching costs, making competition unsustainable in the long run. Finally, other commenters suggested that no new registry could compete meaningfully with NSI unless all domain name registries were not-for-profit and/or noncompeting.

Some commenters asserted that an experiment involving the creation of additional for-profit registries would be too risky, and irreversible once undertaken. A related concern raised by commenters addressed the rights that for-profit operators might assert with respect to the information contained in registries they operate. These commenters argued that registries would have inadequate incentives to abide by DNS policies and procedures unless the new corporation could terminate a particular entity's license to operate a registry. For-profit operators, under this line of reasoning, would be more likely to disrupt the Internet by resisting license terminations.

Commenters who supported competitive registries conceded that, in the absence of domain name portability, domain name registries could impose switching costs on users who change domain name registries. They cautioned, however, that it would be premature to conclude that switching costs provide a sufficient basis for precluding the proposed move to competitive domain name registries and cited a number of factors that could protect against registry opportunism. These commenters concluded that the potential benefits to customers from enhanced competition outweighed the risk of such opportunism. The responses to the Green Paper also included public comments on the proposed criteria for registries.

**Response:** Both sides of this argument have considerable merit. It is possible that additional discussion and information will shed light on this issue, and therefore, as discussed below, the U.S. Government has concluded that the issue should be left for further consideration and final action by the new corporation. The U.S. Government is of the view, however, that competitive systems generally result in greater innovation, consumer choice, and satisfaction in the long run. Moreover, the pressure of competition is likely to be the most effective means of discouraging registries from acting monopolistically. Further, in response to the comments received, the U.S. government believes that new corporation should establish and implement appropriate criteria for gTLD registries. Accordingly, the proposed criteria are not part of this policy statement.

**7. The Creation of New gTLDs.** The Green Paper suggested that during the period of transition to the new corporation, the U.S. Government, in cooperation with IANA, would undertake a process to add up to five new gTLDs to the authoritative root. Noting that formation of the new corporation would involve some delay, the Green Paper contemplated new gTLDs in the short term to enhance competition and provide information to the technical community and to policy makers, while offering entities that wished to enter into the registry business an opportunity to begin offering service to customers. The Green Paper, however, noted that ideally the addition of new TLDs would be left to the new corporation.

**Comments:** The comments evidenced very strong support for limiting government involvement during the transition period on the matter of adding new gTLDs. Specifically, most commenters -- both U.S. and non-U.S.-- suggested that it would be more appropriate for the new, globally representative, corporation to decide these issues once it is up and running. Few believed that speed should outweigh process considerations in this matter. Others warned, however, that relegating this contentious decision to a new and untested entity early in its development could fracture the organization. Others argued that the market for a large or unlimited number of new gTLDs should be opened immediately. They asserted that there are no technical impediments to the addition of a host of gTLDs, and the market will decide which TLDs succeed and which do not. Further, they pointed out that there are no artificial or arbitrary limits in other media on the number of places in which trademark holders must defend against dilution.



**Response:** The challenge of deciding policy for the addition of new domains will be formidable. We agree with the many commenters who said that the new corporation would be the most appropriate body to make these decisions based on global input. Accordingly, as supported by the preponderance of comments, the U.S. Government will not implement new gTLDs at this time.

At least in the short run, a prudent concern for the stability of the system suggests that expansion of gTLDs proceed at a deliberate and controlled pace to allow for evaluation of the impact of the new gTLDs and well-reasoned evolution of the domain space. New top level domains could be created to enhance competition and to enable the new corporation to evaluate the functioning, in the new environment, of the root server system and the software systems that enable shared registration.

**8. The Trademark Dilemma.** When a trademark is used as a domain name without the trademark owner's consent, consumers may be misled about the source of the product or service offered on the Internet, and trademark owners may not be able to protect their rights without very expensive litigation. For cyberspace to function as an effective commercial market, businesses must have confidence that their trademarks can be protected. On the other hand, management of the Internet must respond to the needs of the Internet community as a whole, and not trademark owners exclusively. The Green Paper proposed a number of steps to balance the needs of domain name holders with the legitimate concerns of trademark owners in the interest of the Internet community as a whole. The proposals were designed to provide trademark holders with the same rights they have in the physical world, to ensure transparency, and to guarantee a dispute resolution mechanism with resort to a court system.

The Green Paper also noted that trademark holders have expressed concern that domain name registrants in faraway places may be able to infringe their rights with no convenient jurisdiction available in which the trademark owner could enforce a judgment protecting those rights. The Green Paper solicited comments on an arrangement whereby, at the time of registration, registrants would agree to submit a contested domain name to the jurisdiction of the courts where the registry is domiciled, where the registry database is maintained, or where the "A" root server is maintained.

**Comments:** Commenters largely agreed that domain name registries should maintain up-to-date, readily searchable domain name databases that contain the information necessary to locate a domain name holder. In general commenters did not take specific issue with the database specifications proposed in Appendix 2 of the Green Paper, although some commenters proposed additional requirements. A few commenters noted, however, that privacy issues should be considered in this context.

A number of commenters objected to NSI's current business practice of allowing registrants to use domain names before they have actually paid any registration fees. These commenters pointed out that this practice has encouraged cybersquatters and increased the number of conflicts between domain name holders and trademark holders. They suggested that domain name applicants should be required to pay before a desired domain name becomes available for use.

Most commenters also favored creation of an on-line dispute resolution mechanism to provide inexpensive and efficient alternatives to litigation for resolving disputes between trademark owners and domain name registrants. The Green Paper contemplated that each registry would establish specified minimum dispute resolution procedures, but remain free to establish additional trademark protection and dispute resolution mechanisms. Most commenters did not agree with this approach, favoring instead a uniform approach to resolving trademark/domain name disputes.

Some commenters noted that temporary suspension of a domain name in the event of an objection by a trademark holder within a specified period of time after registration would significantly extend trademark holders' rights beyond what is accorded in the real world. They argued that such a provision would create a de facto waiting period for name use, as holders would need to suspend the use of their name until after the objection window had passed to forestall an interruption in service. Further, they argue that such a system could be used anti-competitively to stall a competitor's entry into the marketplace.

The suggestion that domain name registrants be required to agree at the time of registration to submit disputed domain names to the jurisdiction of specified courts was supported by U.S. trademark holders but drew strong protest from trademark holders and domain name registrants outside the United States. A number of commenters characterized this as an inappropriate attempt to establish U.S. trademark law as the law of the Internet. Others suggested that existing jurisdictional arrangements are satisfactory. They argue that establishing a mechanism whereby the judgment of a court can be enforced absent personal jurisdiction over the infringer would upset the balance between the interests of trademark holders and those of other members of the Internet community.

**Response:** The U.S. Government will seek international support to call upon the World Intellectual Property Organization (WIPO) to initiate a balanced and transparent process, which includes the participation of trademark holders and members of the Internet community who are not trademark holders, to (1) develop recommendations for a uniform approach to resolving trademark/domain name disputes involving cybersquatting (as opposed to conflicts between trademark holders with legitimate competing rights), (2) recommend a process for protecting famous trademarks in the generic top level domains, and (3) evaluate the effects, based on studies conducted by independent organizations, such as the National Research Council of the National Academy of Sciences, of adding new gTLDs and related dispute resolution procedures on trademark and intellectual property holders. These findings and recommendations could be submitted to the board of the new corporation for its consideration in conjunction with its development of registry and registrar policy and the creation and introduction of new gTLDs.

In trademark/domain name conflicts, there are issues of jurisdiction over the domain name in controversy and jurisdiction over the legal persons (the trademark holder and the domain name holder). This document does not attempt to resolve questions of personal jurisdiction in trademark/domain name conflicts. The legal issues are numerous, involving contract, conflict of laws, trademark, and other questions. In addition, determining how these various legal principles will be applied to the borderless Internet with an unlimited possibility of factual scenarios will require a great deal of thought and deliberation. Obtaining agreement by the parties that jurisdiction over the domain name will be exercised by an alternative dispute resolution body is likely to be at least somewhat less controversial than agreement that the parties will subject themselves to the personal jurisdiction of a particular national court. Thus, the references to jurisdiction in this policy statement are limited to jurisdiction over the domain name in dispute, and not to the domain name holder.

In order to strike a balance between those commenters who thought that registrars and registries should not themselves be engaged in disputes between trademark owners and domain name holders and those commenters who thought that trademark owners should have access to a reliable and up-to-date database, we believe that a database should be maintained that permits trademark owners to obtain the contact information necessary to protect their trademarks.

Further, it should be clear that whatever dispute resolution mechanism is put in place by the new corporation, that mechanism should be directed toward disputes about cybersquatting and cybersquatting and not to settling the disputes between two parties with legitimate competing

interests in a particular mark. Where legitimate competing rights are concerned, disputes are rightly settled in an appropriate court.

Under the revised plan, we recommend that domain name holders agree to submit infringing domain names to the jurisdiction of a court where the "A" root server is maintained, where the registry is domiciled, where the registry database is maintained, or where the registrar is domiciled. We believe that allowing trademark infringement suits to be brought wherever registrars and registries are located will help ensure that all trademark holders - both U.S. and non-U.S. - have the opportunity to bring suits in a convenient jurisdiction and enforce the judgments of those courts.

Under the revised plan, we also recommend that, whatever options are chosen by the new corporation, each registrar should insist that payment be made for the domain name before it becomes available to the applicant. The failure to make a domain name applicant pay for its use of a domain name has encouraged cyberpirates and is a practice that should end as soon as possible.

## 9. Competition Concerns.

**Comments:** Several commenters suggested that the U.S. Government should provide full antitrust immunity or indemnification for the new corporation. Others noted that potential antitrust liability would provide an important safeguard against institutional inflexibility and abuses of power.

**Response:** Applicable antitrust law will provide accountability to and protection for the international Internet community. Legal challenges and lawsuits can be expected within the normal course of business for any enterprise and the new corporation should anticipate this reality.

The Green Paper envisioned the new corporation as operating on principles similar to those of a standard-setting body. Under this model, due process requirements and other appropriate processes that ensure transparency, equity and fair play in the development of policies or practices would need to be included in the new corporation's originating documents. For example, the new corporation's activities would need to be open to all persons who are directly affected by the entity, with no undue financial barriers to participation or unreasonable restrictions on participation based on technical or other such requirements. Entities and individuals would need to be able to participate by expressing a position and its basis, having that position considered, and appealing if adversely affected. Further, the decision making process would need to reflect a balance of interests and should not be dominated by any single interest category. If the new corporation behaves this way, it should be less vulnerable to antitrust challenges.

## 10. The NSI Agreement.

**Comments:** Many commenters expressed concern about continued administration of key gTLDs by NSI. They argued that this would give NSI an unfair advantage in the marketplace and allow NSI to leverage economies of scale across their gTLD operations. Some commenters also believe the Green Paper approach would have entrenched and institutionalized NSI's dominant market position over the key domain name going forward. Further, many commenters expressed doubt that a level playing field between NSI and the new registry market entrants could emerge if NSI retained control over .com, .net, and .org.

**Response:** The cooperative agreement between NSI and the U.S. Government is currently in its ramp down period. The U.S. Government and NSI will shortly commence discussions about the terms and conditions governing the ramp-down of the cooperative agreement. Through these discussions, the U.S. Government expects NSI to agree to take specific actions, including commitments as to pricing and equal access, designed to permit the development of competition in domain name registration and to approximate what would be expected in the presence of marketplace competition. The U.S. Government expects NSI to agree to act in a manner consistent with this policy statement, including recognizing the role of the new corporation to establish and implement DNS policy and to establish terms (including licensing terms) applicable to new and existing gTLD registries under which registries, registrars and gTLDs are permitted to operate. Further, the U.S. Government expects NSI to agree to make available on an ongoing basis appropriate databases, software, documentation thereof, technical expertise, and other intellectual property for DNS management and shared registration of domain names.

## 11. A Global Perspective

**Comments:** A number of commenters expressed concern that the Green Paper did not go far enough in globalizing the administration of the domain name system. Some believed that international organizations should have a role in administering the DNS. Others complained that incorporating the new corporation in the United States would entrench control over the Internet with the U.S. Government. Still others believed that the awarding by the U.S. Government of up to five new gTLDs would enforce the existing dominance of U.S. entities over the gTLD system.

**Response:** The U.S. Government believes that the Internet is a global medium and that its technical management should fully reflect the global diversity of Internet users. We recognize the need for and fully support mechanisms that would ensure international input into the management of the domain name system. In withdrawing the U.S. Government from DNS management and promoting the establishment of a new, non-governmental entity to manage Internet names and addresses, a key U.S. Government objective has been to ensure that the increasingly global Internet user community has a voice in decisions affecting the Internet's technical management.

We believe this process has reflected our commitment. Many of the comments on the Green Paper were filed by foreign entities, including governments. Our dialogue has been open to all Internet users - foreign and domestic, government and private - during this process, and we will continue to consult with the international community as we begin to implement the transition plan outlined in this paper.

## 12. The Intellectual Infrastructure Fund.

In 1995, NSF authorized NSI to assess domain name registrants a \$50 fee per year for the first two years, 30 percent of which was to be deposited in the Intellectual Infrastructure Fund (IIF), a fund to be used for the preservation and enhancement of the intellectual infrastructure of the Internet.

**Comments:** Very few comments referenced the IIF. In general, the comments received on the issue supported either refunding the IIF portion of the domain name registration fee to domain registrants from whom it had been collected or applying the funds toward Internet infrastructure development projects generally, including funding the establishment of the new corporation.

**Response:** As proposed in the Green Paper, allocation of a portion of domain name registration fees to this fund terminated as of March 31, 1998. NSI has reduced its registration fees accordingly. The IIF remains the subject of litigation. The U.S. Government takes the position that its collection has recently been ratified by the U.S. Congress,<sup>(19)</sup>

and has moved to dismiss the claim that it was unlawfully collected. This matter has not been finally resolved, however.

### 13. The .us Domain.

At present, the IANA administers .us as a locality-based hierarchy in which second-level domain space is allocated to states and U.S. territories.<sup>(20)</sup> This name space is further subdivided into localities. General registration under localities is performed on an exclusive basis by private firms that have requested delegation from IANA. The .us name space has typically been used by branches of state and local governments, although some commercial names have been assigned. Where registration for a locality has not been delegated, the IANA itself serves as the registrar.

**Comments:** Many commenters suggested that the pressure for unique identifiers in the .com gTLD could be relieved if commercial use of the .us space was encouraged. Commercial users and trademark holders, however, find the current locality-based system too cumbersome and complicated for commercial use. They called for expanded use of the .us TLD to alleviate some of the pressure for new generic TLDs and reduce conflicts between American companies and others vying for the same domain name. Most commenters support an evolution of the .us domain designed to make this name space more attractive to commercial users.

**Response:** Clearly, there is much opportunity for enhancing the .us domain space, and .us could be expanded in many ways without displacing the current structure. Over the next few months, the U.S. Government will work with the private sector and state and local governments to determine how best to make the .us domain more attractive to commercial users. Accordingly, the Department of Commerce will seek public input on this important issue.

### ADMINISTRATIVE LAW REQUIREMENTS:

On February 20, 1998, NTIA published for public comment a proposed rule regarding the domain name registration system. That proposed rule sought comment on substantive regulatory provisions, including but not limited to a variety of specific requirements for the membership of the new corporation, the creation during a transition period of a specified number of new generic top level domains and minimum dispute resolution and other procedures related to trademarks. As discussed elsewhere in this document, in response to public comment these aspects of the original proposal have been eliminated. In light of the public comment and the changes to the proposal made as a result, as well as the continued rapid technological development of the Internet, the Department of Commerce has determined that it should issue a general statement of policy, rather than define or impose a substantive regulatory regime for the domain name system. As such, this policy statement is not a substantive rule, does not contain mandatory provisions and does not itself have the force and effect of law.

The Assistant General Counsel for Legislation and Regulation, Department of Commerce, certified to the Chief Counsel for Advocacy, Small Business Administration, that, for purposes of the Regulatory Flexibility Act, 5 U.S.C. §§ 601 et seq., the proposed rule on this matter, if adopted, would not have a significant economic impact on a substantial number of small entities. The factual basis for this certification was published along with the proposed rule. No comments were received regarding this certification. As such, and because this final rule is a general

statement of policy, no final regulatory flexibility analysis has been prepared.

This general statement of policy does not contain any reporting or record keeping requirements subject to the Paperwork Reduction Act, 44 U.S.C. ch. 35 (PRA). However, at the time the U.S. Government might seek to enter into agreements as described in this policy statement, a determination will be made as to whether any reporting or record keeping requirements subject to the PRA are being implemented. If so, the NTIA will, at that time, seek approval under the PRA for such requirement(s) from the Office of Management and Budget.

This statement has been determined to be not significant for purposes of Office of Management and Budget review under Executive Order 12866, entitled Regulatory Planning and Review.

### **REVISED POLICY STATEMENT:**

This document provides the U.S. Government's policy regarding the privatization of the domain name system in a manner that allows for the development of robust competition and that facilitates global participation in the management of Internet names and addresses.

The policy that follows does not propose a monolithic structure for Internet governance. We doubt that the Internet should be governed by one plan or one body or even by a series of plans and bodies. Rather, we seek a stable process to address the narrow issues of management and administration of Internet names and numbers on an ongoing basis.

As set out below, the U.S. Government is prepared to recognize, by entering into agreement with, and to seek international support for, a new, not-for-profit corporation formed by private sector Internet stakeholders to administer policy for the Internet name and address system. Under such agreement(s) or understanding(s), the new corporation would undertake various responsibilities for the administration of the domain name system now performed by or on behalf of the U.S. Government or by third parties under arrangements or agreements with the U.S. Government. The U.S. Government would also ensure that the new corporation has appropriate access to needed databases and software developed under those agreements.

### **The Coordinated Functions**

Management of number addresses is best done on a coordinated basis. Internet numbers are a unique, and at least currently, a limited resource. As technology evolves, changes may be needed in the number allocation system. These changes should also be coordinated.

Similarly, coordination of the root server network is necessary if the whole system is to work smoothly. While day-to-day operational tasks, such as the actual operation and maintenance of the Internet root servers, can be dispersed, overall policy guidance and control of the TLDs and the Internet root server system should be vested in a single organization that is representative of Internet users around the globe.

Further, changes made in the administration or the number of gTLDs contained in the authoritative root system will have considerable impact on Internet users throughout the world. In order to promote continuity and reasonable predictability in functions related to the root zone, the development of policies for the addition, allocation, and management of gTLDs and the establishment of domain name registries and domain name registrars to host gTLDs should be

coordinated.

Finally, coordinated maintenance and dissemination of the protocol parameters for Internet addressing will best preserve the stability and interconnectivity of the Internet. We are not, however, proposing to expand the functional responsibilities of the new corporation beyond those exercised by IANA currently.

In order to facilitate the needed coordination, Internet stakeholders are invited to work together to form a new, private, not-for-profit corporation to manage DNS functions. The following discussion reflects current U.S. Government views of the characteristics of an appropriate management entity. What follows is designed to describe the characteristics of an appropriate entity generally.

**Principles for a New System.** In making a decision to enter into an agreement to establish a process to transfer current U.S. government management of DNS to such a new entity, the U.S. will be guided by, and consider the proposed entity's commitment to, the following principles:

#### 1. Stability

The U.S. Government should end its role in the Internet number and name address system in a manner that ensures the stability of the Internet. The introduction of a new management system should not disrupt current operations or create competing root systems. During the transition and thereafter, the stability of the Internet should be the first priority of any DNS management system. Security and reliability of the DNS are important aspects of stability, and as a new DNS management system is introduced, a comprehensive security strategy should be developed.

#### 2. Competition.

The Internet succeeds in great measure because it is a decentralized system that encourages innovation and maximizes individual freedom. Where possible, market mechanisms that support competition and consumer choice should drive the management of the Internet because they will lower costs, promote innovation, encourage diversity, and enhance user choice and satisfaction.

#### 3. Private, Bottom-Up Coordination.

Certain management functions require coordination. In these cases, responsible, private-sector action is preferable to government control. A private coordinating process is likely to be more flexible than government and to move rapidly enough to meet the changing needs of the Internet and of Internet users. The private process should, as far as possible, reflect the bottom-up governance that has characterized development of the Internet to date.

#### 4. Representation.

The new corporation should operate as a private entity for the benefit of the Internet community as a whole. The development of sound, fair, and widely accepted policies for the management of DNS will depend on input from the broad and growing community of Internet users. Management structures should reflect the functional and geographic diversity of the Internet and its users. Mechanisms should be established to ensure international participation in decision making.

**Purpose.** The new corporation ultimately should have the authority to manage and perform a specific set of functions related to coordination of the domain name system, including the authority necessary to:

- 1) set policy for and direct allocation of IP number blocks to regional Internet number registries;
- 2) oversee operation of the authoritative Internet root server system;
- 3) oversee policy for determining the circumstances under which new TLDs are added to the root system; and
- 4) coordinate the assignment of other Internet technical parameters as needed to maintain universal connectivity on the Internet.

**Funding.** Once established, the new corporation could be funded by domain name registries, regional IP registries, or other entities identified by the Board.

**Staff.** We anticipate that the new corporation would want to make arrangements with current IANA staff to provide continuity and expertise over the course of transition. The new corporation should secure necessary expertise to bring rigorous management to the organization.

**Incorporation.** We anticipate that the new corporation's organizers will include representatives of regional Internet number registries, Internet engineers and computer scientists, domain name registries, domain name registrars, commercial and noncommercial users, Internet service providers, international trademark holders and Internet experts highly respected throughout the international Internet community. These incorporators should include substantial representation from around the world.

As these functions are now performed in the United States, by U.S. residents, and to ensure stability, the new corporation should be headquartered in the United States, and incorporated in the U.S. as a not-for-profit corporation. It should, however, have a board of directors from around the world. Moreover, incorporation in the United States is not intended to supplant or displace the laws of other countries where applicable.

**Structure.** The Internet community is already global and diverse and likely to become more so over time. The organization and its board should derive legitimacy from the participation of key stakeholders. Since the organization will be concerned mainly with numbers, names and protocols, its board should represent membership organizations in each of these areas, as well as the direct interests of Internet users.

The Board of Directors for the new corporation should be balanced to equitably represent the interests of IP number registries, domain name registries, domain name registrars, the technical community, Internet service providers (ISPs), and Internet users (commercial, not-for-profit, and individuals) from around the world. Since these constituencies are international, we would expect the board of directors to be broadly representative of the global Internet community.

As outlined in appropriate organizational documents, (Charter, Bylaws, etc.) the new corporation should:



1) appoint, on an interim basis, an initial Board of Directors (an Interim Board) consisting of individuals representing the functional and geographic diversity of the Internet community. The Interim Board would likely need access to legal counsel with expertise in corporate law, competition law, intellectual property law, and emerging Internet law. The Interim Board could serve for a fixed period, until the Board of Directors is elected and installed, and we anticipate that members of the Interim Board would not themselves serve on the Board of Directors of the new corporation for a fixed period thereafter.

2) direct the Interim Board to establish a system for electing a Board of Directors for the new corporation that insures that the new corporation's Board of Directors reflects the geographical and functional diversity of the Internet, and is sufficiently flexible to permit evolution to reflect changes in the constituency of Internet stakeholders. Nominations to the Board of Directors should preserve, as much as possible, the tradition of bottom-up governance of the Internet, and Board Members should be elected from membership or other associations open to all or through other mechanisms that ensure broad representation and participation in the election process.

3) direct the Interim Board to develop policies for the addition of TLDs, and establish the qualifications for domain name registries and domain name registrars within the system.

4) restrict official government representation on the Board of Directors without precluding governments and intergovernmental organizations from participating as Internet users or in a non-voting advisory capacity.

**Governance.** The organizing documents (Charter, Bylaws, etc.) should provide that the new corporation is governed on the basis of a sound and transparent decision-making process, which protects against capture by a self-interested faction, and which provides for robust, professional management of the new corporation. The new corporation could rely on separate, diverse, and robust name and number councils responsible for developing, reviewing, and recommending for the board's approval policy related to matters within each council's competence. Such councils, if developed, should also abide by rules and decision-making processes that are sound, transparent, protect against capture by a self-interested party and provide an open process for the presentation of petitions for consideration. The elected Board of Directors, however, should have final authority to approve or reject policies recommended by the councils.

**Operations.** The new corporation's processes should be fair, open and pro-competitive, protecting against capture by a narrow group of stakeholders. Typically this means that decision-making processes should be sound and transparent; the basis for corporate decisions should be recorded and made publicly available. Super-majority or even consensus requirements may be useful to protect against capture by a self-interested faction. The new corporation does not need any special grant of immunity from the antitrust laws so long as its policies and practices are reasonably based on, and no broader than necessary to promote the legitimate coordinating objectives of the new corporation. Finally, the commercial importance of the Internet necessitates that the operation of the DNS system, and the operation of the authoritative root server system should be secure, stable, and robust.

The new corporation's charter should provide a mechanism whereby its governing body will evolve to reflect changes in the constituency of Internet stakeholders. The new corporation could,

for example, establish an open process for the presentation of petitions to expand board representation.

**Trademark Issues.** Trademark holders and domain name registrants and others should have access to searchable databases of registered domain names that provide information necessary to contact a domain name registrant when a conflict arises between a trademark holder and a domain name holder.<sup>(21)</sup> To this end, we anticipate that the policies established by the new corporation would provide that following information would be included in all registry databases and available to anyone with access to the Internet:

- up-to-date registration and contact information;
- up-to-date and historical chain of registration information for the domain name;
- a mail address for service of process;
- the date of domain name registration;
- the date that any objection to the registration of the domain name is filed; and
- any other information determined by the new corporation to be reasonably necessary to resolve disputes between domain name registrants and trademark holders expeditiously.

Further, the U.S. Government recommends that the new corporation adopt policies whereby:

- 1) Domain registrants pay registration fees at the time of registration or renewal and agree to submit infringing domain names to the authority of a court of law in the jurisdiction in which the registry, registry database, registrar, or the "A" root servers are located.
- 2) Domain name registrants would agree, at the time of registration or renewal, that in cases involving cyberpiracy or cybersquatting (as opposed to conflicts between legitimate competing rights holders), they would submit to and be bound by alternative dispute resolution systems identified by the new corporation for the purpose of resolving those conflicts. Registries and Registrars should be required to abide by decisions of the ADR system.
- 3) Domain name registrants would agree, at the time of registration or renewal, to abide by processes adopted by the new corporation that exclude, either pro-actively or retroactively, certain famous trademarks from being used as domain names (in one or more TLDs) except by the designated trademark holder.
- 4) Nothing in the domain name registration agreement or in the operation of the new corporation should limit the rights that can be asserted by a domain name registrant or trademark owner under national laws.

## THE TRANSITION

Based on the processes described above, the U.S. Government believes that certain actions should be taken to accomplish the objectives set forth above. Some of these steps must be taken by the government itself, while others will need to be taken by the private sector. For example, a new not-for-profit organization must be established by the private sector and its Interim Board chosen. Agreement must be reached between the U.S. Government and the new corporation relating to transfer of the functions currently performed by IANA. NSI and the U.S. Government must reach agreement on the terms and conditions of NSI's evolution into one competitor among many in the registrar and registry marketplaces. A process must be laid out for making the management of the root server system more robust and secure. A relationship between the U.S. Government and the new corporation must be developed to transition DNS management to the private sector and to transfer management functions.

During the transition the U.S. Government expects to:

- 1) ramp down the cooperative agreement with NSI with the objective of introducing competition into the domain name space. Under the ramp down agreement NSI will agree to (a) take specific actions, including commitments as to pricing and equal access, designed to permit the development of competition in domain name registration and to approximate what would be expected in the presence of marketplace competition, (b) recognize the role of the new corporation to establish and implement DNS policy and to establish terms (including licensing terms) applicable to new and existing gTLDs and registries under which registries, registrars and gTLDs are permitted to operate, (c) make available on an ongoing basis appropriate databases, software, documentation thereof, technical expertise, and other intellectual property for DNS management and shared registration of domain names;
- 2) enter into agreement with the new corporation under which it assumes responsibility for management of the domain name space;
- 3) ask WIPO to convene an international process including individuals from the private sector and government to develop a set of recommendations for trademark/domain name dispute resolutions and other issues to be presented to the Interim Board for its consideration as soon as possible;
- 4) consult with the international community, including other interested governments as it makes decisions on the transfer; and
- 5) undertake, in cooperation with IANA, NSI, the IAB, and other relevant organizations from the public and private sector, a review of the root server system to recommend means to increase the security and professional management of the system. The recommendations of the study should be implemented as part of the transition process; and the new corporation should develop a comprehensive security strategy for DNS management and operations.

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## ENDNOTES

1. Available at <<http://www.ecommerce.gov>>.
2. July 2, 1997 RFC and public comments are located at: <<http://www.ntia.doc.gov/ntiahome/domainname/index.html>>.

3. The RFC, the Green Paper, and comments received in response to both documents are available on the Internet at the following address: <<http://www.ntia.doc.gov>>. Additional comments were submitted after March 23, 1998. These comments have been considered and treated as part of the official record and have been separately posted at the same site, although the comments were not received by the deadline established in the February 20, 1998 Federal Register Notice.
4. See Administrative Law Requirements at p. 19.
5. See Scientific and Advanced-Technology Act of 1992; Pub. L. 102-476 § 4(9), 106 Stat. 2297, 2300 (codified at 42 U.S.C. § 1862 (a)).
6. An unofficial diagram of the general geographic location and institutional affiliations of the 13 Internet root servers, prepared by Anthony Rutkowski, is available at <<http://www.wia.org/pub/rootsew.html>>.
7. For further information about these systems see: name.space: <<http://namespace.pgmedia.net>>; AlterNIC: <<http://www.alternic.net>>; eDNS: <<http://www.edns.net>>. Reference to these organizations does not constitute an endorsement of their commercial activities.
8. Lengthy discussions by the Internet technical community on DNS issues generally and on the Postel DNS proposal took place on the *newdom*, *com-priv*, *ietf* and *domain-policy* Internet mailing lists.
9. See *draft-Postel-iana-itld-admin-01.txt*; available at <<http://www.newdom.com/archive>>.
10. For further information about the IAHC see: <<http://www.iahc.org>> and related links. Reference to this organization does not constitute an endorsement of the commercial activities of its related organizations.
11. December 1996 draft: *draft-iahc-gtlds-spec-00.txt*; available at <<http://info.internet.isi.edu:80/in-drafts/files>>.
12. The IAHC final report is available at <<http://www.iahc.org/draft-iahc-recommend-00.html>>.
13. See generally public comments received in response to July 2, 1997 RFC located at <<http://www.ntia.doc.gov/ntiahome/domainname/email>>.
14. For a discussion, see Congressional testimony of Assistant Secretary of Commerce Larry Irving, Before the House Committee on Science, Subcommittee on Basic Research, September 25, 1997 available at <<http://www.ntia.doc.gov/ntiahome/domainname/email>>.
15. See generally public comments received in response to July 2, 1997 RFC located at <<http://www.ntia.doc.gov/ntiahome/domainname/email>>.
16. The document was published in the *Federal Register* on February 20, 1998, (63 Fed. Reg. 8826 (Feb. 20, 1998)).
17. As used herein, the term "new corporation" is intended to refer to an entity formally organized under well recognized and established business law standards.
18. As noted in the Summary, the President directed the Secretary of Commerce to privatize DNS in a manner that increases competition and facilitates international participation in its management. Accordingly, the Department of Commerce will lead the coordination of the U.S. government's role in this transition.
19. 1998 Supplemental Appropriations and Rescissions Act; Pub. L. 105-174; 112 Stat. 58.
20. Management principles for the .us domain space are set forth in Internet RFC 1480, <<http://www.isi.edu/in-notes/rfc1480.txt>>.
21. These databases would also benefit domain name holders by making it less expensive for new registrars and registries to identify potential customers, enhancing competition and lowering prices.

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# Approved Resolutions | Meeting of the New gTLD Program Committee

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22 Mar 2014

## 1. Main Agenda

### a. Outstanding [GAC](#) Advice

Rationale for Resolution 2014.03.22.NG01

### b. Approval of Disbursements to New [gTLD](#) Auction Service Provider

Rationale for Resolution 2014.03.22.NG02

### c. Approval of [Registry](#) Agreement Specification 13 for Brand Category of Applicants

### d. Reconsideration Request 13-13, Christopher Barron/GOProud

Rationale for Resolution 2014.03.22.NG03

### e. Reconsideration Request 14-7, Asia Green IT System Ltd

Rationale for Resolution 2014.03.22.NG04

### f. Update on proposed review mechanism for perceived inconsistent string confusion objection determinations

## 1. Main Agenda:

### a. Outstanding [GAC](#) Advice

Whereas, on 11 September 2013, the Governmental Advisory Committee ([GAC](#)) issued advice to the [ICANN](#) Board that it had finalized its consideration of the strings [.WINE](#) and [.VIN](#).

Whereas, the [GAC](#) advised the [ICANN](#) Board that there was no [GAC](#) consensus advice on additional safeguards for [.WINE](#) and [.VIN](#), and the applications for [.WINE](#) and [.VIN](#) should proceed through the normal evaluation process.

Whereas, in the Buenos Aires Communiqué, the [GAC](#) noted

that the Board may wish to seek a clear understanding of the legally complex and politically sensitive background on its advice regarding .WINE and .VIN in order to consider the appropriate next steps of delegating the two strings.

Whereas, the NGPC commissioned an [analysis](#) [PDF, 772 KB] of the legally complex and politically sensitive background on the [GAC's](#) advice regarding .WINE and .VIN, which the NGPC considered as part of its deliberations on the [GAC's](#) advice.

Whereas, the Bylaws (Article XI, Section 2.1) require the [ICANN Board](#) to address advice put to the Board by the [GAC](#).

Whereas, the NGPC is undertaking this action pursuant to the authority granted to it by the Board on 10 April 2012, to exercise the [ICANN Board's](#) authority for any and all issues that may arise relating to the New [gTLD Program](#).

Resolved (2014.03.22.NG01), the NGPC accepts the [GAC](#) advice identified in the [GAC Register of Advice](#) as 2013-09-09-wine and vin, and directs the President and CEO, or his designee, that the applications for .WINE and .VIN should proceed through the normal evaluation process.

### Rationale for Resolution 2014.03.22.NG01

The NGPC's action today, addressing the open item of [GAC](#) advice concerning .WINE and .VIN, is part of the [ICANN Board's](#) role to address advice put to the Board by the Governmental Advisory Committee ([GAC](#)). Article XI, Section 2.1 of the [ICANN Bylaws](#) <<http://www.icann.org/en/about/governance/bylaws#XI>> permit the [GAC](#) to "put issues to the Board directly, either by way of comment or prior advice, or by way of specifically recommending action or new policy development or revision to existing policies." The [GAC](#) issued advice to the Board on the New [gTLD Program](#) through its Beijing Communiqué dated 11 April 2013, its Durban Communiqué dated 18 July 2013, and its Buenos Aires Communiqué dated 20 November 2013. The [GAC](#) also issued advice to the [ICANN Board](#) in a letter dated 9 September 2013 concerning .WINE and .VIN. The [ICANN Bylaws](#) require the Board to take into account the [GAC's](#) advice on public policy matters in the formulation and adoption of the policies. If the Board decides to take an action that is not consistent with the [GAC](#) advice, it must inform the [GAC](#) and state the reasons why it decided not to follow the advice. The Board and the [GAC](#) will then try in good faith to find a mutually acceptable solution. If no solution can be found, the Board will state in its final decision why the [GAC](#) advice was not followed.

The action being approved today is to accept the [GAC's](#) advice to the [ICANN Board](#) that there was no [GAC](#) consensus advice



on additional safeguards for .WINE and .VIN, and the GAC "has finalized its consideration of the strings .wine and .vin and further advises that the application should proceed through the normal evaluation process." The effect of the NGPC's action concerning the GAC advice on .WINE and .VIN is that the strings will continue to proceed through the normal evaluation process and no additional safeguards will be required for the TLDs.

As part of its consideration of the GAC advice, ICANN posted the GAC advice and officially notified applicants of the advice, triggering the 21-day applicant response period pursuant to the Applicant Guidebook Module 3.1. The complete set of applicant responses are provided at:

<http://newgtlds.icann.org/en/applicants/gac-advice/>. The NGPC has considered the applicant responses in formulating its response to the item of GAC advice being addressed today.

Additionally, on 28 September 2013, the NGPC noted that it stood ready to hear from GAC members as to the nature of the differences in views expressed in the advice while the NGPC analyzed the GAC's advice. Several governments provided letters to the NGPC expressing the nature of their views on whether the GAC's advice on the .WINE and .VIN TLDs should be imposed, with some individual governments expressing concerns that additional safeguards should be imposed before the strings are delegated, while others recommended that no additional safeguards should be imposed on the strings.

In response to the GAC's suggestion in the Buenos Aires Communiqué, the NGPC commissioned an analysis of the legally complex and politically sensitive background on this matter in the context of the GAC advice in order to consider the appropriate next steps of delegating .WINE and .VIN. The expert analysis concluded that "[a]s regards the applications for the assignment of the new gTLDs '.vin' and '.wine' filed by the Donuts company, there is no rule of the law of geographical indications, nor any general principle which obliges ICANN to reject the applications or accept the applications under certain specific conditions."

As part of its deliberations, the NGPC reviewed the following materials and documents:

- GAC Beijing Communiqué: [https://gacweb.icann.org/download/attachments/27132037/Final\\_GAC\\_Communique\\_Durban\\_20130718.pdf?version=1&modificationDate=1375787122000&api=v2](https://gacweb.icann.org/download/attachments/27132037/Final_GAC_Communique_Durban_20130718.pdf?version=1&modificationDate=1375787122000&api=v2) [PDF, 238 KB]
- GAC Durban Communiqué: [https://gacweb.icann.org/download/attachments/27132037/Final\\_GAC\\_Communique\\_Durban\\_20130717.pdf?version=1&modificationDate=1374215119858&api=v2](https://gacweb.icann.org/download/attachments/27132037/Final_GAC_Communique_Durban_20130717.pdf?version=1&modificationDate=1374215119858&api=v2) [PDF, 104 KB]

- GAC Buenos Aires Communiqué:  
[https://gacweb.icann.org/download/attachments/27132037/FINAL\\_Buenos\\_Aires\\_GAC\\_Communique\\_20131120.pdf?version=1&modificationDate=1385055905332&api=v2](https://gacweb.icann.org/download/attachments/27132037/FINAL_Buenos_Aires_GAC_Communique_20131120.pdf?version=1&modificationDate=1385055905332&api=v2) [PDF, 97 KB]
- Letter from H. Dryden to S. Crocker dated 11 September 2013 re: .vin and .wine: [https://gacweb.icann.org/download/attachments/27132037/Letter%20from%20GAC%20Chair%20to%20ICANN%20Board\\_20130909.pdf?version=1&modificationDate=1379026679000&api=v2](https://gacweb.icann.org/download/attachments/27132037/Letter%20from%20GAC%20Chair%20to%20ICANN%20Board_20130909.pdf?version=1&modificationDate=1379026679000&api=v2) [PDF, 63 KB]
- Applicant responses to GAC advice:  
<http://newgtlds.icann.org/en/applicants/gac-advice/>
- Applicant Guidebook, Module 3:  
<http://newgtlds.icann.org/en/applicants/agb/objection-procedures-04jun12-en.pdf> [PDF, 261 KB]

There are no foreseen fiscal impacts associated with the adoption of this resolution. Approval of the resolution will not impact security, stability or resiliency issues relating to the DNS. As part of ICANN's organizational administrative function, ICANN posted the Buenos Aires GAC advice and officially notified applicants of the advice on 11 December 2013. The Durban Communiqué and the Beijing Communiqué were posted on 18 April 2013 and 1 August 2013, respectively. In each case, this triggered the 21-day applicant response period pursuant to the Applicant Guidebook Module 3.1.

#### b. Approval of Disbursements to New gTLD Auction Service Provider

Whereas, on 25 September 2010, the Board approved the New gTLD Application Processing budget (<http://www.icann.org/en/minutes/resolutions-25sep10-en.htm#1>).

Whereas, on 20 June 2011, the Board authorized the President and CEO to implement the New gTLD Program and approved the expenditures related to the New gTLD Program as detailed in section 7 of the Draft FY12 Operating Plan and Budget (<http://www.icann.org/en/minutes/resolutions-20jun11-en.htm>).

Whereas, the Board previously authorized the CEO or his designee to enter all contracts or statements of work with, and make all disbursements to, all gTLD Service Providers so long as the contract and disbursement amounts are contemplated in the approved budget for such expenditures (<http://www.icann.org/en/groups/board/documents/resolutions-2-14mar12-en.htm#1>).

Whereas, on 22 August 2013, the Board formally adopted the FY14 Operating Plan and Budget, which included the details of anticipated expenditures related to the New gTLD Program (<http://www.icann.org/en/about/financials/adopted-opplan->

[budget-fy14-22aug13-en.pdf](#) [PDF, 1.05 MB]).

Whereas, to date ICANN has entered into a Master Services Agreement with Power Auctions LLC (the "Auction Provider") to serve as the entity to provide ICANN facilitated auctions as a last resort for resolving String Contention Sets, as described in the Applicant Guidebook (AGB) section 4.3.

Whereas, the Auction Provider could provide in excess of \$500,000 worth of auction services in any given billing cycle and ICANN must be prepared to timely pay for those services.

Resolved (2014.03.22.NG02), the President and CEO or his designee is authorized to enter all contracts or statements of work with, and make all disbursements to, the Auction Provider so long as the contract and disbursement amounts are contemplated in the approved budget for such expenditures.

### Rationale for Resolution 2014.03.22.NG02

The New gTLD auction process is an essential part of the New gTLD Program to resolve string contention sets. Contention sets are groups of applications containing identical or confusingly similar applied for gTLD strings. Contention sets must be resolved prior to the execution of a Registry Agreement for an applied-for gTLD string. An ICANN facilitated auction is a last resort for resolving string contention sets, as described in the Applicant Guidebook. ICANN's Disbursement Policy limits ICANN officers from contracting for or disbursing more than US \$500,000.00 per obligation. Fees payable to the Auction Provider could exceed the contracting and disbursement limits of the Disbursement Policy during one or more billing cycles.

Accordingly, to ensure that payment obligations are satisfied with the Auction Provider in a timely manner, the NGPC has determined that it is appropriate to take this action now. The NGPC is therefore authorizing the President and CEO to enter into all required contracts and make all required disbursements, with the Auction Provider, subject to budgetary limits and based on the budget model that the Board approved on 22 August 2013, which included details of anticipated expenditures related to the New gTLD Program (<http://www.icann.org/en/about/financials/adopted-opplan-budget-fy14-22aug13-en.pdf>) [PDF, 1.05 MB]).

Providing for this additional contracting and disbursement authority will have a positive impact on the community because it will allow ICANN to timely contract with and pay the Auction Provider that will be conducting the auctions of last resort. There are fiscal impacts on ICANN but all of those impacts have been anticipated in the approved FY 2014 and draft FY

2015 budgets. There will not be any security, stability or resiliency issues relating to the domain names system.

This is an Organizational Administrative Function that does not require public comment.

c. **Approval of Registry Agreement Specification 13 for Brand Category of Applicants**

No resolution taken.

d. **Reconsideration Request 13-13, Christopher Barron/GOProud**

Whereas, on 13 March 2013, GOProud Inc. filed a community objection against dotGAY's LLC's application for .GAY.

Whereas, 12 April 2013, the International Centre for Expertise of the International Chamber of Commerce's ("ICC") dismissed GoProud Inc.'s community objection for failure to timely cure a deficiency in the objection.

Whereas, on 19 October 2013, Christopher Barron ("Barron") filed a Reconsideration Request ("Request 13-13") seeking reconsideration of the ICC's decision to dismiss GOProud, Inc.'s community objection to dotGAY LLC's application for .GAY.

Whereas, on 12 December 2013, the Board of Governance Committee ("BGC") considered the issues raised in Request 13-13 and recommended that Request 13-13 be denied because Barron has not stated proper grounds for reconsideration and the New gTLD Program Committee agrees.

Whereas, ICANN has since confirmed that the GOProud Inc. entity that filed the community objection against dotGAY LLC's application for .GAY has been dissolved and that the dissolved GOProud Inc. entity was reorganized and reincorporated as a different legal entity under the name GOProud Inc. 2.0.

Whereas, despite numerous attempts, ICANN has been unable to contact Barron regarding his affiliation with GOProud Inc. 2.0.

Whereas, ICANN has confirmed with GOProud Inc. 2.0 that Barron is not associated with the entity and that GOProud Inc. 2.0 has absolved itself from the community objection against dotGAY LLC's application for .GAY and Request 13-13.

Resolved (2014.03.22.NG03), the New gTLD Program Committee ("NGPC") concludes that Request 13-13 and any potential relief sought thereunder is moot because an entity

does not exist to pursue the community objection brought by the dissolved GOProud Inc. against dotGAY LLC's application for .GAY, and on that basis the NGPC denies Request 13-13.

### Rationale for Resolution 2014.03.22.NG03

Requester Christopher Barron ("Barron") asked the Board (or here the NGPC) to reconsider the ICC's decision to dismiss GOProud, Inc.'s community objection to dotGAY LLC's application for the .GAY gTLD (the "Objection"). The ICC dismissed GOProud's Objection because GOProud failed to timely cure a deficiency in its Objection. The Requester contends that he did not receive notification that GOProud needed to cure a deficiency in its Objection until it was too late to cure because the ICC failed to notify at the proper address. The Requester also claims that the ICC failed to conduct its administrative review within 14 days required under the Applicant Guidebook and the New gTLD Dispute Resolution Procedure. (See Attachment A to Ref. Mat.)

The BGC concluded on 12 December 2013 that the Requestor has not stated proper grounds for reconsideration because there is no indication that the ICC violated any policy or process in deciding to dismiss GOProud's Objection. (See Attachment B to Ref. Mat.)

Since the BGC's Recommendation was issued, ICANN has confirmed the GOProud Inc. entity that filed the community objection to dotGAY LLC's ("dotGAY") application for .GAY has been dissolved. (See Attachment C to Ref. Mat.) ICANN further learned the dissolved GOProud Inc. entity was reorganized and reincorporated as a different legal entity under name GOProud Inc. 2.0. (See Attachment D to Ref. Mat.)

ICANN has confirmed with GOProud Inc. 2.0 that Barron is not associated with the entity. ICANN has also confirmed with GOProud Inc. 2.0 that the entity does not intend to proceed with the Objection or Reconsideration Request 13-13.

ICANN has made numerous attempts to contact via email and telephone Barron regarding Request 13-13 and his affiliation with GOProud Inc. 2.0. However, ICANN has been unable to reach Barron.

The NGPC had opportunity to consider all of the materials relevant to Request 13-13, including the materials submitted by or on behalf of the Requestor (see <http://www.icann.org/en/groups/board/governance/reconsideration>), the BGC's Recommendation on Request 13-13, and the materials included as Attachments C – D to the Reference Materials. The NGPC concludes that the Request 13-13 and any potential relief sought thereunder is moot because there does not exist

an entity to pursue the community objection brought by the dissolved GOProud Inc. against dotGAY's application for .GAY and on that basis, the NGPC denies Request 13-13.

In terms of timing of the BGC's Recommendation, we note that Section 2.16 of Article IV of the Bylaws provides that the BGC shall make a final determination or recommendation with respect to a Reconsideration Request within thirty days following receipt of the request, unless practical. See Article IV, Section 2.16 of the Bylaws. To satisfy the thirty-day deadline, the BGC would have to have acted by 18 November 2013. Due to the volume of Reconsideration Requests received within recent weeks, the first practical opportunity for the BGC to take action on this Request was on 12 December 2013; it was impractical for the BGC to consider the Request sooner. Upon making that determination, staff notified the requestor of the BGC's anticipated timing for the review of Request 13-13. Further, due to the circumstances surrounding Request 13-13 that arose after the BGC issued its Recommendation and other pending issues before the NGPC, the first practical opportunity for the NGPC to consider this Request was on 22 March 2014.

This resolution does not have any financial impact on ICANN and will not negatively impact the systemic security, stability and resiliency of the domain name system.

This decision is an Organizational Administrative Function that does not require public comment.

e. **Reconsideration Request 14-7, Asia Green IT System Ltd.**

Whereas, Asia Green IT System Ltd.'s ("Requester") Reconsideration Request 14-7, sought reconsideration of the New gTLD Program Committee's ("NGPC") 5 February 2014 resolution deferring the contracting process for the .ISLAM and .HALAL strings until certain noted conflicts have been resolved.

Whereas, Request 14-7 also seeks reconsideration of an alleged staff action implementing the NGPC's 5 February 2014 resolution through the 7 February 2014 letter from Steve Crocker, Chairman of the ICANN Board, to the Requester.

Whereas, the Board of Governance Committee ("BGC") considered the issues raised in Request 14-7.

Whereas, the BGC recommended that Request 14-7 be denied because the Requester has not stated proper grounds for reconsideration and the New gTLD Program Committee agrees.

Resolved (2014.03.22.NG04), the New gTLD Program

Committee adopts the BGC Recommendation on Reconsideration Request 14-7, which can be found at <http://www.icann.org/en/groups/board/governance/reconsideration/14-7/recommendation-agit-13mar14-en.pdf> [PDF, 149 KB].

## Rationale for Resolution 2014.03.22.NG04

### I. Brief Summary

The Requester applied for .ISLAM and .HALAL. The applications were the subject of two GAC<sup>1</sup> Early Warning notices, an evaluation by the Independent Objector, an objection filed with the ICC,<sup>2</sup> three issuances of related GAC Advice, and significant objections from a number of other entities and governments. Ultimately, the NGPC resolved to take no further action on the .ISLAM and .HALAL applications until and unless the Requester resolves the conflicts between its applications and the objections raised by the organizations and governments identified by the NGPC. The Requester claims that the NGPC failed to consider material information in taking its action and also claims that ICANN staff violated an established policy or procedure by failing to inform the Requester how it should resolve the noted conflicts.

The BGC concluded that there is no indication that the NGPC failed to consider material information in reaching its 5 February 2014 Resolution. Rather, the record demonstrates that the NGPC was well aware of the information Requester claims was material to the 5 February 2014 Resolution. In addition, the Requester has not identified an ICANN staff action that violated an established ICANN policy or procedure. Instead, the action challenged by the Requester was that of the Board, not staff, and, in any event, the Requester has failed to identify any ICANN policy or procedure violated by that action. Given this, the BGC recommends that Request 14-7 be denied. The NGPC agrees.

### II. Facts

#### A. Relevant Background Facts

The Requester Asia Green IT System Ltd. ("Requester") applied for .ISLAM and .HALAL ("Requester's Applications").

On 20 November 2012, the Requester's Applications received GAC Early Warning notices from two GAC members: (i) the United Arab

Emirates ("UAE") (<https://gacweb.icann.org/download/attachments/27131927/Islam-AE-23450.pdf> [PDF, 71 KB]; <https://gacweb.icann.org/download/attachments/27131927/Halal-AE-60793.pdf> [PDF, 123 KB]); and (ii) India (<https://gacweb.icann.org/download/attachments/27131927/Islam-IN-23459.pdf> [PDF, 81 KB]; <https://gacweb.icann.org/download/attachments/27131927/Halal-IN-60793.pdf> [PDF, 89 KB].) Both members expressed serious concerns regarding the Requester's Applications, including a perceived lack of community involvement in, and support for, the Requester's Applications.

In December 2012, the Independent Objector ("IO") issued a preliminary assessment on the Requester's application for .ISLAM, noting that the application received numerous public comments expressing opposition to a private entity, namely the Requester, having control over a gTLD that relates to religion ("IO's Assessment on .ISLAM"). (<http://www.independent-objector-newgtlds.org/home/the-independent-objector-s-comments-on-controversial-applications/islam-general-comment>.) The Requester submitted responses to the IO's initial concerns, and the IO ultimately concluded that neither an objection on public interest grounds nor community grounds to the application for .ISLAM string was warranted. (See IO's Assessment on .ISLAM.)

On 13 March 2013, the Telecommunications Regulatory Authority of the UAE filed community objections with the ICC to the Requester's Applications ("Community Objections").<sup>3</sup>

On 11 April 2013, the GAC issued its Beijing Communiqué, which included advice to ICANN regarding the Requester's Applications, among others. Specifically, the GAC advised the Board that, pursuant to Section 3.1 of the Applicant Guidebook ("Guidebook"), some GAC members:

[H]ave noted that the applications for .islam and .halal lack community involvement and support. It is the view of these GAC members that these applications should not proceed.

(Beijing Communiqué, Pg. 3, available at



<http://www.icann.org/en/news/correspondence/gac-to-board-18apr13-en.pdf> [PDF, 156 KB].)

On 18 April 2013, ICANN published the GAC Advice thereby notifying the Requester and triggering the 21-day applicant response period. Requester submitted to the Board timely responses to the GAC Advice, which included, among other things, a summary of the support received for the Requester's Applications and a draft of the proposed governance model for the .ISLAM string ("Requester's Responses to GAC Advice"). (<http://newgtlds.icann.org/sites/default/files/applicants/23may13/gac-advice-response-1-2130-23450-en.pdf> [PDF, 2.39 MB]; <http://newgtlds.icann.org/sites/default/files/applicants/23may13/gac-advice-response-1-2131-60793-en.pdf> [PDF, 907 KB]; see also Summary and Analysis of Applicant Responses to GAC Advice, Briefing Materials 3 ("NGPC Briefing Material") available at <https://www.icann.org/en/groups/board/documents/briefing-materials-3-04jun13-en.pdf> [PDF, 515 KB].)

On 4 June 2013, the NGPC adopted the NGPC Scorecard ("4 June 2013 Resolution") setting forth the NGPC's response to the GAC Advice found in the Beijing Communiqué ("NGPC Scorecard"). (<http://www.icann.org/en/groups/board/documents/resolutions-new-gtld-04jun13-en.htm#1.a.>; <http://www.icann.org/en/groups/board/documents/resolutions-new-gtld-annex-1-04jun13-en.pdf> [PDF, 564 KB].) With respect to the .ISLAM and .HALAL strings, the NGPC Scorecard stated in pertinent part:

The NGPC accepts [the GAC] advice.... Pursuant to Section 3.1ii of the [Guidebook], the NGPC stands ready to enter into dialogue with the GAC on this matter. We look forward to liaising with the GAC as to how such dialogue should be conducted.

(NGPC Scorecard, Pg. 3.) The NGPC Scorecard further noted the Community Objections filed against the Requester's Applications and indicated that "these applications cannot move to the contracting phase until the objections are resolved." (Id.)

On 18 July 2013, pursuant to Section 3.1.II of the Guidebook, members of the NGPC entered into a dialogue with the governments concerned about the .ISLAM and .HALAL strings to understand the scope of the concerns expressed in the [GAC's Advice](#) in the Beijing Communiqué.

On 25 July 2013, the Ministry of Communications for the State of Kuwait sent a letter to ICANN expressing its support for UAE's Community Objections and identifying concerns that the Requester did not receive the support of the community, the Requester's Applications are not in the best interest of the Islamic community, and the strings "should be managed and operated by the community itself through a neutral body that truly represents the Islamic community such as the Organization of Islamic Cooperation." (<http://www.icann.org/en/news/correspondence/al-qattan-to-icann-icc-25jul13-en.pdf> [PDF, 103 KB])

On 4 September 2013, in a letter to the NGPC Chairman, the Republic of Lebanon expressed general support for the .ISLAM and .HALAL strings, but stated that it strongly believes "the management and operation of these TLDs must be conducted by a neutral non-governmental multi-stakeholder group representing, at least, the larger Muslim community." (<http://www.icann.org/en/news/correspondence/hoballah-to-chalaby-et-al-04sep13-en.pdf> [PDF, 586 KB].)

On 24 October 2013, the expert panel ("Panel") appointed by the [ICC](#) to consider UAE's Community Objections rendered two separate Expert Determinations ("Determinations") in favor of the Requester.<sup>4</sup> Based on the submissions and evidence provided by the parties, the Panel determined that UAE failed to demonstrate substantial opposition from the community to the Requester's Applications or that the Applications created a likelihood of material detriment to the rights or legitimate interests of a significant portion of the relevant community. (.ISLAM Determination, ¶ 157; .HALAL Determination, ¶ 164.) The Panel dismissed the Community Objections and deemed the Requester the prevailing party. (.ISLAM Determination, ¶ 158; .HALAL Determination, ¶ 165.)

On 4 November 2013, the Secretary General of the Organization of Islamic Cooperation ("OIC") submitted a letter to the GAC Chair, stating that, as the "second largest intergovernmental organization with 57 Member States spread across four continents" and the "sole official representative of 1.6 million Muslims," the Member States of the OIC officially opposed the use of the .ISLAM and .HALAL strings "by any entity not representing the collective voice of the Muslim people" ("4 November 2013 OIC Letter to GAC Chair".) (<http://www.icann.org/en/news/correspondence/crocker-to-dryden-11nov13-en.pdf> [PDF, 1.59 KB].)

On 11 November 2013, having received a copy of the OIC's 4 November 2013 letter, the ICANN Board Chairman sent a letter to the GAC Chair, noting that the NGPC has not taken any final action on the .ISLAM and .HALAL applications while they were subject to formal objections. The letter further stated that since the objection proceedings have concluded, the NGPC will wait for any additional GAC input regarding the strings and stands ready to discuss the applications if additional dialog would be helpful. (Cover Letter to 4 November 2013 OIC Letter to GAC Chair.)

On 21 November 2013, the GAC issued its Buenos Aires Communiqué, which stated the following with respect to the Requester's Applications:

GAC took note of letters sent by the OIC and the ICANN Chairman in relation to the strings .islam and .halal. The GAC has previously provided advice in its Beijing Communiqué, when it concluded its discussions on these strings. The GAC Chair will respond to the OIC correspondence accordingly, noting the OIC's plans to hold a meeting in early December. The GAC chair will also respond to the ICANN Chair's correspondence in similar terms.

(Buenos Aires Communiqué, Pg. 4, available at [https://gacweb.icann.org/download/attachments/27132037/FINAL\\_Buenos\\_Aires\\_GAC\\_Communique\\_20131120.pdf?version=1&](https://gacweb.icann.org/download/attachments/27132037/FINAL_Buenos_Aires_GAC_Communique_20131120.pdf?version=1&)

modificationDate=1385055905332&api=v2 [PDF, 97 KB].)

On 29 November 2013, the GAC Chair responded to the ICANN Board Chairman's 11 November 2013 correspondence, confirming that the GAC has concluded its discussion on the Requester's Applications and stating that "no further GAC input on this matter can be expected." (<http://www.icann.org/en/news/correspondence/dryden-to-crocker-29nov13-en.pdf> [PDF, 73 KB].)

On 4 December 2013, the Requester submitted a letter to the ICANN Board Chairman requesting contracts for .ISLAM and .HALAL "as soon as possible." (<http://www.icann.org/en/news/correspondence/abbasnia-to-crocker-04dec13-en.pdf> [PDF, 141 KB].)

On 19 December 2013, the Secretary General of the OIC sent a letter to the ICANN Board Chairman, stating that the Foreign Ministers of the 57 Muslim Member States of the OIC have unanimously approved and adopted a resolution officially objecting to the .ISLAM and .HALAL strings and indicating that the resolution "underlines the need for constructive engagement between the ICANN and OIC as well as between ICANN and OIC Member States." (<http://www.icann.org/en/news/correspondence/ihsanoglu-to-crocker-19dec13-en.pdf> [PDF, 1.06 MB].)

On 24 December 2013, the Ministry of Communication and Information Technology on behalf of the government of Indonesia sent a letter to the NGPC Chairman, stating that Indonesia "strongly objects" to the .ISLAM string and, in principle, "approves" the .HALAL string "provided that it is managed properly and responsibly." (<http://www.icann.org/en/news/correspondence/iskandar-to-chalaby-24dec13-en.pdf> [PDF, 463 KB].)

On 30 December 2013, the Requester submitted a letter to the ICANN Board Chairman challenging the nature and extent of the OIC's opposition to the Requester's Applications, reiterating its proposed policies and procedures for governance of .ISLAM and .HALAL, and requesting to proceed to the contracting phase.

(<http://www.icann.org/en/news/correspondence/abbasnia-to-crocker-30dec13-en.pdf> [PDF, 1.90 MB].)

On 5 February 2014, the NGPC adopted an updated iteration of the NGPC Scorecard ("Actions and Updates Scorecard"). (5 February 2014 Resolution, available at <http://www.icann.org/en/groups/board/documents/resolutions-new-gtld-05feb14-en.htm#1.a.rationale>; Actions and Updates Scorecard, available at <http://www.icann.org/en/groups/board/documents/resolutions-new-gtld-annex-1-05feb14-en.pdf> [PDF, 371 KB].) With respect to the Requester's Applications, the NGPC's Actions and Updates Scorecard stated in pertinent part:

The NGPC takes note of the significant concerns expressed during the dialogue, and additional opposition raised, including by the OIC, which represents 1.6 billion members of the Muslim community.

(Action and Updates Scorecard, Pg. 8.) In addition, the NGPC directed the transmission of a letter from the NGPC, via the Chairman of the Board, to the Requester ("7 February 2013 NGPC Letter to the Requester").

(<http://www.icann.org/en/news/correspondence/crocker-to-abbasnia-07feb14-en.pdf> [PDF, 541 KB].) The 7 February 2013 NGPC Letter to the Requester acknowledges the Requester's stated commitment to a multi-stakeholder governance model, but states:

Despite these commitments, a substantial body of opposition urges ICANN not to delegate the strings .HALAL and .ISLAM... There seems to be a conflict between the commitments made in your letters and the concerns raised in letters to ICANN urging ICANN not to delegate the strings. Given these circumstances, the NGPC will not address the applications further until such time as the noted conflicts have been resolved.

(7 February 2013 NGPC Letter to the Requester,

at Pg. 2.)

On 26 February 2014, the Requester filed Request 14-7.

#### B. Requester's Claims

The Requester claims that the NGPC failed to consider material information when it approved the 5 February 2014 Resolution. Specifically, the Requester contends that the NGPC ignored, or was not otherwise made aware of, material information including: (1) The ICC's Determinations dismissing the Community Objections; (2) the Requester's proposed multi-stakeholder governance model; and (3) the differences between the .ISLAM and .HALAL Applications. In addition, the Requester claims that the 7 February 2013 NGPC Letter to the Requester was a staff action that violates the policies set forth in the Guidebook and underlying the gTLD program because it fails to provide the Requester with guidance on how to resolve the conflicts identified in the letter.

#### III. Issues

The issue for reconsideration is whether the NGPC failed to consider material information in approving the 5 February 2014 Resolution, which deferred the contracting process for the Requester's Application until the identified conflicts have been resolved. Specifically, the issue is whether the NGPC ignored, or was not otherwise made aware of, the information identified in Section I.B, above. An additional issue for reconsideration is whether the 7 February 2013 NGPC Letter to the Requester was a staff action that violated ICANN policies because it failed to provide clear criteria for the Requester to resolve conflicts with the objecting entities and countries.

#### IV. The Relevant Standards for Evaluating Reconsideration Requests

ICANN's Bylaws call for the BGC to evaluate and make recommendations to the Board with respect to Reconsideration Requests. See Article IV, Section 2 of the Bylaws. The NGPC, bestowed with the powers of the Board in this instance, has reviewed and thoroughly considered the BGC Recommendation on Request 14-7 and finds the analysis sound.<sup>5</sup>

## V. Analysis and Rationale

### A. The Requester Has Not Demonstrated That The NGPC Failed To Consider Material Information When It Approved The 5 February 2014 Resolution.

The BGC concluded, and the NGPC agrees, that the Requester has not sufficiently stated a request for reconsideration of the 5 February 2014 Resolution. The Requester has identified some information that the NGPC had available to it and purportedly should have considered before approving the 5 February 2014 Resolution. But the Requester has failed to demonstrate that the NGPC did not consider this information or that the information was material and would have changed the NGPC's decision to defer the contracting process for the Requester's Applications until certain conflicts have been resolved.

First, the BGC determined that the Requester has not demonstrated that the NGPC failed to consider the Determinations dismissing the Community Objections, or that the Determinations were material to the NGPC's Resolution. There is no evidence that the NGPC did not consider the ICC's Determinations on the Community Objections in adopting the challenged Resolution. To the contrary, in the NGPC's Actions and Updates Scorecard that was adopted by the NGPC as part of its 5 February 2014 Resolution, the NGPC specifically referenced the ICC's Determination on the Community Objections. Moreover, in communications with the GAC, ICANN noted that it did not take any final action on the Requester's Applications while the applications were subject to formal objections, but that the "objection proceedings have concluded." (Cover Letter to 4 November 2013 OIC Letter to GAC Chair.) The BGC also concluded that the Requester has also failed to demonstrate that the ICC's Determinations were material to the NGPC's Resolution or otherwise identify how the Determinations would have changed the actions taken by the NGPC. The NGPC agrees.

Second, the BGC concluded and the NGPC agrees that the Requester has not demonstrated that the NGPC failed to consider the Requester's

proposed multi-stakeholder governance model, or that the model was material to the NGPC's Resolution. The Requester's assertion that the NGPC failed to consider the Requester's proposed "multi-stakeholder governance model" in reaching its 5 February 2014 Resolution is unsupported. The BGC noted that the Requester's purported multi-stakeholder governance model was a subject of the Beijing Communiqué, the Requester's response to the Beijing Communiqué and the ICC's Determinations. The NGPC's 5 February 2014 Resolution makes clear that the NGPC considered the Beijing Communiqué, the NGPC Briefing Material summarized the Requester's response to the Beijing Communiqué, and, as set forth above, the NGPC was well aware of the ICC's Determinations. Moreover, as the Requester concedes, the 7 February 2013 NGPC Letter to the Requester identifies (and applauds) a 4 December 2013 letter and a 30 December 2013 letter from the Requester to ICANN relating to its proposed multi-stakeholder governance model. Finally, the Requester does not identify any other materials relating to the Requester's proposed governance model that should have, or could have, been considered by the NGPC before reaching its 5 February 2014 Resolution.

In addition, the BGC noted that the Requester makes no effort to demonstrate that the Requester's proposed governance model was material to the NGPC's resolution or otherwise identify how the proposed model would have changed the action taken by the NGPC. Rather, the 7 February 2013 NGPC Letter to the Requester shows that the NGPC was concerned with conflicts between the Requester's purported model and the claims made about that model in the letters urging ICANN not to proceed with .ISLAM and .HALAL.

Third, the BGC determined and the NGPC agrees that the Requester has not demonstrated that the NGPC failed to consider differences between the .ISLAM and the .HALAL Applications, or that such differences were material to the NGPC's Resolution. The Requester claims that there are differences between the .ISLAM and .HALAL Applications and that the NGPC failed to consider these



differences in reaching its 5 February 2014 Resolution. The BGC noted that the Requester's only support for this claim is a letter from Indonesia objecting to .ISLAM, but "endors[ing]" .HALAL, and a letter from the Islamic Chamber Research and Information Center ("ICRIC") expressing support for .HALAL. The BGC further noted that the record indicates that the NGPC reviewed both of these letters before taking its action. Moreover, the Requester has not explained how consideration of these two letters is material to the NGPC's Resolution or otherwise identify how the letters would have changed the action taken by the NGPC.

B. The Requester Has Not Demonstrated That The ICANN Staff Took An Action Inconsistent With An Established ICANN Policy Or Process.

The BGC concluded that the Requester's claim that the 7 February 2013 NGPC Letter to the Requester was a staff action that violates the policies set forth in the Guidebook and underlying the New gTLD Program by failing to provide the Requester with guidance on how it should resolve the conflicts associated with the .ISLAM and .HALAL Applications is not a proper basis for seeking reconsideration.

To challenge a staff action, the Requester would need to demonstrate that it was adversely affected by a staff action that violated an established ICANN policy or process. (Bylaws, Art. IV., Section 2.2.) The 7 February 2013 NGPC Letter to the Requester was not a staff action, it was a Board (or NGPC) action. The letter was sent to the Requester under the signature of the Chair of the ICANN Board, Stephen D. Crocker. More importantly, the NGPC, delegated with all legal and decision making authority of the Board relating to the New gTLD Program, (<http://www.icann.org/en/groups/board/documents/resolutions-10apr12-en.htm>), directed transmission of the letter to explain its reasoning for the 5 February 2014 Resolution. (Actions and Updates Scorecard, Pg. 8.) As such, the BGC concluded that the 7 February 2013 NGPC Letter to the Requester is a Board (or NGPC) action and cannot be challenged as a staff action.

The BGC further noted that even if this were to

be considered a staff action, which it is not, there is no established ICANN policy or procedure that requires the ICANN Board or the NGPC to provide gTLD applicants with individualized explanations or direction on what the applicants should do next.

#### VI. Decision

The NGPC had the opportunity to consider all of the materials submitted by or on behalf of the Requestor (see <http://www.icann.org/en/groups/board/governance/reconsideration/14-7>) or that otherwise relate to Request 14-7. Following consideration of all relevant information provided, the NGPC reviewed and has adopted the BGC's Recommendation on Request 14-7, which shall be deemed a part of this Rationale and the full text of which can be found at <http://www.icann.org/en/groups/board/governance/reconsideration/14-7/recommendation-agit-13mar14-en.pdf> [PDF, 149 KB].

Adopting the BGC's recommendation has no financial impact on ICANN and will not negatively impact the systemic security, stability and resiliency of the domain name system.

This decision is an Organizational Administrative Function that does not require public comment.

#### f. Update on proposed review mechanism for perceived inconsistent string confusion objection determinations

No resolution taken.

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<sup>1</sup> Governmental Advisory Committee.

<sup>2</sup> International Centre for Expertise of the International Chamber of Commerce.

<sup>3</sup> UAE's Community Objections asserted that there is "substantial opposition to [each] gTLD application from a significant portion of the community to which the gTLD string may be explicitly or implicitly targeted." (Guidebook, Section 3.2.1; New gTLD Dispute Resolution Procedure ("Procedure"), Art. 2(e).)

<sup>4</sup> .ISLAM Determination, available at <http://www.iccwbo.org/Data/Documents/Buisness-Services/Dispute-Resolution-Services/Expertise/ICANN-New-gTLD-Dispute-Resolution/EXP-430-ICANN-47-Expert-Determination/> [PDF, 174 KB]; .HALAL Determination, available at <http://www.iccwbo.org/Data/Documents/Buisness-Services/Dispute-Resolution-Services/Expertise/ICANN-New-gTLD-Dispute-Resolution/EXP-430-ICANN-47-Expert-Determination/>

Dispute-Resolution/EXP-427-ICANN-44-Expert-Determination/ [PDF, 277 KB].

<sup>5</sup> Having a reconsideration process whereby the BGC reviews and, if it chooses, makes a recommendation to the Board/NGPC for approval, positively affects ICANN's transparency and accountability. It provides an avenue for the community to ensure that staff and the Board are acting in accordance with ICANN's policies, Bylaws, and Articles of Incorporation.



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*Jérôme Passa*

Contact Information Redacted

I, the undersigned Jérôme Passa, *agrégé* in law, professor at the Université Panthéon-Assas (Paris II, France), have been requested by ICANN to provide an opinion on the well-foundedness of various objections raised against the reservation, for commercial companies, of the new gTLDs '.wine' and '.vin'. This legal opinion is set out below.

1. In 2011, the Internet Corporation for Assigned Names and Numbers (ICANN), which is responsible for the worldwide administration of the Domain Name System (DNS), launched a new domain name system offering operators the possibility of reserving new gTLDs (generic Top Level Domains) designed to provide suffixes for new domain names.

Under this system, a company can reserve its own name or that of its trade mark or one of its trade marks, such as '.vuitton' or '.ipad', for example, as a new gTLD. Geographical names and purely generic product or service names can also be reserved in this way.

The system and, in particular, the conditions for assigning these new gTLDs are set out in a lengthy document entitled the Applicant Guidebook.

When, after an in-depth evaluation process, ICANN decides to assign a new gTLD to an applicant, the parties enter into an agreement known as a 'registry agreement' under which ICANN delegates the management of the new suffix to the beneficiary; the beneficiary thus becoming the registry operator for the new gTLD.

The beneficiary to whom the new gTLD is reserved is the only one permitted to exploit, or to authorise others to exploit, worldwide the domain names associated with the suffix consisting of this gTLD.

As the registry operator of the new suffix, the beneficiary of a new gTLD reservation may decide to open its gTLD and allow interested third parties to reserve domain names associated with this suffix (second-level registrations in this gTLD). It then becomes the registrar of these third-party domain names and, as such, draws up its own naming conventions, laying down the conditions under which third parties can reserve these domain names.

Some new gTLDs, namely those consisting of a generic product or service name, are by their nature open, while those consisting of the name of a business or a brand are not necessarily open.

2. Reservation of a new gTLD may infringe prior third-party rights or, more generally, interests.

ICANN is clearly well aware of this issue since a certain number of provisions in the Applicant Guidebook are aimed at preventing this type of infringement.

The beneficiary of a prior right or interest, for example, can object to the assignment of a gTLD (Applicant Guidebook, 3.2.1).

In addition, on issues affecting its member states, ICANN's Governmental Advisory Committee (GAC), an inter-governmental committee made up of representatives of national governments and intergovernmental organisations, can issue advice to ICANN's board on applications for new gTLDs (Applicant Guidebook, section 3.1).

The advice of the GAC, which may suggest that ICANN refuse to reserve a given gTLD is sent to the applicant which has a right of reply.

3. So as to ensure that third-party prior rights and interests are not infringed, ICANN has considered the legitimacy and opportuneness of assigning the new gTLDs '.wine' and '.vin' to their applicant.

The undersigned has been consulted on the specific issue of whether, on strictly legal grounds in the field of intellectual property law relating, in particular, to the rules of international law or fundamental principles, ICANN would be **bound**:

- to assign the new gTLDs in question to the applicant, or, to the contrary,
- to refuse to assign them in order to protect prior rights as mentioned above.

In essence, the answer lies in whether or not a prior right actually exists and, where this is the case, in the nature and function of the right and the scope of protection conferred upon it by the rules of law.

Consequently, the undersigned will limit his opinion to the provisions of applicable international **intellectual property** agreements, to the fundamental principles governing this area of law and, where applicable, to the rules of supranational law constituted by the provisions of the applicable European Union legislation in the field of intellectual property.

With a few individual exceptions, there will be no reference to the provisions of the various regulations adopted by ICANN, the legal nature of which is likely to give rise to some debate.

Given the wording of ICANN's questions to the undersigned, this opinion will concentrate exclusively on the reasons why ICANN might be led to assign or refuse to assign the new gTLDs in question, in other words on the disputes which have arisen during the evaluation stage of the applications. It will not examine as its main focus questions and disputes likely to arise in the subsequent stage, following assignment of these new gTLDs, during which the second-level domains open in the gTLDs will be exploited.

The examination will deal with the application for assignment of the new gTLDs '.wine' and '.vin'.

## THE APPLICATION FOR ASSIGNMENT OF THE NEW GTLDS '.WINE' AND '.VIN'

4. The Donuts company has filed an application with ICANN for assignment of the new gTLDs '.wine' and '.vin'.

If attributed, these new gTLDs, which consist of generic product names in English and French, would be likely to be open.

The beneficiary of the reservation, as the registrar of the new gTLD as delegated by ICANN, would be accredited to authorise third parties to reserve second-level domain names, that is domain names using the suffix comprising the new gTLD such as abcy.wine or margaux.vin, and would thus be the registrar of these third-party domain names.

5. The difficulty arises in this case because:

- i).* wine is a product for which there are various geographical indications around the world, particularly but not exclusively in Europe,
- ii).* the domain names reserved by the third parties in the registry of the new gTLD '.wine' or '.vin' may contain an element identical or similar to the name of a geographical indication for wine,
- iii).* a party reserving such a domain name does not necessarily have the right to use the geographical indication in question for wines or for products or another type which it sells on the website identified under the domain name in question.

6. Is ICANN obliged to refuse to assign the gTLDs '.vin' and '.wine' to the applicant for this last reason alone?

In my view, the answer is no.

Indeed, at the point at which it would be required to make its decision, ICANN would not yet be dealing directly with the protection of geographical indications or with any real risk of an infringement against such a protection regime.

7. **Firstly**, apart from the fact that a wine does not necessarily have a geographical indication, the common nouns 'vin' and 'wine' and the gTLDs '.vin' and '.wine' clearly do not refer to a specific geographical indication. The situation would be similar if one applicant were to apply for the ".cheese" or ".fromage" gTLDs.

However, the international, regional and national rules on the protection of geographical indications can clearly only be taken into consideration and implemented in respect of a **given** geographical indication or indications.

Only a geographical name which constitutes a **geographical indication within the meaning of intellectual property law could be protected**.

But this is not the case here.

Indeed, the geographical name of a place can constitute a geographical indication and be recognised and protected as such under intellectual property law only if there exists in the public mind a link between the place in question and particular qualities or a reputation for specific products of that place because these qualities or this reputation are attributed to this geographical origin.

Thus, Article 22(1) of the TRIPS Agreement, which forms Annex I C of the Agreement establishing the World Trade Organisation and is binding on a great number of states, provides that “geographical indications are, for the purposes of this Agreement, indications which identify a good as originating in the territory of a Member, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin.”

Both European Union law and certain international conventions draw a distinction between such geographical indications based on the strength of the link between the geographical origin and the characteristics and qualities of the product in question. For example, the various European regulations on geographical indications draw a distinction between appellations of origin and geographical indications in the strict sense of the term.

**Appellations of origin** are the geographical names with the closest link between geographical origin and product characteristics or qualities. For example, Article 5(1) of Regulation (EU) N° 1151/2012 of 21 November 2012 on quality schemes for agricultural products and foodstuffs<sup>1</sup> provides that “‘designation of origin’ is a name which identifies a product: (a) originating in a specific place, region or, in exceptional cases, a country; (b) whose quality or characteristics are essentially or exclusively due to a particular geographical environment with its inherent natural and human factors; and (c) the production steps of which all take place in the defined geographical area.”

This definition is based closely on that given in Article 2(1) of the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration of October 31, 1958, an international convention which came into effect in 1966 and which defines the term ‘appellation of origin’ as “the geographical denomination of a country, region, or locality, which serves to designate a product originating therein, the quality or characteristics of which are due exclusively or essentially to the geographical environment including natural and human factors.”

An appellation of origin is thus characterised by the fact that the particular quality or characteristics of products which represent their interest to the consumer are the result of local natural factors and local expertise.

**Geographical indications in the strict sense of the term** differ from appellations of origin in that the link between the qualities or character of a product and its locality of origin is more tenuous. Indeed, Article 5(2) of the aforementioned EU Regulation provides that “‘geographical indication’ is a name which identifies a product: (a) originating in a specific

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<sup>1</sup> Please note that such Regulation excludes wine and spirits which are regulated by specific Regulations, *i.e.* Regulation (EU) n°1308/2013 of 17 December 2013 establishing a common organization of the markets in agricultural products (for wines) and Regulation (EC) n°110/2008 of 15 January 2008 on the definition, description, presentation, labeling and the protection of geographical indications of spirit drinks; both Regulations provide for similar provisions as Regulation (EU) n°1151/2012.

place, region or country; (b) whose given quality, reputation or other characteristics is essentially attributable to its geographical origin; and (c) at least one of the production steps of which take place in the defined geographical area.” The effect of geographical provenance on product characteristics is thus required, but not specified, and may therefore relate to both natural or human factors.

**8. Secondly**, a geographical indication, supposing it is given, does not enjoy absolute or automatic protection, that is to say protection against any use of an identical or similar name by a third party.

**On one hand**, indeed, Article 22 of the TRIPS Agreement provides only for protection against use as an indication of the geographical provenance of a product where this use misleads the public as to the geographical origin of the product.

On this point, “in respect of geographical indications” Article 22 2(a) requires parties to the Agreement to provide the legal means for interested parties to prevent “the use of any means in the designation or presentation of a good that indicates or suggests that the good in question originates in a geographical area other than the true place of origin in a manner which misleads the public as to the geographical origin of the good.”

**On the other hand**, unlike the TRIPS Agreement, some legal systems do not limit the protection of geographical indications to cases in which an identical or similar name is used by a third party to indicate the geographical provenance of a product.

Thus, in the case of appellations of origin, Article 3 of the aforementioned Lisbon Agreement provides that “protection shall be ensured against any usurpation or imitation, even if the true origin of the product is indicated or if the appellation is used in translated form or accompanied by terms such as “kind”, “type”, “make”, “imitation” or the like”.

Even though the Agreement does not specify what such “usurpation or imitation” consists of, its general nature and wording suggest that the protection extends beyond cases in which a third party uses an identical or similar sign to indicate the geographical provenance of a product. Given the broad language used in this provision, it is difficult however to know exactly what the conditions and terms of this protection are.

The provisions of the above mentioned European regulations protecting geographical indications of agricultural and food products, wines and spirits are, however, more specific on this point.

This is the case, in particular, of Article 13(1) of the aforementioned Regulation (EC) N° 1151/2012 on quality schemes for agricultural products and foodstuffs, according to which<sup>2</sup>:

“Registered names shall be protected against:

- a). any direct or indirect commercial use of a registered name in respect of products not covered by the registration where those products are comparable to the products registered under that name or where using the name exploits the reputation of the protected name, including when those products are used as an ingredient;
- b). any misuse, imitation or evocation, even if the true origin of the products or services is indicated or if the protected name is translated or accompanied by an expression such

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<sup>2</sup> Please note that similar provisions are provided for in (EU) Regulation n° 1308/2013 (for wines) and (EC) Regulation n° 110/2008 (for spirits).



as 'style', 'type', 'method', 'as produced in', 'imitation' or similar, including when those products are used as an ingredient;

- c). any other false or misleading indication as to the provenance, origin, nature or essential qualities of the product that is used on the inner or outer packaging, advertising material or documents relating to the product concerned, and the packing of the product in a container liable to convey a false impression as to its origin;
- d). any other practice liable to mislead the consumer as to the true origin of the product.”

A joint reading of sub-sections a) and b) of this provision reveals that geographical names registered under the Regulation are protected against any direct or indirect commercial use of a sign identical or similar (imitation or evocation) to the protected name for products comparable to those covered by the registration or for an product or service where this use takes advantage of the reputation of the protected name.

Though, where not otherwise stipulated, protection extends to uses which do not indicate a geographical provenance, a number of conditions must nevertheless be fulfilled. Either the sign in dispute must be used for products comparable to those covered by the registration or – unlike for a comparable product – the use in dispute must take advantage of the reputation of the protected name.

9. Consequently, a geographical indication is protected only against certain acts of use the illegality of which depends on various factors and, in particular, the identity of the author of the act, the products for which he uses the name in dispute and the background against which the acts are carried out.

For example, the domain name in dispute may be reserved and used by a person who is not a producer entitled to use the geographical indication. But if, though not a producer, this person sells on his website products entitled to the geographical indication, there can be no infringement of it. Conversely, the domain name in dispute may be reserved and exploited by a producer who is entitled to the geographical indication for his products. If, however, he also sells, on his website, products which do not benefit from this geographical indication, it is likely that such sales may constitute an infringement of the geographical indication.

To summarize, infringement of a geographical indication can only be evaluated on a case by case basis: *i*) by reference to a given geographical indication, which would allow to identify the international, regional – notably European – or national rules governing it and which are therefore applicable; *ii*) and by reference to specific acts.

When it is required to rule on an application for a new gTLD consisting of one of the very many generic product names likely by their nature to be covered by geographical indications in force – such as wine, but also cheese, beer, ham, poultry, etc. – ICANN is clearly not in a position to make such an evaluation and thus to ascertain whether acts of exploitation carried out by third parties later in the process in respect of domain names contained in the registry of the new gTLD, may infringe any given geographical indication.

Moreover, such an infringement may be attributable to one or more third parties exploiting the domain names in this registry and not to the beneficiary of the new gTLD himself.

**There is, therefore, nothing from the point of view of geographical indications which obliges ICANN to refuse the Donuts company's application for the reservation of the new gTLDs 'vin' and 'wine'.**

**10.** It is only if, on the basis of sufficiently precise indications gathered in its application evaluation procedure, ICANN had serious reasons for believing that the registry of the new gTLD '.wine' or '.vin' would assign domain names to third parties without taking account the protection of wine-related geographic indications, i.e. without taking precautions designed to prevent infringements of these geographical indications in its relations with its contacting parties, that it would then be able to reject the application for the new gTLD.

However, such a refusal would not be directly and technically based on the law of geographical indications. It would be based on a simple precautionary measure designed to prevent what are deemed to be sufficiently serious risks of an infringement of the geographical indications.

**11.** Naturally, pursuant to the rules laid down by ICANN, the registry agreement – an agreement concluded between ICANN and the owner of the new gTLD – may inform this owner of the need to ensure that its co-contracting parties respect third-party rights and, in particular, geographical indications.

However, if this agreement did not make express provision for it, no fault could be attributed to ICANN for it is the registry of the new gTLD in its capacity as a professional to automatically take precautions designed to avoid domain names users, its partners, from infringing third-party rights.

In my view, the protection of geographical indications is governed on one hand by the naming conventions which the registrar of '.vin' or '.wine' is required to establish and apply in its relations with the beneficiaries of the domain names and, on the other, and indeed most importantly, the relationships – in certain cases legal relationships – between the organisation defending the geographical indication in question and the party exploiting the domain name which is claimed to have been infringing this geographical indication.

## **CONCLUSION**

**As regards the applications for the assignment of the new gTLDs '.vin' and '.wine' filed by the Donuts company, there is no rule of the law of geographical indications, nor any general principle which obliges ICANN to reject the applications or accept the applications under certain specific conditions.**

Jérôme Passa



# **ANNEX 55**

## **RECOMMENDATION OF THE BOARD GOVERNANCE COMMITTEE (BGC)**

### **RECONSIDERATION REQUEST 13-9**

**10 OCTOBER 2013**

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On 4 September 2013, Amazon EU S.a.r.l. (“Amazon”) submitted a reconsideration request (“Request”). The Request asked the Board to reconsider the 21 August 2013 Expert Determination from a dispute resolution Panel established by the International Centre for Dispute Resolution (“ICDR”) sustaining Commercial Connect LLC’s (“Commercial Connect”) objection to Amazon’s new gTLD application for the Japanese translation of “online shopping” (“Amazon’s Applied-for String”) as being confusingly similar to Commercial Connect’s application for .SHOP (“Commercial Connect’s Applied-for String”).

#### **I. Relevant Bylaws**

Article IV, Section 2.2 of ICANN’s Bylaws states in relevant part that any entity may submit a request for reconsideration or review of an ICANN action or inaction to the extent that it has been adversely affected by:

- (a) one or more staff actions or inactions that contradict established ICANN policy(ies); or
- (b) one or more actions or inactions of the ICANN Board that have been taken or refused to be taken without consideration of material information, except where the party submitting the request could have submitted, but did not submit, the information for the Board's consideration at the time of action or refusal to act; or
- (c) 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.

Dismissal of a request for reconsideration is appropriate if the Board Governance Committee (“BGC”) recommends, and in this case the New gTLD Program Committee (“NGPC”) agrees, that the requesting party does not have standing because the party failed to

satisfy the criteria set forth in the Bylaws. These standing requirements are intended to protect the reconsideration process from abuse and to ensure that it is not used as a mechanism simply to challenge an action with which someone disagrees. The reconsideration process is for situations where the staff acted in contravention of established policies (when the Request is based on staff action or inaction).

The Request was received on 4 September 2013, which makes it timely under the Bylaws. Bylaws, Art. IV, § 2.5.

## **II. Background**

### **A. The New gTLD Objection Procedure**

The New gTLD Program includes an objection procedure pursuant to which objections to applications for new gTLDs are submitted to an independent dispute resolution service provider (“DRSP”). The objection procedures are set out in Module 3 of the Applicant Guidebook (“Guidebook”) (<http://newgtlds.icann.org/en/applicants/agb/objection-procedures-04jun12-en.pdf>) and the New gTLD Dispute Resolution Procedure (the “Procedure”) attached thereto.

As detailed in the Request, Commercial Connect filed a string confusion objection with the ICDR asserting that an “applied-for string is confusingly similar to an existing TLD or to another applied-for gTLD string in the same round of applications.” (Guidebook, Section 3.3.2.1; Procedure, Art. 2(e).)<sup>1</sup>

To initiate a dispute resolution proceeding, an objection must comply with the procedures set out in Articles 5-8 of the Procedure. This includes the requirement that objections be filed with the appropriate DRSP with copies to the gTLD applicant against which the objection is

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<sup>1</sup> Where a new gTLD applicant successfully asserts string confusion with another applicant, the two strings are placed in a “contention set” to be resolved per the String Contention Procedures in Module 4 of the Applicant Guidebook. (Guidebook, Section 3.2.2.1.)

being raised. (Procedure, Art. 7 (b).) Before an objection is registered for processing, the DRSP conducts an administrative review to verify compliance with Articles 5-8 of the Procedure and the applicable DRSP Rules, and informs the objector, the applicant and ICANN of the result of its administrative review. (Procedure, Art. 9(a).)

A Panel of appropriately qualified expert(s) appointed by the designated DRSP will consider an objection that has been registered for processing and for which a response has been submitted. (Guidebook, Section 3.4.4.) Each Panel will determine whether the objector has standing to object and will use appropriate general principles/standards to evaluate the merits of each objection. The Panel must apply the standards that have been defined in Section 3.5 of the Applicant Guidebook for each type of objection. (Guidebook, Section 3.5; Procedure, Art. 20.)

The Panel's final determination will include a summary of the dispute and findings, identify the prevailing party, and provide the reasoning upon which the expert determination is based. (Guidebook, Section 3.4.6; Procedure, Art. 21.) The findings of the Panel will be considered an expert determination and advice that ICANN will accept within the dispute resolution process. (Guidebook, Section 3.4.6.)

#### **B. Commercial Connect's Objection to Amazon's Applied-for String**

Amazon is an applicant for the Japanese translation of "online shopping." Commercial Connect objected to Amazon's Applied-for String, asserting that it was confusingly similar to Commercial Connect's Applied-for String ("Commercial Connect's Objection"); Amazon filed a response. The ICDR's appointed Panelist (the "Panel") rendered an "Expert Determination" on 21 August 2013. The Panel determined that Commercial Connect had standing to object as an applicant for .SHOP, and rejected claims by Amazon that Commercial Connect did not properly serve its objection on Amazon. (Expert Determination, Pg. 3.) Based on the evidence and the parties' submissions, the Panel sustained Commercial Connect's Objection on the grounds that

Commercial Connect's Applied-for String is confusingly similar to Amazon's Applied-for String (Expert Determination, Pgs. 4-5.)

Although Commercial Connect's Objection was determined by a third-party DRSP, ICANN has determined that the Reconsideration process can properly be invoked for challenges of the third-party DRSP's decisions where it can be stated that either the DRSP failed to follow the established policies or processes in reaching the decision, or that ICANN staff failed to follow its policies or processes in accepting that decision. See BGC Recommendation on Reconsideration Request 13-5 at <http://www.icann.org/en/groups/board/governance/reconsideration/recommendation-booking-01aug13-en.doc>.

### **III. Analysis of Amazon's Request for Reconsideration**

Amazon seeks reconsideration of the Panel's decision sustaining Commercial Connect's Objection. More specifically, Amazon requests that ICANN disregard the Panel's Expert Determination, and either instruct a new Panel to review Commercial Connect's string confusion objection with the standards set forth in the Applicant Guidebook or make the necessary accommodations to allow for a "non-discriminatory application of ICANN standards, policies and procedures." (Request, Section 9.)

#### **A. The ICDR and the Panel's Acceptance of Commercial Connect's Objection Does Not Demonstrate A Process Violation**

In its Request, Amazon contends that the ICDR and the Panel failed to follow the established process for registering and/or accepting Commercial Connect's Objection. Specifically, Amazon claims that Commercial Connect failed to provide Amazon with a copy of the objection as required by Article 7(b) of the Procedure, and that this failure is a deficiency that cannot be rectified under the Procedure. (Request, Pgs. 8-10; Annex 4 to Request (19 April 2013

Letter from Amazon to the ICDR).) Pursuant to Article 9(d) of the Procedure, which provides for dismissal of objections that do not comply with Articles 5-8 of the Procedure and where deficiencies have not been cured in the specified timeframe, Amazon contends that the ICDR should have dismissed Commercial Connect's Objection and closed the proceedings. (Request, Pg. 10; Annex 4 to Request (19 April 2013 Letter from Amazon to the ICDR); Annex 5 to Request (24 April 2013 Letter from Amazon to the ICDR).)

The Procedure makes clear that the ICDR was required to perform an administrative review of Commercial Connect's Objection, and to inform the objector, applicant, and ICANN of the results of its administrative review. (Procedure, Art. 9(a).) The available record shows that the ICDR complied with its obligations in this regard.

Amazon claims it received an email from the ICDR acknowledging receipt of Commercial Connect's Objection on 18 March 2013 – though, according to Amazon, that email did not specifically identify the string that was the subject of Commercial Connect's Objection. (Request, Pg. 9.) Soon thereafter, on 4 April 2013, Amazon states that it also received an email from the ICDR requesting that Commercial Connect provide “proof or statement” that copies of the objection were sent to Amazon. (Request, Pg. 9.)

Contrary to Amazon's assertions, failure to provide an applicant with a copy of the objection as required by Article 7(b) is a deficiency that can be cured under the Procedure. Article 9(c) provides that if the DRSP finds that the objection does not comply with Articles 5-8 of the Procedure, the DRSP “shall have the discretion to request that any administrative deficiencies in the Objection be corrected within 5 days.” (Procedure, Art. 9(c).) Accordingly, the ICDR's 4 April 2013 email, requesting Commercial Connect to cure the stated deficiency,



was consistent with the process established in the Procedure for the administrative review of objections.

According to the Request, subsequent to the ICDR's 4 April 2013 correspondence to Commercial Connect requesting it to provide proof of service of the objection on Amazon, Amazon claims it received the following documents from Commercial Connect:

- (i) A copy of Commercial Connect's application for .SHOP;
- (ii) A "online filing demand for arbitration/mediation form" that refers to Amazon's Applied-for String;
- (iii) A "dispute resolution objection" with blank unfilled spaces where the string applicant and relevant string would otherwise appear;
- (iv) a copy of Commercial Connect's 11 October 2000 applications for .MALL, .SHOP, and .SVC; and
- (v) A copy of a 5 April 2013 correspondence to the ICDR in which Commercial Connect certifies that copies of the complaint and attachments were sent via email to all respondents and to ICANN.

(Request, Pgs. 9-10.) From the above, although particular entries may have been left blank, it appears that Amazon did in fact receive a copy of the objection. Based on the 5 April 2013 correspondence from Commercial Connect certifying that copies were provided to Amazon, ICDR concluded that Commercial Connect corrected the deficiency within one day of being notified, well within the five-day period allowed under the Procedure.

In its 11 April 2013 correspondence to the parties, the ICDR indicates that Commercial Connect's Objection would be registered for processing. The ICDR states that it conducted a further administrative review and noted that Commercial Connect's Objection, "after rectifying deficiencies previously set forth, now complies with Articles 5-8" of the Procedure. (Request, Pg. 8; Annex 3 to the Request (11 April 2013 Letter from the ICDR).) The ICDR thereafter sent a letter on 17 April 2013 providing Amazon with notification of its thirty-day period to file a

response to Commercial Connect's Objection. (See Annex 5 to Request (24 April 2013 Letter from Amazon to the ICDR.) Based on the above, Amazon lacks support for the claim that it did not receive notification that an objection had been filed against it and that Amazon was required to respond in order to avoid default.

Moreover, notwithstanding Amazon's own acknowledgment that it received a copy of the "dispute resolution objection" (albeit with certain entries left blank), the ICDR invited Amazon to raise the alleged procedural defects in Amazon's response to Commercial Connect's Objection. (Annex 6 to Request (3 May 2013 Email from ICDR to Amazon).) The Panel, having received and considered Amazon's claims of procedural deficiencies, rejected Amazon's claims indicating there was no actual prejudice to Amazon. The Panel noted:

[I]t appears that Applicant received actual notice of the Objection, and has been accorded a full and fair opportunity to be heard on its application. Applicant also has not shown that it was prejudiced by any alleged defects in the filing of the Objection. (Expert Determination, Pg. 3.)

In view of the above, the ICDR's acceptance of Commercial Connect's Objection for decision does not demonstrate a policy or process violation, and Amazon has not demonstrated otherwise.

**B. Amazon's Claim That The Panel Applied The Wrong Standard Is Unsupported And Is Not A Basis For Reconsideration.**

A separate ground of Amazon's Request is its contention that the Panel applied the wrong standard in evaluating Commercial Connect's Objection. Specifically, Amazon claims that the Panel applied a standard that considered "the use of essentially the same word in two different languages [as] sufficient to cause string confusion among the average, reasonable Internet user," and claims that such a standard would eliminate the need to evaluate translations of words on a case-by-case basis. (Response, Pg. 13.) Amazon further asserts that even if translations of essentially the same word were sufficient to cause string confusion, an English translation of

Amazon’s Applied-for String is not the same as Commercial Connect’s Applied-for String, and they have different meanings. (Request, Pg. 13.) Amazon relies on another ICDR Panel’s determination, finding that Top Level Domain Holdings Limited’s (“TLDH”) application for the Chinese translation of “shop” (“TLDH’s Applied-for String) is not confusingly similar to Commercial Connect’s application for .SHOP,<sup>2</sup> as evidence that the Panel applied the wrong standard. (Request, Pg. 14; Annex 2 to Request.) Amazon concludes that “in the impossible event” that ICANN accepts the Panel’s determination, the acceptance would “create inequitable and disparate treatment without justified cause” in violation of Article II, Section 3, of ICANN’s Bylaws. (Request, Pg. 7)

In the context of the New gTLD Program, the Reconsideration process does not call for the BGC to perform a substantive review of DRSP Panel decisions; Reconsideration is for the consideration of process- or policy-related complaints. The Reconsideration process will not be used in this instance to evaluate the Panel’s substantive conclusion that Commercial Connect’s Applied-for String and Amazon’s Applied-for String are confusingly similar. Rather, any review will be limited to whether the Panel violated any established policy or process, which Amazon claims was done by the Panel not applying the correct standard in reaching its determination.

The Panel referenced and correctly stated the applicable standard more than once in its evaluation of Commercial Connect’s objection.<sup>3</sup> (Expert Determination,

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<sup>2</sup> *Commercial Connect, LLC v. Top Level Domain Holdings Ltd.*, Case No. 50 504 T 00258 13, available at [http://images.go.adr.org/Web/AmericanArbitrationAssociation/%7B772b1de3-e337-4643-b310-f87daa172a2e%7D\\_50\\_504\\_T\\_00258\\_13\\_determination.pdf](http://images.go.adr.org/Web/AmericanArbitrationAssociation/%7B772b1de3-e337-4643-b310-f87daa172a2e%7D_50_504_T_00258_13_determination.pdf) (hereinafter “TLDH Expert Determination”).

<sup>3</sup> In what appears to be a typographical error, at one point, the Panel incorrectly cites to Section 3.4.1 of the Applicant Guidebook instead of Section 3.5.1, but the Panel nonetheless correctly quotes from the applicable standard.

Pgs. 2, 4.) The relevant standard for evaluating a string confusion objection is set out in Section 3.5.1 of the Applicant Guidebook:

A DRSP Panel hearing a string confusion objection 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 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.

The Applicant Guidebook also makes clear that a string confusion objection is not limited to visual similarity, but rather, may be based on any type of similarity, including aural similarity or similarity in meaning. (Guidebook, Section 2.2.1.1.3.)

Based on the parties' contentions, it appears that the Panel concentrated on the meanings of the two strings. The Panel determined that there were three distinct, but related issues that needed to be examined in assessing Commercial Connect's Objection:

- (i) Whether the root of the word in a string should be accorded protection from usage of variations of the root word, including participles (*e.g.*, several variations for the root word "shop" in the English language)?
- (ii) Whether the addition of the word "online" before the word "shopping" makes the two strings distinct as to avoid string confusion?
- (iii) Whether the use of Japanese characters and languages for the same word avoids the possibility of confusion?

(Expert Determination, Pg. 4.)

In evaluating these three issues, the Panel found that the concurrent use of "shopping", the participle of the root word "shop," in a string will result in probable confusion by the average, reasonable Internet user, because the two strings have virtually the same sound, meaning, look

and feel.<sup>4</sup> (Expert Determination, Pgs. 4-5.) The Panel likewise found that the addition of the word “online” before “shopping” does not add sufficient uniqueness to the string because the meaning of the strings arises from the use of the root word “shop” and not the modifier “online.” (Expert Determination, Pg. 5.) The Panel was also not persuaded that simply using a foreign language or foreign characters avoided the possibility of confusion. The Panel determined that many Internet users speak more than one language, including English, and that the use of essentially the same word in two different languages is sufficient to cause string confusion among the average, reasonable Internet user. (Expert Determination, Pg. 5.)

The Panel’s focus on the meanings of the strings is consistent with the standard for evaluating string confusion objections. A likelihood of confusion can be established with any type of similarity, including similarity of meaning. (Guidebook, Section 2.2.1.1.3.) To challenge this proposition, Amazon relies on the analysis of the public comment to version 2 of the Applicant Guidebook. (Request, Pg. 11.) Amazon asserts that the public comment makes clear that the standard for establishing string confusion is a “high standard, not intended to hobble competition.” (Request, Pg. 11.) In response to these public comments, which included the suggestion that string confusion objections not be allowed for cases of similar meaning, ICANN specifically addressed and clarified the proper scope of objections:

The new gTLD implementation follows the GNSO recommendation that implies that string confusion should be tested in all ways: visual, meaning and aural confusion. After all, if harm to consumers would result due to the introduction of

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<sup>4</sup> Amazon claims that the word “shopping” is not used and does not appear in either of the strings at issue, and therefore, the Panel improperly compared Amazon’s Applied-for String with the “shopping” string. (Request, Pg. 14-15.) Amazon’s argument lacks credibility in that Amazon’s proposed string is the Japanese translation for “online shopping”; thus, “shopping” is contained within the challenged string. Further, the Panel is permitted under the Procedure to “refer to and base its findings upon the statements and documents submitted and any rules or principles that it determines to be applicable.” (Procedure, Art. 20(b).)

two TLDs into the root zone because they sounded but did not look alike, then both TLDs should not be delegated.

(New gTLD Draft Applicant Guidebook-Version 2: Analysis of Public Comment, Pg. 149 available at <https://archive.icann.org/.../agv2-analysis-public-comments-31may09-en.pdf>.) Any claim by Amazon that the Panel must limit itself to a standard of aural or visual similarity is not supported by available documentation, and does not support a finding that the Panel violated any established policy or procedure.

Moreover, the Panel did not automatically conclude that there was a likelihood of confusion between Commercial Connect's Applied-for String and Amazon's Applied-for String as Amazon contends. To the contrary, it appears that the Panel conducted a detailed and comprehensive analysis of the issues before reaching its determination.

Amazon further relies on another ICDR Panel's determination, finding that TLDH's Applied-for String is not confusingly similar to Commercial Connect's Applied-for String, as evidence that the Panel applied the wrong standard.<sup>5</sup> (Request, Pg. 14.) The fact that these two ICDR Panels evaluated potentially similar objections yet came to different conclusions does not mean that one Panel applied the wrong standard. On a procedural level, each expert Panel generally rests its determination on the materials presented to it by the parties to that particular objection, and the objector bears the burden of proof. Two Panels confronting nearly identical issues could rightfully reach different determinations, based on the strength of the materials

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<sup>5</sup> On 5 September 2013, Commercial Connect separately sought reconsideration of ICANN staff's acceptance of the TLDH Expert Determination. (Request 13-10, available at [http://www.icann.org/en/groups/board/governance/reconsideration/request-commercial-connect-.](http://www.icann.org/en/groups/board/governance/reconsideration/request-commercial-connect-)) Request 13-10 is based primarily on a claim that the Panel dismissing Commercial Connect's objection to TLDH's Applied-for String and the Panel sustaining Commercial Connect's objection to Amazon's Applied-for String inconsistently applied the standard for evaluating string confusion objections. For the same reasons as stated herein, Commercial Connect's claims are unsupported and do not support Reconsideration.

presented. While Commercial Connect was the objector in both proceedings cited by Amazon, the objections were rebutted by different applicants. Thus, the Panels reached different determinations at least in part because the materials submitted by each applicant (Amazon and TLDH) in defense of its proposed string were different.

For instance, in dismissing Commercial Connect's objection to TLDH's Applied-for String, the Panel determined that Commercial Connect failed to meet its burden of proof that the two strings (Commercial Connect's Applied-for String and TLDH's Applied-for String) would cause probable confusion in the mind of the average, reasonable Internet user. (TLDH Expert Determination, Pg. 7.) The Panel, on the other hand, in sustaining Commercial Connect's objection, found that Amazon's arguments:

[d]o not appear to be consistent with the applicable standard of review, the apparent purpose or goal of implementing gTLDs, or the purpose or goal in allowing a string confusion objection.

(Amazon Expert Determination, Pg. 5.) Overall, the Panel found that Amazon's arguments were "not persuasive." (Expert Determination, Pg. 5.)

Moreover, according to the TLDH Expert Determination, TLDH asserted that Commercial Connect's Applied-for String and TLDH's Applied-for String are aimed at distinct markets. TLDH claimed that Commercial Connect's Applied-for String will be marketed to "the global ecosystem of e-commerce" with a "strict verification process where Commercial Connect researches the identity of that applicant and [the] business." (TLDH Expert Determination, Pg. 5.) In contrast, TLDH's Applied-for String is directed to "Chinese-language vendors" and requires no such pre-verification. TLDH noted that these markets may overlap to some extent, but one is "global and restricted," while the other is "language-specific and open." (TLDH Expert Determination, Pg. 5.)

The Panel, dismissing Commercial Connect's objection to TLDH's Applied-for String, found that the similarity in meaning between the two strings is apparent only to individuals who read and understand both Chinese and English. Relying on the intended markets for the strings, the Panel determined:

While there is some potential for overlap between these two markets, they are largely distinct. Therefore, there is little likelihood that a bilingual user would be deceived or confused.

(TLDH Expert Determination, Pg. 7.) The Panel therefore dismissed Commercial Connect's objection not because it concluded that translations of essentially the same word are insufficient to cause string confusion – as Amazon suggests – but because TLDH presented convincing evidence that there was little likelihood of confusion between Commercial Connect's Applied-for String and TLDH's Applied-for String.

Further, the standard guiding the Panels involves some degree of subjectivity. While Amazon may disagree with the Panel's finding, Reconsideration is not available as a mechanism to re-try the substantive determination of the Panel. Amazon's claims that the Panel applied the wrong standard are unsupported and therefore, do not support Reconsideration.

#### **IV. Recommendation and Conclusion**

Based on the foregoing, the BGC concludes that Amazon has not stated proper grounds for reconsideration, and we therefore recommend that Amazon's Request be denied without further consideration.

As there is no indication that either the ICDR or the Panel violated any policy or process in accepting and sustaining Commercial Connect's Objection, this Request should not proceed. If Amazon thinks that it has somehow been treated unfairly in the process, and the Board (through the NGPC) adopts this Recommendation, Amazon is free to ask the Ombudsman to review this matter.



Though there are no grounds for reconsideration presented in this matter, following additional discussion of the matter the BGC recommended that staff provide a report to the NGPC, for delivery in 30 days, setting out options for dealing with the situation raised within this Request, namely the differing outcomes of the String Confusion Objection Dispute Resolution process in similar disputes involving Amazon's Applied-for String and TLDH's Applied-for String. In addition, the BGC suggested that the strings not proceed to contracting prior to staff's report being produced and considered by the NGPC.

# Proposed Review Mechanism to Address Perceived Inconsistent Expert Determinations on String Confusion Objections

Follow Updates

<p>1. Comment Phase Ends 12 Mar 2014 23:59 UTC</p>	<p>2. Reply Phase Ends 3 Apr 2014 23:59 UTC</p>	<p>3. Summary and Review <a href="#">Report of Public Comments</a></p>	<p>Evaluation and Decision During this phase your comments are reviewed by the body that asked for input/feedback and evaluations are made about how to proceed based on the comments.</p>
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## Brief Overview

To solicit community input regarding a proposed review mechanism to address perceived inconsistent Expert Determinations in the String Confusion Objection process in the New gTLD Program. The review mechanism will be limited to the Expert Determinations made on String Confusion objections for .CAR/.CARS and .CAM/.COM.

Comment Period: 11 Feb 2014 - 12 Mar 2014 23:59 UTC

Reply Period: 13 Mar 2014 - 3 Apr 2014 23:59 UTC

[Original Announcement](#)

[Report of Public Comments](#)

## Section I: Description, Explanation, and Purpose

At the direction of the ICANN Board New gTLD Program Committee (NGPC), ICANN is soliciting public comment on a proposed review mechanism to address the perceived inconsistent Expert Determinations in certain New gTLD Program String Confusion Objection proceedings. The proposed review mechanism will be limited to the String Confusion Objection Expert Determinations for .CAR/.CARS and .CAM/.COM.

If adopted, the review mechanism would constitute a change to the String Confusion Objection process in the New gTLD Applicant Guidebook. Given that the proposal to implement this review mechanism could affect the outcomes of one or more of String Confusion Objections – a process that was informed by years of debate and public comment as part of the development of the New gTLD Applicant Guidebook – the proposed review mechanism is being published for public comment.

## Section II: Background

The New gTLD Applicant Guidebook (Guidebook) identifies four grounds upon which a formal objection may be filed against a gTLD application. One such objection is a String Confusion Objection (SCO), which may be filed by an objector (meeting the standing requirements) on the grounds that an applied-for gTLD string is confusingly similar to an existing TLD or to another applied-for gTLD string in the same round of applications. If successful, a SCO could change the configuration of the preliminary contention sets in that the two applied-for gTLD strings will be considered to be in contention with one another (see Guidebook Module 4, String Contention Procedures). The SCOs are administered by the International Centre for Dispute Resolution (ICDR). Expert Determinations have been issued by the ICDR for all String Confusion Objections filed.

Some members of the community have commented on perceived "inconsistent" SCO Expert Determinations. The NGPC has monitored the SCO Expert Determinations over the past several months, and discussed the community comments at more than one of its meetings. Also, on [10 October 2013](#) [PDF, 132 KB] the Board Governance Committee (BGC) asked staff to draft a report for the NGPC on String Confusion Objections as some requestors commented on "inconsistencies" in certain SCO Expert Determinations.

Following on from the staff report on String Confusion Objections, the NGPC identified two sets of perceived "inconsistent" SCO Expert Determinations (i.e. objections raised by the same objector against different applications for the same string, where the outcomes of the SCOs differ). At its 5 February 2014 meeting, the NGPC took action to direct the [ICANN](#) President and CEO, or his designee, to initiate a public comment period on the framework principles of a potential review mechanism to address the perceived inconsistent SCO Expert Determinations.

## Section III: Relevant Resources

- [Proposed Review Mechanism to Address the Perceived Inconsistent Expert Determinations of New gTLD Program String Confusion Objections: Framework Principles](#) [PDF, 496 KB]
- [New gTLD Applicant Guidebook, Module 4](#) [PDF, 429 KB]
- [ICANN Board New gTLD Program Committee Resolution 2014.02.05.NG02](#)
- [String Confusion Objection Expert Determinations](#) [PDF, 223 KB]

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[Section I: Description, Explanation & Purpose](#)

Christine Willett

[Section II: Background](#)

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# **ANNEX 56**

15 December 2008

Our ref      PADWT/866793.2  
Matter ref    A0020/79951

Mr Paul Twomey  
Mr Peter Dengate Thrush  
Mr Kurt Pritz  
Internet Corporation for Assigned Names and Numbers ('ICANN')

Dear Sirs

**LOVELLS LLP COMMENTS TO ICANN ON THE NEW gTLD DRAFT APPLICANT GUIDEBOOK****INTRODUCTION**

There has clearly been a considerable amount of work put into the Applicant Guidebook and associated documents for the new gTLD process. ICANN and all those involved deserve to be congratulated on the detailed work to date. We are now in a period where wider input is invited and it appears that there will be one or two iterations before the documents are adopted by the ICANN board.

After considering the Applicant Guidebook and associated documents as well as the input from various actors within the Internet community, Lovells LLP would like to make the following comments on the proposed new gTLD initiative. Lovells LLP is an international law firm with over 1800 legal staff worldwide. Lovells LLP acts for numerous brand owners and Internet players.

**1. THE NEED FOR CLARIFICATION ON THE EXACT NATURE OF COMMUNITY-BASED APPLICATIONS**

One aspect of the application process which requires clarification is the exact nature of the community-based application. The current draft leaves uncertainty as to whether a community-based application may gain precedence over an open application in the event

of a contention between applications. It may thus be preferable to apply for a community-based application as opposed to an open one and as such brand owners need clarification on their ability to file a community-based application rather than an open one. Corporations arguably represent communities consisting of a restricted population, for instance their customers or employees.

It therefore follows from this point that it is unclear whether a corporate entity could be considered an "established institution" for the purpose of paragraph 1.2.2.1 of the Applicant Guidebook whereby it may endorse in writing a community-based application.

ICANN should also clarify whether a corporation can be considered as an "established institution" with sufficient standing to file a community objection with a potentially broader scope of protection than a Legal Rights Objection (LRO).

Finally we believe that ICANN should provide guidance on the possibility for a new gTLD operator to apply for a variation of its contractual terms with ICANN (for instance, a variation of the eligibility criteria or a change from community status to open status).

## 2. **CREATION OF A THIRD CATEGORY APPLICATION: '.BRAND'**

We are of the view that ICANN should consider creating a third category of applications for trade mark owners wishing to register their trade mark as a new gTLD string. This would enable applications that are based on registered trade marks to be distinguished from open and community-based applications. Including new gTLD applications based on registered trade marks in the category of community-based or open applications may be trying to fit a square peg into a round hole.

We thus recommend that ICANN create a 'square hole', namely a third category specifically for new gTLD applications based on registered trade marks. The purpose of such a category would be to ensure that a new gTLD application based on registered trade marks in contention with an open application (not necessarily a community application) would prevail on the basis of the trade mark rights of the applicant. This would also dissuade speculators from attempting to file an open application for a trade marked string as they would lose money (the application fee) if their application came up against an application based on a registered trade mark.

## 3. **RIGHTS PROTECTION**

As it is crucial for the new gTLD initiative not to increase the cost and burden of defensive registrations for trade mark owners, we believe there should be ways for brand owners to have their trade marks placed on a reserved names list at the top level. We would recommend three different routes for a trade mark owner to be able to reserve its trade mark at the top level.



### 3.1 **Reserved Names - Globally famous trade marks**

We believe that ICANN should consider adding to the existing list of reserved names (existing TLDs and reserved names of paragraph 2.1.1.2 of the Draft RFP, such as 'ICANN') a reserved name list of globally famous trade marks. Whilst this has always been a difficult point, the unprecedented threat to trade mark rights attached to the potential creation of hundreds of new gTLDs is such that this solution should be revisited.

The exercise of determining which trade marks should appear on such a reserved name list might be rather complicated but considering the positive impact it could have on the protection of the trade mark rights, we are of the opinion that it would be a worthwhile exercise. The onus could be placed on each entity owning a trade mark which can arguably be considered as being globally famous to make a case before ICANN before the launch of the new gTLD applications during a dedicated period.

Thus ICANN would be seen as giving each entity an opportunity to have its trade mark reserved thus defeating any argument that any particular entity has been "discriminated" against. The determination of which trade marks are to be considered as globally famous is clearly difficult and complex task and WIPO could potentially assist ICANN in the process.

### 3.2 **Reserved Names - Trade marks for which consistent LROs were filed successfully**

The fate of TLDs successfully objected to on the grounds of legal rights is rather unclear. Are they to be thrown back into the pool of available gTLD strings or put on a reserved list? Does a brand owner who does not wish to run a TLD have to keep on objecting, until finally someone comes up with a way through such objections and obtains the new gTLD? Perhaps this may not be an issue in the first round, but it may crop up in future rounds, particularly if the application fee is reduced significantly and there are offers for commercial 'run your own registry' packages. If brand owners have to keep objecting, they may be finally forced to register to the right of the dot defensively as they have often done for names to the left of the dot. Perhaps rather than be dropped back into the pool, proposed gTLD strings that have been blocked by LRO actions could be reserved. Such reservation could perhaps be for a limited duration and not preclude owners of competing trade marks from unlocking said gTLD string from the reserved list.

### 3.3 **Reserved Names - Reservation Fee**

We recommend that ICANN allows for brand owners to apply to have their trade mark(s) placed on a reserved list for a fee (it could be an annual fee for example). Provided this is transparent and entities with competing rights are able to challenge such reservation this could serve the legitimate interests of trade mark owners.

### 3.4 **Reserved Names at the second level**

We would then recommend that the list of names reserved for the purpose of applications at the top level be mirrored into each agreement between ICANN and new gTLD operators and that compliance with such compulsory reserved name list be strictly monitored and implemented.

We are seeing reserved and premium names more and more (for instance, under .mobi and .me) so this may be the time to put an appropriate mechanism in place for trade mark owners. Sunrise periods are viewed by some as a way for registries to bring in funds early but are generally welcomed by brand owners and registries alike. However our clients are concerned in having to potentially deal with hundreds of varying sunrise periods in the future.

### 3.5 **Long term right protection mechanism alternative**

The current anticipated costs of applying for and operating a new gTLD are such that they are likely to significantly contribute to minimising cybersquatting at the top level. However, depending on a number of factors including the success of the new gTLD initiative, it is conceivable that such costs might be significantly reduced in the future. Should the costs associated with applying for and operating a new gTLD become very affordable then cybersquatting could reclaim territory and perhaps then ICANN should consider putting in place a 'sunrise' mechanism at the top level.

## 4. **THE NEED FOR STRICTER ENFORCEMENT OF CONTRACTUAL OBLIGATIONS OF NEW gTLD OPERATORS**

We believe that in any event there must be a clear burden on ICANN to enforce registrar and registry compliance with the applicable policies for each new gTLD, particularly in the following two areas.

### 4.1 **WHOIS data accuracy**

We believe that thick WHOIS should be favored over thin WHOIS. Only if this is the case can brand owners that do not wish to register defensively before the dot across all new gTLDs implement an alternative and viable enforcement strategy.

### 4.2 **Eligibility requirements**

We are of the opinion that sponsored Top Level Domains (sTLDs) are preferable, especially in terms of reducing the threat to trade mark owners. It is a concern that not all entities operating sTLDs may necessarily conduct sufficient upfront verification of domain name applicants eligibility as thoroughly as they should, which to some extent defeats the purpose of sTLDs. It is therefore crucial that a particular emphasis be placed on sTLD

operators to carry out verification of a domain name applicant's eligibility meticulously and to sanction any failure to act accordingly. We have come across a number of examples of recently launched sTLDs "opening up" to bring in more registrations and thus business.

This practice is objectionable in our opinion and detrimental to the integrity and the credibility of the Domain Name System (DNS). This clearly poses issues for brand owners who need certainty when considering future gTLDs. Therefore such practices should be prevented by ICANN and strictly enforced in relation to existing sTLD operators, and of course in relation to new TLD operators going forward.

#### **5. PROCEDURAL ASPECTS REGARDING LEGAL RIGHTS OBJECTIONS**

The potential negative impact on a trade mark owner is far greater in the event of the registration of a gTLD string detrimental to its trade mark than in the event of the registration of a second level domain name detrimental to its trade mark. Therefore we believe that the LRO proceedings call for more stringent measures than the UDRP on which LRO proceedings are modelled.

With this in mind and considering the importance of protecting trade mark rights, we would recommend a three-member panel rather than a single-member panel for LRO proceedings. We would also recommend an appeal procedure. Although this is probably a drafting ambiguity we would also seek confirmation that LRO proceedings would not preclude the objector from bringing court proceedings as this point is not clearly stipulated in the Applicant Guidebook.

#### **6. COSTS**

The costs associated with applying for (\$185,000) and operating a new gTLD (including an annual fee of \$75,000 or approximately 5% of registry transaction revenues, whichever is the greater) are significant and too high, especially for not-for profit community initiatives. The costs of defending trade mark rights both at the top and second levels in a new gTLD environment are likely to be significant too.

We are of the opinion that the applications fees could perhaps vary depending on the purpose of each proposed new gTLD. For instance, we consider that a community application with a charitable purpose or a '.brand' application restricted to employees of a company should be eligible for a lower fee than that currently suggested.

#### **7. INCONSISTENCY BETWEEN THE CHART IN MODULE 1 AND PARAGRAPH 3.1.2.1 OF THE APPLICANT GUIDEBOOK**

We have noticed an inconsistency between the global application chart on the last page of Module 1 of the Applicant Guidebook and paragraph 3.1.2.1 of the same document.

Indeed according to paragraph 3.1.2.1, where one applicant asserts string confusion with another applicant's gTLD string, either the objector is successful and both applicants are placed in a contention set or, if the objection is unsuccessful, both applicants may move forward in the process. However the chart suggests otherwise, that it to say that if string confusion proceedings are not cleared by an applicant, then the application will be denied.

## CONCLUSION

One of the main issues at present is that a number of points remain rather vague and to be confirmed. The high volume of documents available does arguably reinforce the feeling that many issues are yet to be ascertained. It is very difficult to advise clients clearly at this stage when there is so much uncertainty. As such and until further consolidation of the new gTLD initiative, companies might find it too difficult to make a business call on whether to apply for a new gTLD.

It is therefore crucial for companies and organisations to have a clearer vision of the new gTLD initiative which is about to unfold, even if it means postponing the launch of the first round of applications.

We hope that Lovells comments will usefully contribute to the consolidation of the new gTLD initiative.

Yours faithfully,

A handwritten signature in black ink that reads "D. Taylor". The signature is written in a cursive, slightly stylized font.

David Taylor

Partner, Intellectual Property, Media and Technology



Dr. Paul Twomey  
President and CEO  
Internet Corporation for Assigned Names and Numbers (ICANN)  
4676 Admiralty Way, Suite 330  
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Re: Comments on the New gTLD Program and Process

Dear Mr. Twomey,

The Internet Commerce Coalition (ICC) appreciates the opportunity to provide comments regarding ICANN's Full Draft Applicant Guidebook ("Guidebook"); our comments focus on several of the modules for its new gTLD program. The ICC consists of leading Internet Service Providers, technology companies, and technology trade associations in the United States.<sup>1</sup>

The ICC does not agree that ICANN has established the need for vast numbers of new gTLDs, and has identified significant concerns with the proposed implementation approach outlined in the "Guidebook." ICC's members are concerned that ICANN's proposed approach to the introduction of new gTLDs will significantly increase the already substantial costs associated with trademark protection and brand management, which are needed to prevent consumer fraud and confusion, as well as trademark infringement.

For example, it is unclear whether the evaluation, enforcement, and dispute resolution mechanisms proposed by ICANN will be robust enough to permit intellectual property (IP) rights holders to fully protect their rights, even assuming IP rights holders' vast expenditures at the outset of this process to reduce the likelihood of misappropriation and infringement. Infringement of trademark rights harms not only the actual trademark holder, but creates consumer confusion, and often results in abuse of the goodwill established by the trademark holder, consumer fraud and other forms of network abuse.

The substantial costs that ICC members, and other online businesses whom they serve as online providers, will invariably absorb as a result of the introduction of new gTLDs are unwarranted. There is no compelling economic analysis or substantiated evidence to suggest that there is consumer demand for new gTLDs. Further, TLD registrations have declined in part due to declines in both gTLD and ccTLD growth.

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<sup>1</sup> ICC members include Amazon.com, AT&T, eBay, Comcast, Monster Worldwide, Verizon, the Information Technology Association of America, and USTelecom Association.

The ICC understands the importance of introducing Internationalized Domain Names (IDNS) in order to meet the growing need of vast numbers of new Internet users who do not speak or rely on English. This is a different challenge, however, and should be separately addressed.

ICANN is a not-for-profit organization, and ICC's members believe that this status is a central and important element to its ability to build trust within the international community. In light of the vast new revenue streams that the introduction of new gTLDs, and in particular the use of auctions to resolve disputes will create for ICANN, the ICC believes that it is important for the ICANN community to reevaluate whether the proposed implementation approach is meeting the needs of the broader Internet community that ICANN should be serving, and whether ICANN is expending the necessary resources to fulfill its underlying critical mission.

### **I. The New gLTD Program Will Significantly Increase Costs Associated with Protecting Trademarks and Brand Names**

IP rights holders are already compelled to engage in defensive registrations to prevent trademark dilution, trademark infringement, misappropriation, and misuse in the online world. The complex challenges that are faced by domain name registrants in today's online environment with over-200 gTLDs - a combination of generic, sponsored, and country code strings - are well documented but not well reflected in ICANN's proposed implementation. Consumer fraud, identity theft, forms of cybersquatting that confuse users (including typosquatting), and the abusive use of some domains to engage in the spread of malware present significant challenges to consumers who rely on the Internet for everything from shopping to keeping in touch with friends. The new gTLD program will vastly increase the costs associated with defensive registrations and mark protection, which are already extremely expensive for trademark owners under the existing scheme, where there are only a finite number of gTLDs. A trademark owner's goodwill is inextricably intertwined with the painstaking and costly efforts to maintain its brand integrity.

### **II. There is No Compelling Evidence Demonstrating a Need for New gTLDs**

The ICC fundamentally disagrees with ICANN's premise that the Internet's addressing system is "now constrained by only 21 generic top-level domain names." This assertion is belied by evidence that suggests that (1) the rate at which new domains have been registered appears to be declining and (2) newer TLDs introduced at the behest of ICANN are vastly underutilized. In its September 2008 Domain Name Report, VeriSign observed that new domain registrations across all TLDs declined by 18% in the second quarter of 2008 (in comparison to the first quarter of 2008).<sup>2</sup> In its December 2008 Domain Name Report, TLD registrations declined by 2% (in comparison to the first quarter of 2008), "driven by declines in both gTLD and ccTLD growth."<sup>3</sup>

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<sup>2</sup> VeriSign, *The Domain Name Industry Brief*, Volume 5, Issue 4 (September 2008).

<sup>3</sup> Verisign, *The Domain Name Industry Brief*, Volume 5, Issue 5 (December 2008).

New .com and .net registrations declined by 9% over the second quarter of 2008 and 8% over the second quarter of 2007.<sup>4</sup>

Utilization rates for gTLDs thus suggest that demand for new domain names is weak. The .coop, .aero, and .museum gTLDs, for example, have no more than 10,000 registrations each.<sup>5</sup> There is thus little evidence to suggest a compelling demand for the expansion of new TLDs. Further, as noted by VeriSign, growth of registrations in key country codes, such as .de; .cn; .bz; .uk. and many other country codes shows that many registrants prefer to register in a country code that reflects a national affiliation. ICANN's proposed approach ignores the significance of such data. Before moving ahead with the proposed introduction of new TLDs in particular in ASCII, ICANN should deliver the long awaited, and promised Economic Study of Proposed Registry Agreements that was requested by ICANN in a Board resolution adopted on October 18, 2006.

In addition, with search becoming the primary way people find information on the Internet, the utility and value of yet more domain names is diminishing. This fact, plus the cost to register, defend, and educate people about new domains, makes gTLDs even less attractive.

### **III. Internationalized Domain Names (IDNs) Need Further Study Before Deployment**

The ICC recognizes the positive benefits of a carefully considered system for IDNs, since our members sell products and services in many foreign countries to individuals who do not speak English as a first language. IDNs offer significant promise to ease the integration of vast numbers of new users onto the global Internet.

Nevertheless, some forms of IDNs may be used for fraud, if the string is confusingly similar to an existing gTLD, for instance, through a use of a script that appears to be the same as another gTLD.

ICC's members understand the importance of moving ahead with IDNs, and greatly value the contribution of introducing non-ASCII addressing. Our members will face many challenges as they move into this world in order to serve their customers around the globe. Thus, further study of the risks, and resolution of such risks, should be a priority for ICANN. ICC members look forward to participating fully in such a study. In the meantime, the ICC supports in principle the introduction of the fast-track ccTLDs IDNs, and suggest that many lessons can be learned from this initial step.

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<sup>4</sup> *Id.*

<sup>5</sup> See ICAAN - Registry Operator Monthly Reports, available at <http://www.icann.org/en/tlds/monthly-reports.com>

#### **IV. String Similarity Algorithms Are Not A Panacea**

The use of string similarity algorithms to determine whether trademark rights are implicated, in and of itself, is not a panacea for the protection of intellectual property rights. Module 2.1.1.1 discusses the String Similarity Algorithm (SSA) that examiners will use to determine whether the string is likely to cause confusion. Although the SSA accounts for visual similarity, it does not appear to account for aural or phonetic similarity. Notably, Module 3.5.2 (Legal Rights Objection) enumerates non-exhaustive factors to be considered in a Legal Rights Objection, including “[w]hether the applied-for-TLD is identical or similar, including in appearance, *phonetic sound* or meaning, to the objector’s existing mark.” (emphasis added). The phonetic sound of a TLD should be similarly incorporated in the SSA used to determine whether a proposed TLD is likely to cause confusion.

Moreover, the SSA alone cannot be dispositive of string similarity. There must be manual reviews to ensure adequate protection of trademarks. Serious questions are raised about whether the seemingly exclusive reliance on algorithms to determine confusing similarity of strings will conflict with trademark law’s “likelihood of confusion” test, which relies on a complex sound, sight and meaning analysis and review of many other factors.

#### **V. Dispute Resolution Mechanisms Should Be Revised**

Module 3 describes dispute resolution mechanisms that will be available to IP rights holders in lodging objections to a gTLD application. Intellectual property rights holders maintain standing under Module 3 when an applied-for gTLD string infringes upon such rights. Module 3.1, however, provides that “an objector accepts the gTLD dispute resolution process by filing its objection.” This language implies that IP rights holders may be foreclosed from seeking legal recourse through other avenues that are currently available. Although this may be an oversight, the ICC strongly encourages ICANN to clarify that IP rights holders will not forfeit their options to pursue other legal recourse merely by lodging complaints with one of the dispute resolution service provider (“DRSPs”) identified in Module 3.

ICANN should consider at least two other changes to its dispute resolution mechanism under Module 3. First, IP rights holders should have the opportunity to appeal an adverse ruling concerning an objection filed against a gTLD application. Given the potential harm that could be caused by the creation of a gTLD that implicates IP rights, an appeal process is necessary to ensure that IP rights holders receive adequate process to vindicate their rights. Second, Module 3.4.4 provides for a single panelist to adjudicate intellectual property rights disputes in proceedings involving an existing legal rights objection. Yet parties in Uniform Dispute Resolution proceedings have the option (at their expense) of selecting three panelists to adjudicate disputes. Likewise, ICANN should allow three-member panels to resolve disputes that may arise with new gTLD applications.



## **VI. Evaluation Mechanisms Need Enhancement**

Module 1.1.5 notes that ICANN intends to launch the next gTLD application rounds “as soon as possible” and that “[t]he goal is for the next application round to begin within one year of the close of the application submission period for this round.” ICANN’s timeframe appears to value speed for its own sake. Additional gTLD application rounds should only occur *after* ICANN has carefully evaluated and addressed problems that have arisen in the course of its current round of gTLD applications, since it is highly foreseeable that intellectual property rights concerns will militate toward a more deliberative approach.

In sum, there should be significant time periods in between application rounds to assess (1) whether trademark owners will be able to vindicate their intellectual property rights given the introduction of any new gTLDs; (2) whether the costs associated with brand management and mark protection justify the benefits of the new gTLDs; (3) whether the new gTLDs do, in fact, yield tangible benefits to the broader Internet community; and (4) whether the gTLDs negatively impact the safety and stability of the Internet and its infrastructure.

## **VII. ICANN Must Explain How it Will Use gTLD New Revenue Streams to Fulfill its Purpose(s) as a Non-Profit Corporation**

In an explanatory memorandum that precedes the Draft Applicant Guidebook, ICANN notes that “one of its foundational principles, recognized by the United States and other governments, has been to promote competition in the domain-name marketplace while ensuring Internet security and stability.” The stability of the Internet is inextricably intertwined with the ability of IP rights owners to vindicate their rights in an efficient and effective manner.

ICANN is in a financial position to devote increased financial resources to protecting IP rights as it introduces new gTLDs. As a result of its revenue streams in 2007, ICANN now maintains net assets or fund balances in excess of \$35 million. This is not entirely consistent with ICANN’s enunciated foundational principles, and seems to run counter to its purpose as a non-profit corporation under U.S. law.

Colleges and universities have recently been subject to increased scrutiny by the IRS and Congress for purportedly hoarding their endowments at the expense of achieving the underlying missions that give rise to their tax-exempt status. In September 2008, the IRS’ Exempt Organizations Compliance Unit (“Unit”) announced that it would send detailed questionnaires to over 400 colleges and universities. The IRS Unit plans to specifically examine the investment and use of college and university endowment funds in light of their underlying missions and tax-exempt statuses. Similarly, Senator Max Baucus, the Chairman of the Senate Finance Committee, and Senator Charles Grassley, the Ranking Member of the Senate Finance Committee, sent a similarly oriented questionnaire to 136 colleges and universities on September 8, 2008.

In light of this renewed scrutiny and with the new revenue streams that will be created by new gTLDs, ICANN should devote its additional resources to: 1) ensuring the security, stability and integrity of the Internet; 2) benefiting registrants through lower costs; and 3) establishing

cost-free mechanisms to ensure that trademark holders have adequate and effective tools to protect their intellectual property rights.

## **VIII. Specific ICC Proposals**

If, despite the strong arguments set forth above, ICANN determines that it must still implement new gTLDs, ICC respectfully submits the following alternative proposals.

### **A. Create an improved approach for preventing conflicts with brands at the Registry level**

At the outset of the application process for new gTLDs, ICANN should create a low-cost “reserved” list for trademark owners who can meet specific, objective criteria to address applications for top level strings (new gTLDs). This reserved list would not constitute a famous mark list, but rather would be open to any trademark owner who could meet certain objective criteria. The objective criteria would require the trademark owner to demonstrate “global” brand strength by virtue of trademark registration in three (3) out of five (5) UN regions. If a trademark owner is not registered in 3 of 5 UN regions, it would still be able to get its name on the list by showing a combination of two or more of these factors: (1) active use of the mark; (2) registration of the mark as domain name in multiple gTLDs or ccTLDs; (3) active, resolving websites using the mark (that predate rollout of new gTLDs); or (4) evidence of defensive actions against forms of infringement like cybersquatting or other forms of online dilution in any appropriate forum.

Once these objective criteria for inclusion on this “reserve list” have been satisfied by a trademark owner, a prospective applicant who wishes to register a domain that is on the reserved list should have the option to bring an expedited administrative proceeding to allow its proposed gTLD to move forward. This proceeding would be administered by the Arbitration and Mediation center of the World Intellectual Property Organization (WIPO), which has already been identified by ICANN as a potential DRSP and has well-established expertise in resolving trademark and domain name disputes.

### **B. Create an improved approach for preventing conflicts with brands at the Secondary level**

At the secondary level, ICANN appears to be placing great faith in the capacity of new gTLD applicants, who are not required to have previously operated a domain name registry. In some instances, ICANN will be entrusting gTLD applicants with no experience in operating domain registries with the critical task of devising and implementing mechanisms to prevent abusive registrations.

Instead, ICANN should establish baseline rules and/or processes in Module 2 to ensure that IP rights holders can easily and inexpensively protect their trademarks and brands, both prior and subsequent to the launch of new gTLDs. ICANN should establish the following baseline rules and procedures:<sup>6</sup>

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<sup>6</sup> The ICC encourages ICANN to develop more detailed rules and procedures that convey to potential registry operators that they must devise and implement mechanisms that protect intellectual property rights.

- Require the implementation of a detailed, objective, uniform and cost-based Sunrise Process for all new gTLDs, whereby trademark holders can register domain names before the registration process is opened up to the general public. (Some variations are appropriate for sponsored/community based strings, but there should be a strong degree of consistency in the sunrise processes used by all new gTLDs, both ASCII and non-ASCII (IDN));
  - In this vein, registry operators of new gTLDs should use a “reserved name” list for trademark holders. In addition, in light of the legitimate concerns of countries about the potential for abusive registrations/applications for domains that are associated with countries and territories, this same approach should be considered for country and territory names. The approach taken for .travel and .info provide a basis for the “reserved names” list for sovereign countries, territories and related entities;<sup>7</sup>
- Require new gTLD registry applicants to establish detailed pre- and post- launch mechanisms to protect the rights of trademark owners;
  - Such mechanisms should first be evaluated in terms of their capacity to protect the rights of trademark owners or other established legitimate rights;
- Require new gTLD registry applicants to create a consolidated portal for receipt of claims by trademark owners, which will facilitate the resolution of intellectual property rights issues that are likely to be replicated across all new gTLDs;
  - Rules should also mandate that ICANN staff monitor and track complaints and problems, and fully consider such problems during the evaluation process of the initial round of introduction of new gTLDs;
- Require the implementation of expedited, cost-based procedures for the forfeiture of domain names obtained through abusive registrations. Such expedited procedures should be developed, agreed to by the community, and required as a contractual term in all new registry contracts;
- Require applicants to genuinely commit to participate in an open and transparent WHOIS database. Proxy and private registrations often frustrate the efforts of trademark owners to identify domain name registrants and should be strongly discouraged, if not prohibited. The growth of online fraud, and, in particular, phishing, necessitates stronger action at both the applicant and registrant level to ensure that criminals can be quickly identified and stopped. Even if applicants are not prohibited from facilitating proxy or private registrations, at a minimum IP rights holders and law enforcement must be able to quickly identify the actual entity or individual responsible for abusively registering a domain name that misappropriates or violates a trademark owned by the IP rights holder.

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<sup>7</sup> ICC members understand that certain names associated with ICANN-related entities are on reserved status since such names may cause consumer/user confusion. ICC’s members respect that concern. Likewise, other brands and countries deserve similar treatment.

Procedures are needed prior to the finalization of the registry agreement, and will need to also address the role of the registrars.

## **IX. Conclusion**

The current iteration of the Guidebook lacks important procedural and substantive protections to ensure that IP rights holders can effectively and efficiently protect their trademarks, reduce the likelihood of confusion, and help prevent fraud. The ICC strongly encourages ICANN to consider the recommendations enumerated above, which would appreciably enhance the ability of IP rights holders to vindicate their rights and protect consumers from prospective harm that could be engendered in the absence of substantive modifications to the Guidebook. The introduction of new gTLDs should not be advanced by ICANN until fundamental problems concerning the protection of IP rights are fully addressed.

Sincerely,

Heidi C. Salow  
David Lieber  
Counsel

cc: Peter Dengate Thrush, Chair

## **Comments to the first DRAFT *Applicant Guidebook* re New gTLDs**

Submitted to: ICANN new gTLD public comment forum

Submitted by: Mike Rodenbaugh – Rodenbaugh Law

Date: 15 December 2008

We welcome the opportunity to comment on the Draft Guidebook, and appreciate the great deal of resources that have gone into its preparation. We have General Comments applicable to several or all Modules, and also comments specific to each Module.

### **General Comments:**

As stated by the BC in April, 2007, we support only those new TLDs that would add value to the namespace, on condition that better mechanisms be employed to deal with abuse. See [BC Position](#), “Adding Value to the Namespace while Avoiding Unfairness”, April 2007, attached as Annex A.

### *Economic Studies*

ICANN has stated repeatedly that the internet community will benefit economically from the introduction of new gTLDs. However, ICANN has not produced any study to suggest this, nor any study to demonstrate beneficial economic impact from the prior rounds of new gTLDs. Such studies have specifically been requested by many stakeholders over the past several years, and should be produced by ICANN as justification for this new gTLD program.

Of equal importance, ICANN has never undertaken to study the significant, negative impact to the community, created by prior gTLDs and likely to be worsened by still more new gTLDs. Businesses, organizations and individuals who have trademark and other rights have paid huge amounts of money to registries, registrars, ICANN and a number of businesses who provide online infringement monitoring and takedown services. They have spent enormous resources to investigate and enforce rights against blatant cybersquatters. To gain better credibility in the business community, we suggest that ICANN study and consider these costs, and begin policy development to mitigate them.

### *Rights Protection Mechanisms*

ICANN and its contracting parties have allowed large-scale cybersquatting to persist for many years, while taking revenue from every abusive registration. Now ICANN is likely to make the situation dramatically worse with hundreds or thousands of new gTLDs -- if stronger rights protection mechanisms are not

developed to address abusive registrations. We believe there should be a phased implementation of new gTLDs. Only community-based gTLDs with registrant verification mechanisms should be allowed before better rights protection mechanisms are developed for unrestricted gTLDs.

We support the notion of a standardized sunrise validation process that permits interested rightsholders to validate their rights one time, and then that validation would be accepted by all new TLD operators. The past experience, of each new TLD with its own unique rules and costs for validation of rights, must be avoided with new gTLDs. However, this is not nearly enough of a solution, because few businesses will be interested in defensively registering in many new TLDs, and should not feel obligated to do so (or else face a costly cybersquatting dispute). Therefore, we urge ICANN to consider stronger mechanisms to protect existing legal rights, both before and after those rights are infringed.

A standardized validation process could be extended to also provide warnings -- to the registrant, registrar, registry, ICANN and the rightsholder -- of any registrations which are likely to conflict with validated rights. Such a non-binding process would be easy to implement, would provide all relevant parties with advance notice of a potential conflict, and thus could have a strong chilling effect upon abusive registrations. ICANN could also consider a more binding process, which would block evidently conflicting registrations unless approved by the rightsholder. This particularly might make sense for globally famous brands.

In any event, abusive registrations will surely continue. So ICANN must empower its contracting parties with the clear contractual right to suspend resolution to any abusively registered domain. This right is in many of the existing registry agreements, but not all, and is absent in the proposed new registry agreement. This right is also incorporated in nearly all registration agreements between registrars and registrants, and in most registry-registrar agreements.

However, the lack of consistency has created confusion about the ability of contracting parties to take action against abuse. This confusion causes delayed response by contracting parties, everyday as private and public law enforcement battle online crime. Of course, that causes inordinately more harm to the internet community, particularly to all of the various victims of that crime (including the contracting parties themselves). Therefore, this ability must be clarified and strengthened by ICANN, particularly by requiring it in the new registry agreement.

ICANN could go still further, and consider a notice and takedown system for abusively registered domains. ICANN should review how such systems have worked in some TLDs and in analogous implementations. It is likely that some contracting parties would adopt such a system voluntarily, if there is devised a clear and objective process for handling abuse complaints. It is also probable that TLDs that adopt such systems would experience far less abuse.

*Transliteration of Strings from ASCII to Other Scripts,  
and Translation of Strings from English to other languages*

The simultaneous advent of IDN TLDs among many new TLDs will cause a great amount of user confusion, particularly if different registry operators control different language and/or script versions of the same ASCII/English TLD string. We believe that allowing a different entity to apply for and secure the right to manage a transliteration or translation of another TLD string would violate the GNSO recommendation that new TLDs must not be confusingly similar -- in sound, sight *or meaning* -- to any existing TLD.

ICANN must not force TLD operators and applicants to spend inordinate financial and human resources on needless challenge processes. Both money and time would be much better spent on development of their TLD on behalf of the global internet community.

We encourage ICANN to make it easier for new and existing gTLD applicants and operators to offer multiple variations of their ASCII TLD string, so long as 1) the variations are legitimate translations or transliterations of the applied-for string, and 2) all pre-existing and new registrants in these TLDs have the opportunity to bundle their second level names along with all of the other variations offered by that TLD. For example, .travel should be allowed to pay one application fee for .viajes, and perhaps a small additional fee for “travel” translated or transliterated into Japanese, Korean, German, etc. Furthermore, the registrant of [trademark].travel should be given the opportunity to register the equivalent in any additional scripts offered by the TLD operator.

*Lack of Detail in the Guidebook*

Our final, general comment is that the Draft Guidebook still lacks a great amount of detail. Specifically, there is very little detail about the various objection processes that may disrupt an application, and there is very little detail about any rights protection mechanisms that ICANN purports to require of new TLD registries. We hope there will be ample time for comment, and revision, once those critical details are published.

**Comments on Modules 1-6**

*Module 1*

- 1.1.2.7 We agree with the standard for confusingly similar gTLD strings, which will not be allowed if they are deemed “so similar that they create a probability of detrimental user confusion if more than one is delegated.” But much more detail is needed as to how ICANN will make this determination.

- 1.2.2.2 It should be made clear that there will be no material changes to the community-based nature of new gTLDs for at least five years, and a presumption against them generally thereafter.
- 1.2.3 ICANN should clarify which portions of the application are to be confidential, and should further specify its methods for maintaining the confidentiality of this information.
- 1.2.4 We applaud ICANN's efforts to publicize these Technical Acceptance Issues.
- 1.5.1 The Dispute Resolution Filing Fee should be refunded to the prevailing party, as with the Dispute Resolution Adjudication Fee. ICANN must make every effort to keep these both of these Fees to a minimum. Much more detail is needed as to the costs of the Dispute Resolution Fees, and refunds of Application Fees if withdrawn in response to a Dispute Resolution.

## Module 2

- 2.1.1.1 Much more detail is needed as to the String Confusion Review, and particularly the qualifications and duties of String Similarity Examiners. Will there be opportunity for public comment before they render a decision? Are there fees associated with this review? Decisions of the String Similarity Examiners should be subject to an appeal process.  
  
ICANN should clarify the role of the String Similarity Algorithm, and also should consider qwerty and/or other relevant keyboard proximity as an element of the calculation. What algorithmic threshold will trigger a review by an Examiner?  
  
Also, the Standard for String Confusion is inaccurately limited to "visually" similar. Instead string confusion should be deemed to exist where they are "so similar – in sight, sound or meaning – that they create a probability of detrimental user confusion if more than one is delegated."
- 2.1.1.2 Criteria for placement on the Reserved Names List must be specified, and also a procedure should be developed for challenge and removal of names from the List. There should be transparent justification for each string placed on the List, as to why it should be reserved. Are these only reserved in ASCII, but not IDN equivalents?



It concerns many famous brand owners that ICANN protects its own trademarks and the marks of other entities via the Reserved Names List, yet refuses to extend that protection to globally famous brands. Many of those brands may have greater justification for placement on a Reserved Names List than do the ICANN-related names that are reserved.

- 3.2.1 Objections and Responses should not be limited to 2500 words, as this is unreasonably short. We suggest at least 5000 words, but do not see need for arbitrary limitation.
- 3.4.4 ICANN should state a Conflicts of Interest Policy for all Panelists.
- 3.4.5 It is stated that panel decisions “will be considered by ICANN in making a final decision.” We believe the panel decisions should not be subject to further review by ICANN, but should be subject to an appeal process by a third party provider of dispute resolution services and/or a court of competent jurisdiction.
- 3.5.1 Again it should be clarified that the appropriate standard is confusing similarity in sight, sound or meaning. This would be consistent also with Section 3.5.2 as stated.
- 3.5.3 Obviously, some detail is required before anyone can comment on the Morality and Public Order Objection.
- 3.5.4 The “Defenses” section should be removed or clarified. The objector must have the burden to prove all four elements of the stated test. If they have done so, and the applicant has also met the Community requirements at 3.1.2.4, then ICANN intends to award the TLD to the applicant. Even despite a finding that there is a likelihood of detriment to a community? ICANN should clarify how the community objection might be accommodated, if in effect there are two or more valid community claims to same or similar strings.

#### Module 4

- 4.1 Again, it must be clarified that confusing similarity in sight, sound or meaning will create string contention.
- 4.1.3 It is unclear why applicants should may not resolve string contention situations by creating a joint venture to operate one string. This would seem to further ICANN’s interests in resolving contention situations amicably, and anyway could easily be avoided through other corporate structural mechanisms with similar effect.

4.2.1 We believe that community-based applications should prevail over open and unrestricted applications for the same or similar strings. ICANN has raised the bar too high for community-based applications to prevail in contention circumstances, by requiring a nearly perfect 11 of 12 score in any comparative evaluation. If the community-based applicant is competing against open application(s), then a lesser score should prevail. We suggest that 10 points ought to be enough to prevail, as the criteria are set out in Section 4.2.3. Of course if another community-based application had a higher score, then it ought to prevail.

4.4 90 days for execution of a contract may be a very short time in many circumstances, particularly where non-English speaking parties are involved. Prior registry applicants have been afforded wide latitude in negotiating their contracts, even over periods of years. We note that Section 5.1 says that applicants “are expected to enter into the agreement substantially as written”, yet this has not been the case for prior applicants, and it is unclear what proposed amendments would be deemed “substantial.” So ICANN should clarify its intent with this provision with respect to the scope of negotiation that is expected to be allowed for new gTLD registry applicants.

### Module 5

We are concerned about the relation between existing registry contracts and these new gTLD registry contracts as proposed by ICANN. Our biggest concern is that existing operators will use provisions in their contracts to demand “best terms” from the new registry agreements be amended into the existing agreements. In particular, this could lead to the elimination of negotiated price caps in existing registry agreements, which in turn could lead to differential pricing. Furthermore, it could lead to extortionate renewal pricing once registrants have invested time and money in domain names with expectation of a reasonable price. In order to preclude this sort of behavior, ICANN should have mechanisms to review, and then approve or disapprove, any renewal price increases over a certain threshold.

2.7 of proposed Registry Agreement should clarify that only changes that might decrease the effectiveness of Rights Protection Mechanisms shall be subject to prior ICANN approval. Changes intended to increase the scope or effectiveness of Rights Protection Mechanisms should not be subject to prior review.

### Module 6

10 Applicants should have the ability to assign their rights in any application under commercially reasonable circumstances, such as when all of the assets of their business are sold to another going concern. ICANN should retain discretion to approve or reject any such assignment -- in order to prevent any sort of market

from developing for TLD applications, and in order to ensure that any assignee also meets all of the applicant criteria previously satisfied by the assignor.

## ANNEX A

# Business Constituency Position

## Adding value to the namespace while avoiding unfairness

April 2007

### Background

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The document draws on existing positions of the ICANN GNSO Business Constituency (BC), and adds detail on the concepts of community support, transparency and rights protection in light of the 2007 process for new generic top-level domain names (gTLDs).

#### Five principles to determine future expansion

Name space expansion should create added-value. Where there is added-value there will be user demand. In this way expansion will enhance choice, competition and be in the public interest. In a global market economy added-value means differentiation and a practical way to achieve this is if all new names meet five principles:

1	Differentiation	a gTLD must be clearly differentiated from other gTLDs
2	Certainty	a gTLD must give the user confidence that it stands for what it purports to stand for
3	Good faith	a gTLD must avoid increasing opportunities for bad faith entities who wish to defraud users
4	Competition	a gTLD must create added-value competition
5	Diversity	a gTLD must serve commercial or non-commercial users

#### Community support

The BC supports the concept of top-level domain names that are targeted towards a community as the optimal way to expand the name space because they create this sort of added-value competition. Such names may include chartered and sponsored TLDs.

Chartered TLDs are ones proposed by an applicant registry where the registry does not represent the community targeted but seeks to define and appeal to a targeted community. The public interest justification in awarding a monopoly-like right on the TLD is thus lower than that for a sponsored TLD and so allocation criteria for competing applications may be different to those appropriate for sponsored TLDs.

Sponsored TLDs are ones proposed by a sponsor (with or without plans to provide the back office and front office functions of the registry) where the sponsor defines and represents the community targeted. This ability to represent the community is the public interest justification for the awarding of a monopoly-like right to a unique domain name. Example: Tralliance was awarded the .travel TLD because it was able to show the sponsor was representative of the world's travel trade community.

Such community supported or targeted TLDs have five key benefits:

- they establish competition with .com because they provide TLDs that have an identity: companies are provided an incentive to migrate to the TLD to take advantage of a form of brand identity within their sector,
- they identify a community that has reason to maintain and encourage registration in the TLD space,
- they provide improved searchability with more relevant results,
- they identify a community that has reason to maintain an accurate and authenticated WHOIS,
- they prevent cyber-squatting, phishing and other forms of consumer harm because there is control and validation of who registers in the space.

#### **The 2006-7 process for new TLDs: maximising the benefits**

It is highly likely that the next round of TLDs will attract mostly open TLD applications. Should the BC therefore consider the concept of registrant-verification for all TLDs? The paper seeks to explore this issue.

#### **The 2006-7 process for new TLDs: transparency versus confidentiality**

An unforeseen issue in the 2006-2007 round of TLDs has been the lack of transparency of certain applicants as to who exactly their backers are. The paper seeks to explore this issue.

#### **The 2006-7 process for new TLDs: the concept of community**

During the first half of 2007 ICANN's GNSO is completing work on a recommended process for new gTLDs. The process will allow open, chartered and sponsored top-level domains. Where in any round of applications two or more applicants apply for the same string (the alphanumeric characters to the right of the dot), one recommended way to resolve the conflict is to prefer the applicant that can demonstrate community support. The paper seeks to explore this issue.

#### **The 2006-7 process for new TLDs: rights protection mechanisms**

A significant concern of most members of the business community in the forthcoming process for new TLDs is the likelihood of bad faith use of trade marks or other reputational identities and the absence of practical remedies. The paper seeks to explore this issue.

## Recommendations

### 1. Maximising the benefits

It is highly likely that the next round of TLDs will attract mostly open TLD applications. The BC recommends that all new registries be obliged to verify the initial registration information of registrants. The screening protocols used by .travel or .cat and other sponsored TLDs may be appropriate mechanisms for this purpose. Additionally, a system of voluntary registrant certification could be established (by a third party) as a simplified means of verification for users who have multiple domain registrations. The BC notes that should registrant-verification be applied to all new TLDs then at least two of the four benefits of sponsored/chartered TLDs would be achieved, namely:

- the maintenance of an accurate and authenticated WHOIS.
- the prevention of cyber-squatting, phishing and other forms of illegal activity because there is control and validation of who registers in the space.

#### **Recommendation**

**The BC recommends that all new TLD registries adopt a means of registrant-verification in order to reduce illegal activity.**

### 2. Transparency versus confidentiality

The award of a TLD is akin to the award of a monopoly right, which under current proposals will be a right with a strong presumption of indefinite renewal. An application claiming community support and to be representative of that community should have to demonstrate the claim.

The BC foresees two possible exceptions under which confidentiality of certain parts of an application may be reasonable:

- to prevent copy-cat competition of a unique business model;
- to prevent a declared expectation of physical harm or imprisonment of a sponsor.

#### **Recommendation**

**Subject to the above, the BC believes that there should be full transparency and disclosure in any TLD application including the full list of the names of the sponsors, proposers and investors behind any application.**

### 3. TLDs and the concept of community

One GNSO recommendation for resolving string contention is to give priority to the applicant that can demonstrate a *level of support of the community*. Staff Evaluators would devise criteria and procedures to investigate the claim.

#### **Recommendation**

**The BC supports this means of resolving string contention and proposes that the evaluation of level of support be based on a standardised and simplified version of the existing ICANN experience with the evaluation of sponsor and sponsored community in previous sTLD application rounds.**

## 4. Rights protection mechanisms

A significant concern of members of the business community in the forthcoming process for new TLDs is the likelihood of wide-spread bad faith use of trade marks or other reputational identities and the absence of practical remedies. Rights holders consider this issue an unfair business practise for two key reasons.

### a) Harm without compensation and profiting from bad faith

Rights holders have significant experience of a variety of bad faith use of their trade marks and associated reputational identifiers in new TLDs. These practices include but are not limited to:

- cyber-squatting – the bad faith use of the reputational identifiers of another to misappropriate traffic intended for popular web sites, or to otherwise take unfair advantage of business reputation;
- typo-squatting – the bad faith use of a common misspelling of another's reputational identifier to misappropriate traffic intended for popular web sites, or to otherwise take unfair advantage of business reputation;
- phishing – the bad faith use of the exact or a common misspelling of a reputational identifier of another in order to commit fraud on the web user.

The above are unfair business practises by registries because in each case, while there is harm to the pre-existing reputation, and harm to the Internet user, the party enabling the harm (the registry), not only bears no cost nor offers compensation nor remedy, yet actually profits from the harm through the registrant's fees.

### b) Defensive registration or coercion ?

The above situation has meant that affected company's have been forced to seek the one available remedy, that of defensive registration. In some cases the costs of these even can reach hundreds of thousands of dollars. Sometimes this has been assisted by an early registration privilege (sunrise period) or a dispute resolution policy to transfer ownership of the offending domain name. This remedy is in effect an unfair business practise because a third-party's business opportunity (the registry) has added cost to a large number of third parties without any corresponding benefit.

### The solution

The regional registry running .eu offers a cost-free take down mechanism where there is such reputational harm. The .asia registry is considering a similar mechanism. Once harm is established the domain name is removed from the root. Subject to seeing how it operates in practise, the BC supports this type of mechanism. (The community is considering additional mechanisms and the BC may propose these at a future date.)

The process for evaluating reputational harm needs to be robust and proportional to the harm. Such a mechanism should not be abused for competitive reasons nor in cases where there is an absence of bad faith or reputational harm. Consideration will be necessary when similar or identical trade marks co-exist or where the name is a common word: the test should be use in bad faith.

<b>Recommendation</b>
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**The BC believes the solution is to have a take-down mechanism for bad faith use that is cost free to the company whose reputation is being harmed in all TLDs both existing and future, both generic and country-code. The BC calls on all existing registries to implement such a mechanism within the next 6 months. The BC calls on ICANN to add such a requirement to all future and existing registry contracts.**

## [gtld-guide]

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### Questions about the Guide

- *To:* gtld-guide@xxxxxxxxxx
- *Subject:* Questions about the Guide
- *From:* Antony Van Couvering <avc@xxxxxxxxxxxxxxxxxxxx>
- *Date:* Mon, 15 Dec 2008 19:10:16 -0500

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In addition to comments on the Guide, I proposed some questions for an ICANN FAQ. These are questions that many will have, and if the Guide is to be a guide, they will need to be answered. I hope they may be of use to ICANN staff. These were originally published as blog post on November 29 at <http://www.namesatwork.com/blog/2008/10/29/questions-icann-should-answer> .

Antony Van Couvering

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1. Is a geographic TLD by necessity community-based? If not, what is an example of a non-community-based geographic TLD?
2. I want to start a TLD for the 100,000-strong community of [rare-language] speakers. This will always be a small TLD, but vital to the interests of my community. Is the \$75,000/yr fee to ICANN adjustable in any way?
3. ICANN goes into great detail to justify the estimated \$185K application fee. I see no similar justification for the \$75K (or 5% of registration revenues) annual fee payable to ICANN. What justification is there for this fee?
4. As an end-user, if I buy NAME.EXAMPLE, how do I know that the registry won't raise the fees to an unaffordable level when it comes time to renew?
5. I want to start .EXAMPLE, but I'm afraid that no registrar will want to offer it. The way I read the rules my registry cannot also be a registrar, but the registrars I've talked to are not in the least interested in offering this. How can I make sure that there's a sales outlet for my TLD?
6. I want to start .RARE-LANGUAGE, but all the registrars I've spoken to only use major languages on their sites. How can I make sure I'm able to reach my community in a language they can understand?
7. Once my application is approved, it may be a long time before I'm able to open to the public. I will have to sign a contract with ICANN, do marketing and communication to let people know my TLD exists, design and implement a trademark Sunrise period, until finally I can open to the public. I estimate this could take 6 - 9 months. It looks to me as if I might have to pay up to 3/4 of that fee before I see a penny of revenue. When does my \$75,000 annual fee to ICANN start?
8. I'm quite concerned about dispute resolution. UDRP disputes are known to be quite variable. For instance, WIPO sides with trademark holders far more often than certain other dispute resolution providers. Furthermore, some decisions have been quite erratic, with similar cases resulting in radically different decisions. ICANN will be using similar procedures in

case of an objection to my TLD, relying very heavily on just a few panelists, in many cases only one. So my (considerable) investment of time and money may be subject to the whim of a single panelist. Since there are no published guidelines for how a panelist should make his or her decision, and since there is no requirement that the panelist even justify the decision, and since there is no appeal allowed, and since I must agree to refrain from asking the courts to intercede, how can I re-assure my investors that the dispute resolution process will be rational and fair, and that their investment is not subject to undue risk?

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Date 14th of april 2009  
Subject Request for comments on the Draft gTLD Applicant Guidebook v2  
Reference  
Your reference  
Our reference 2009018  
Annexe

Dear Mr Twomey,

SIDN is the registry for the .nl country-code top level domain, which, with over three million registered domains, is one of the world's largest and most successful ccTLDs. SIDN also manages the Netherlands' ENUM zone 1.3.e164.arpa.

Since its creation in 1996, SIDN has been closely collaborating with the global internet community with the objective to assure availability, accessibility, stability, security, overall quality and further development of the Internet in general and the .nl name-space (and, since 2007 the 1.3.e164.arpa space) in particular.

As the Chief Executive of SIDN, I welcome the opportunity for stakeholders to give comments on the 2<sup>nd</sup> draft version of the application guidebook regarding the proposed procedure for the introduction of new generic Top Level Domains. We have also submitted comments on the 1<sup>st</sup> version of the draft application guidebook. We thank ICANN for considering our remarks and the changes that were made in the 2<sup>nd</sup> draft application guidebook that are in line with our comments. However, we have noticed that ICANN did not take any action at all with respect to several comments we have made. In this letter we repeat some of our previous comments and we add new ones.

As mentioned in our first comments, the introduction of new Top Level Domains is not a subject that one should consider lightly. Therefore we support ICANN's decision to work out in detail some overarching issues. This means, however, that we will have to wait until the

Date 14th of April 2009  
Our reference 2009018

3<sup>rd</sup> draft version of the application guidebook to see how ICANN proposes to resolve these overarching issues. Therefore our comments mainly focus on those aspects that are not part of the overarching issues.

With this submission SIDN does not assume to react to all aspects of the Draft New gTLD Applicant Guidebook, but would however like to take the opportunity to provide input that will help in assuring a sound, fair and transparent process that supports the goals of increasing competition, choice and innovation, while maintaining or increasing accessibility, stability and overall quality of the Internet .

Our remarks are the following:

### **1. General**

In general the guidebook is clear and well written. However, for newcomers it would be beneficial to have one single repository with additional information such as a single source for the consensus policies and the background of these policies. At this moment it is rather difficult for parties not involved with ICANN to understand the logic of the current ICANN web site and the materials that can be found on it. Perhaps ICANN could review the current gTLD website in order to make the material more comprehensible to newcomers.

### **2. Appeal possibility and procedures**

*Guidebook p6-1, 6-2*

The procedure states that decision to proceed to evaluate an application is entirely at ICANN's discretion. ICANN provides no appeal on any ground – in fact explicitly excludes such appeals- and the applicant has to agree not to challenge the outcome of the decision of ICANN. This is in contradiction with existing common legal practice for organizations serving the public such as ICANN. SIDN understands that ICANN has to limit appeal possibilities to make the process manageable, however, the right balance between these aspects should be found.

*Guidebook p6-3*

Applicants are strongly limited in their rights by agreeing with the application procedure. This is in conflict with the goal to create a clear and uncontested procedure for gTLD applications, since the outcome of the procedure in this way finally will be at the sole discretion of ICANN.

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Our reference 2009018

### *Guidebook p1-23*

The guidebook lacks information on appeals procedure against decisions of Initial evaluation, extended evaluation, objections procedure, contention procedure, board evaluation, board negotiations. It is the opinion of SIDN that ICANN should not design a procedure without appeal possibility because this is in clear conflict with common legal practice for organizations serving the public such as ICANN. SIDN understands that ICANN has to limit appeal possibilities to make the process manageable, however, the right balance between these aspects should be found.

### Guidebook p1-6

ICANN does not describe a process for the following situations:

- an objector is willing to settle with the applicant if the applicant changes a substantial part of its proposal. Or,
- the outcome of a dispute resolution process is that the applicant will prevail only when it changes a substantial part of its proposal.

Will ICANN oblige the applicant to stick to its original proposal, knowing that in this case the application will be rejected, or will ICANN allow the applicant to change its proposal and re-enter it in the appropriate phase of the application process? If ICANN allows the applicant to change its proposal could it indicate what parts can be adapted (i.e. string) and what parts cannot be changed (such as community based to open, see 1.2.2.3).

### **3. Annual fees**

ICANN has reduced the minimum annual fee from \$75.000 per year to \$25.000 per year and simplified the "per transaction" fees. However, it is still unclear what the underlying ratio is for these annual fees, specially for the "per transaction" costs. ICANN should provide an explanation for these fees, similar as it has done for the application fee. Furthermore, future registries should know in advance what services ICANN will offer in return and under which conditions and terms.

Furthermore it is the opinion of SIDN that ICANN should differentiate the fee structure based on the type of TLD proposed. The current differentiation between ccTLD's and gTLD's only will not be sufficient because the gTLD category will probably become very large and differentiated and it will be very difficult to design a single fee structure that fits all type of applicants. Below we propose different categories of TLD's next to the ccTLD's for which we will propose a specific fee structure.

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Our reference 2009018

#### **4. Registry agreement and policy development**

Although SIDN understands the current reasoning behind the gTLD policy development process and the way these consensus policies are included in the registry agreement, it is our opinion that this model cannot be a model for all new TLD's. The reason for this is that the current gTLD's serve a global community for which it makes sense to have a central and ICANN based policy development process. However, future TLD's might all have different purposes and serve different communities. Unless ICANN recognises this by creating different categories of TLD's with each a different contractual framework and a policy development process we foresee an unworkable policy development process within ICANN.

Below we propose different categories of TLD's for which we propose a contractual framework with ICANN, including the way the consensus policies should be treated.

#### **5. Obligation to use ICANN accredited registrars only**

The guidebook indicates that ICANN obliges successful applicants to market domainnames using –and only using– ICANN-accredited registrars. For many types of TLDs, such as small community TLD's and single owner (.brand) TLD's this would strongly limit competition among their registrars as few ICANN accredited registrars will be interested in small (but useful) TLDs. Among SIDN's 2,200 registrars for instance a very small number is ICANN accredited, although .nl is the world's fourth largest ccTLD. It is also one of the safest and most stable TLDs.

One of ICANN's objectives with the introduction of new TLDs is to increase competition, choice and innovation. ICANN should realize that in general the effect on competition of new products or services is strongly limited if clients are forced to use the same, narrow, distribution channel (ICANN accredited registrars in this case).

Below we therefore propose different categories of TLD's for which the obligation to use ICANN accredited registrars would be valid in some cases, but not for all

#### **6. Different categories of TLD's**

Several issues related to the introduction of new gTLD's can be related to the fact that ICANN only has two categories of new TLD's (cc- and gTLD's) with a subcategory for open and community based gTLD's. However, we believe that some of the new ideas for TLD's would benefit from an approach that uses multiple categories. The introduction of multiple categories of TLD's has been put on the table during the ICANN meeting in march in Mexico

Date 14th of April 2009  
Our reference 2009018

and we think it is an approach that needs further consideration from ICANN. Below we describe how these categories could look like.

Different categories of TLD's as proposed by SIDN

1. Single owner (e.g. for companies, brands or closed communities with one owner) for one company/organization that intends to have it's own TLD. Registrations are only provided by the owner of the TLD and no registrar is involved. In principle this is very similar to owning a domain name and providing registry services for the lower level domain names.
2. Socio cultural TLD (not for profit, community based) for socio cultural purposes (to be defined<sup>1</sup>) with a non-profit purpose that provide registry services for a well defined community. Policies are defined by the community, in a similar way as the LIC plays for the ccTLD's. This means that socio cultural TLD's are not obliged to use the gTLD ICANN contracts and to follow the ICANN consensus policies. Multiple registrars provide registrations services to registrants in a competitive environment. Registrars can be accredited by the registry but are not necessarily accredited by ICANN.
3. Community TLD's (for profit, for well described/closed communities including companies) that are very much the same as the current definition of community gTLD's in the applicant guidebook. The only difference is that it is not necessary to use only ICANN accredited registrars.
4. Open TLD's (for all other types of TLD's) with the same rules as for the current open gTLD's,
5. TLD's for intergovernmental or treaty based organizations that are very much the same as the current gTLD's. However, the TLD is not obliged to follow the ICANN consensus policies

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<sup>1</sup> Social with the meaning of "for the public". A social cultural TLD serves the public benefit. This should be reflected in the goals of the TLD, the management and the policies. There are many different definitions of the word cultural. However, an applicant for a socio cultural TLD should clearly state what the cultural benefits of a TLD are for the community.



Date 14th of April 2009  
Our reference 2009018

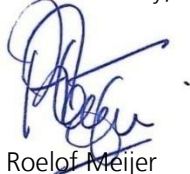
### **7. Preliminary report on competition and pricing**

SIDN has taken notice of the ICANN report on competition and pricing. Our general opinion is that this report is too generic and does not reflect the complex economics related to the domain name system. We therefore do not comment on this report since we believe that this topic needs careful consideration, which is not stimulated with such a generic economic approach. We are looking forward to provide our comments to a more detailed and funded analysis of the economics of the domain name system and the impact of the introduction of new gTLD's on it.

I realize that ICANN has again received a large number of –sometimes quite elaborate– comments on 2<sup>nd</sup> version of the draft Applicant Guidebook.

I trust that you will judge these as proof of stakeholders' engagement and will use the input to design a process that will make the introduction of new gTLDs a success by adding value to the already unsurpassed medium the Internet is today.

Your sincerely,

A handwritten signature in blue ink, appearing to read 'Roelof Meijer', with a stylized flourish extending to the right.

Roelof Meijer  
CEO SIDN

## [2gtld-guide]

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### **Comment by Hearst Communications, Inc. regarding the New gTLD Applicant Guidebook Version 2**

- *To:* <2gtld-guide@xxxxxxxx>
- *Subject:* Comment by Hearst Communications, Inc. regarding the New gTLD Applicant Guidebook Version 2
- *From:* "Nooger, Daniel A" <dnooger@xxxxxxxx>
- *Date:* Mon, 13 Apr 2009 12:55:29 -0400

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Dear Sirs:

Hearst Communications, Inc. offers the following comments regarding the New gTLD Applicant Guidebook Version 2:

1) There should be a use of the "reserved names" listing to include trademarks which have been recognized as "well-known" by trademark administrative tribunals in various countries. In Hearst's case, this would include, for example, "Cosmopolitan" as well as "Cosmo", and "Popeye" and "Betty Boop" - we have decisions (rendered in trademark opposition proceedings) by various trademark administrative tribunals specifically describing these marks as "well-known". In addition, the "reserved names" list should also include trademarks which are widely used / registered throughout the world, even if they have not been the subject of administrative proceedings declaring them as "well-known" - an example would be "Esquire", for which Hearst owns one hundred thirty seven (137) active trademark registrations (in various classes) throughout the world.

2) If the objection procedure is used along the lines discussed in the new Guidelines, then if the objector successfully opposes a gTLD application for (as an example) "Redbook", then "Redbook" should therefore be moved onto the "reserved names" list. The reason for this is to prevent any future applicant from attempting to register "Redbook" (or a close variation of it), since it would be stopped at the examination stage by the presence of "Redbook" on the "reserved" list. This would prevent an objector having to submit and prosecute objections to the same or similar gTLD's multiple times.

3) In addition, the language in the second draft version of the Guidelines regarding the requiring of advance payments by both parties to a dispute of "estimated" fees to the dispute resolution service provider and a refund of these fees to the prevailing party needs to be clarified. It is suggested that in addition to the "evaluation fee", that ICANN should require an escrow from any registrant to make sure there are funds available to collect in the event of such a dispute.

4) In addition, only one fee should be required in the case of a rights holder's objection to multiple applications for the same TLD.

5) IP rights holders should have legal recourse and the right to appeal an adverse ruling on an objection, i.e., DRSP panel decisions should not be subject to further review by ICANN, but rather to an appeal process by a third party dispute resolution provider and/or a court.

6) ICANN should revise the dispute process at the second level to mandate a standard sunrise process, and incorporate the "reserved names" for second level domains also.

7) Dispute resolution panelists must meet certain standards of trademark / IP qualifications. In addition, for transparency, panel decisions should be published.

8) The application procedure should include diligence for past domain name abuse, and this should be a factor if raised in any objection.

9) In general, the new gTLD program launch should be delayed until workable basic safeguards are adopted to protect against trademark abuse. ICANN should establish clear conflict avoidance procedures designed to avoid granting applications that infringe on global trademark holders. More details will be needed before it can be determined whether these procedures are sufficient to prevent such infringements.

Sincerely,

Daniel Nooger  
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Office of General Counsel  
The Hearst Corporation  
300 West 57th Street  
40th Floor  
New York, NY 10019  
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**COMMENTS OF THE  
SOFTWARE & INFORMATION INDUSTRY ASSOCIATION (SIIA)**

**on the**

**New gTLD Applicant Guidebook Version 2 (V2)**

**Submitted April 13, 2009**

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The Software & Information Industry Association (SIIA) submits these comments on the above referenced subject, the updated “New gTLD Applicant Guidebook Version 2 (V2)” (“DAGv2”), released on February 19, 2009 (available at: <http://www.icann.org/en/topics/new-gtlds/comments-2-en.htm>). materials released by ICANN with regard to the launch of new generic Top Level Domains (gTLDs).<sup>1</sup>

SIIA submitted comments on version 1 of the Draft Applicant Guidebook,<sup>2</sup> and attended the ICANN meeting in Mexico City. SIIA staff and member companies have reviewed the comments submitted during the first comment period (which closed in December), the analysis provided by ICANN staff (in February), and the DAGv2, as well as many other rapidly occurring developments, commentaries and efforts surrounding the initiative. As we layout in more detail below, SIIA strongly believes that:

- With ICANN staff having laid out four “overarching issues that require further work so remain unchanged in the draft,”<sup>3</sup> a set of key thresholds has been identified that must all be fully addressed, through meaningful processes, before a full roll out of new gTLDs is undertaken. SIIA’s evaluation of the state of each of these essential overarching issues is that each is, at best, in very different stages of development.

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<sup>1</sup> Throughout this comment, main Draft “New Applicant Guidebook” (posted at <http://www.icann.org/en/topics/new-gtlds/draft-rfp-24oct08-en.pdf>) as the “DAG,” Page and section number references are to the various modules of that document.

<sup>2</sup> See “SIIA Comments on draft New gTLD Applicant Guidebook”, available at: <http://forum.icann.org/lists/gtld-guide/msg00142.html>.

<sup>3</sup> “Draft Applicant Guidebook: What You Told US”, released February 18, 2009, available at: <http://www.icann.org/en/announcements/announcement-3-18feb09-en.htm>.

By any measure, none of them appear to have ripened sufficiently to support ICANN's stated timeline for rolling at new gTLD's, even as some important steps have been taken in the context of one (perhaps two) of them.

- Our view that version 1 of the DAG did not address many of the important issues related to new gTLD's is extended, after careful review, to DAGv2, as well. Indeed, we are struck by how many of the specific issues that were raised in comments in December remain unaddressed (or even, for that matter, unrecognized) in the latest version.
- It is our view that, at a minimum, ICANN, through Board action if necessary, should postpone indefinitely the rollout of gTLD's due to the serious and fundamental issues that remain unresolved, and which are unlikely to be adequately addressed in the short timeline currently proposed. ICANN should instead focus on the areas of IDN's and ccTLD's, which were bundled with the original announcement of rollout of gTLD's.

As the principal trade association of the software and digital information industry, the more than 500 members of SIIA develop and market software and electronic content for business, education, consumers and the Internet.<sup>4</sup> SIIA's members are software companies, ebusinesses, and information service companies, as well as many electronic commerce companies. Our membership consists of some of the largest and oldest technology enterprises in the world, as well as many smaller and newer companies.

Our members are leaders in building the global online marketplace and promoting the digital economy, providing content and infrastructure that users around the world depend on. They rely on a robust, secure and predictable environment, which includes a reliable Domain Name System (DNS) and associated tools that permit the DNS to operate with confidence.

SIIA, its member companies, and its staff have been involved in ICANN since its inception in 1998. SIIA has strongly supported the role of ICANN over those years, and we have continuously worked to enhance the capacity of ICANN to carry out its responsibilities.<sup>5</sup>

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<sup>4</sup> Our website can be found at [www.sii.net](http://www.sii.net).

<sup>5</sup> Those responsibilities are outlined in the Joint Project Agreement (JPA) and, just as significantly, are identified in the "DNS White Paper"<sup>5</sup>, the statement of policy on the privatization of the Internet Domain Name System (DNS) issued in June 1998.

## Four Overarching Issues Must Be Addressed as a Key Threshold

SIIA commends the efforts of ICANN staff to review what it acknowledges are “hundreds and hundreds” of comments,<sup>6</sup> and appreciates the efforts to summarize these for the general public.<sup>7</sup>

As a general matter, based on SIIA’s review of the comments received last December, it is our view that, on the whole, serious doubt has emerged about the viability of expanding the number of gTLD’s at this time. Indeed, the staff recognizes, albeit in an understated manner in our view, that four “overarching issues need more examination and discussion before they can be changed in a future draft Guidebook” and that “these matters require more substantive discussion before changes to the Guidebook can be made.”<sup>8</sup> As a result, the process is at least TWO (if not three) draft Guidebooks away from any ‘final’ set of procedures and expectations, thus making roll out of the new gTLD’s virtually a technical and commercial impossibility according to the current ICANN timeline.

SIIA welcomes the steps that ICANN staff has taken to identify these four overarching issues. We believe that they reflect, at a minimum, essential fundamental questions that must be resolved, through meaningful processes, before any new gTLD’s can be rolled out consistent with ICANN’s mission and the expectations of the global Internet community. SIIA’s evaluation of the state of each of these essential overarching issues which follows leads us to conclude that each is, at best, in very different stages of development. By any measure, none of them appear to have ripened sufficiently to support ICANN’s stated timeline for rolling out new gTLD’s, even as some important steps have been taken in the context of one (perhaps two) of them.

**Security and Stability.** In the view of SIIA, this issue has received less than adequate attention by ICANN in the context of the proposal to implement new gTLDs. As ICANN staff admit, “the near coincident changes planned for introduction into the root zone - IPv6 records, DNSSEC, IDNs, and new TLDs – have not been analyzed for their combined impact on root zone operations.”<sup>9</sup> In the context of this concern, we note that the ICANN Board has requested the Security and Stability Advisory Committee and Root Server System Advisory Committee to jointly conduct a study analyzing the impact to security and stability within the DNS root server system of these proposed

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<sup>6</sup> Comment of Kurt Pritz, ICANN’s Senior Vice President, Services, “New gTLD 2nd Applicant Guidebook Q&A”, Transcript of the Workshop held in Mexico City, March 2, available at: [files/meetings/mexico2009/transcript-applicant-guidebook-qa-02mar09-en.txt](https://www.icann.org/files/meetings/mexico2009/transcript-applicant-guidebook-qa-02mar09-en.txt). (Hereinafter cited as “Pritz Transcript”)

<sup>7</sup> “New gTLD Draft Applicant Guidebook: Analysis of Public Comment”, issued February 18, available at: <http://www.icann.org/en/topics/new-gtlds/agv1-analysis-public-comments-18feb09-en.pdf>. (Herein after cited as “Staff Analysis”)

<sup>8</sup> Staff Analysis, p. 2

<sup>9</sup> Staff Analysis, p. 3.

implementations. To date, we are not aware of any steps that have been taken to implement this ICANN Board directive.

In our view, however, the focus on the implications for the root zone operations is too myopic given the fundamental changes that are likely to result from the dramatically expanded approach to bringing new gTLDs online. The effect on the root zone is just one of the key areas that touch on – as the staff indicate – “the concern regarding security abuses scaling with more TLDs”<sup>10</sup> and must be carefully reviewed.

Indeed, the implications for many commercial and non-commercial operations which act as key facilitators of DNS distribution must be identified, analyzed and considered in the increasingly complex and threatening environment in which security over the Internet takes place. The possibility that new gTLD’s will be introduced at this time of global economic uncertainty raises the stakes and risks for those who have committed to do business over the Internet. On the one hand, internal cost pressures flowing from the current environment means that if past estimates of the costs are a guide, then entities that rely on the DNS will have either to take resources from strategic goals (like product and service development, or marketing and customer support) to manage through the ramp up and implementation of any and all of the new gTLD’s, or underfund adequate transition efforts. On the other, registrars and registries who will take up the operations of the new gTLD’s will, themselves, face enormous pressure to cut corners and put added pressure on enforcement of their agreements, all to the detriment of achieving a key principle for ICANN, the stability of the DNS.

**Malicious Conduct.** As ICANN Staff indicated, commenters “expressed concern that expanding the number of TLDs would also expand malicious behavior on the Internet.”<sup>11</sup> SIIA concurs that this is a key issue that must be examined carefully and evaluated before a full rollout of new gTLD’s can be undertaken. As we have consistently stated, malicious behavior using false or misleading domain names costs our industry, as well as our society and individual consumers, billions of dollars trying to prevent phishing, false domain resolutions, fictitious identifies and other malicious behavior. Consumer protection authorities have, during previous rollouts, had to engage in significant alerts regarding scams.<sup>12</sup>

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<sup>10</sup> Staff Analysis, pg. 3.

<sup>11</sup> Staff Analysis, pg. 4.

<sup>12</sup> See, e.g., FTC Consumer Alert, “What’s Dot and What’s Not: Domain Name Registration Scams”, December 2000. See, also, “Email Scam Uses U.S. Stimulus Bill as Bait”, *Wall Street Journal*, march 25, 2009, available at: <http://online.wsj.com/article/SB123803264428843907.html>.

SIIA notes and appreciates the efforts at the recent ICANN meeting to hold a panel session on these questions. However, to date, it does not appear that any concrete steps have been taken to put in motion any specific efforts to identify, analyze and make recommendations on this critical issue, despite ICANN staff indicating in February that it would “be actively soliciting feedback on these topics over the next 60 days, and will share with the community options for improvements in these areas in the next several months.”<sup>13</sup>

**Trademark Protection.** SIIA concurs with ICANN staff that this was a key issue identified by commenters, and one which is a fundamental overarching issue. We applaud the action of the ICANN Board, which acted on the Intellectual Property Constituency’s proposal, which was widely vetted with key participants in the ICANN process, “to convene an Implementation Recommendation Team [IRT] comprised of an internationally diverse group of persons with knowledge, expertise, and experience in the fields of trademark, consumer protection, or competition law, and the interplay of trademarks and the domain name system to develop and propose solutions to the overarching issue of trademark protection in connection with the introduction of new gTLDs.”<sup>14</sup> SIIA’s General Counsel and SVP serves in the leadership of the IPC, and it is very encouraging to see that work has gotten underway quickly.

SIIA remains concerned, however, that the issue of effective implementation of Whois policies in any rollout of gTLD’s still needs to be assured. We continue to urge that this is a critical aspect of this overarching issue, as well as the prior overarching issue of malicious behavior, because it is essential that there be a way to ascertain responsibility for malicious or bad faith behavior.

**Demand/Economic Analysis.** SIIA concurs with the many comments submitted that this is a key area which remains outstanding as a predicate for rollout of any new gTLDs. As we noted in our prior comments, two years ago, the ICANN Board directed its President to commission an independent study of the “economic questions relating to the domain registration market,” including such basic issues as whether this constitutes one or many markets and whether registrations in different TLDs are substitutable.<sup>15</sup> The rollout of new gTLDs represents a major new initiative by ICANN, one with enormous implications for ICANN’s budget, the economic viability of existing registrars and registries, and the businesses and entities that depend on a stable, predictable Internet. We respectfully submit that Version 2, like its predecessor, lacks a requisite basis for this major undertaking.

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<sup>13</sup> Staff Analysis, pg. 4.

<sup>14</sup> See Resolution #7, [Protection for Trademarks in New gTLDs](#), adopted at the ICANN Board meeting, 6 March 2009.

<sup>15</sup> See ICANN Board Resolution, available at: <http://www.icann.org/en/minutes/minutes-18oct06.htm>



SIIA is deeply concerned that, based on the public actions to date, ICANN Staff do not appear to have carried out the directive of the ICANN Board on this matter. While one study has been made public<sup>16</sup> – following what amounted to almost outright protests at the Mexico City meeting – that study does not constitute the kinds of study that answers, directly, the questions posed by the Board, nor does it constitute a basis for evaluating the “effect of increasing the number of gTLDs before proceeding.”<sup>17</sup> SIIA comments on the preliminary reports on competition and pricing elaborate further on this point.

Taking these key overarching issues, as well as the dynamics of the global economic uncertainty, SIIA strongly recommends that ICANN focus its attention on the priorities at hand. In particular, there is much work left to do to implement the milestones of the Mid-Term review, as reflected in the substantial number of comments that the U.S. Department of Commerce received in February of 2008, in response to its notice of inquiry. As SIIA noted at the time,<sup>18</sup> “taking into account its commitments in the JPA, the implementation of the principles of the DNS White Paper, and the emerging challenges to maintaining a predictable and secure DNS, the road ahead should examine, before the current JPA terminates in September 2009, how the partnership between ICANN and the US Government should continue so as to improve ICANN’s governance and work and to meet the challenges ahead.”

The work required does not merely involve promoting greater confidence in the management of the gTLD process, but other critical areas such transparency and accountability, implementation of the multi-stakeholder model, contractor compliance/enforcement, and security and stability. It is our view that the process of evaluating new TLD’s and the resulting expansion has not promoted confidence, but rather confusion on the part of key stakeholders. Our industry’s experience does not convince us that ICANN has institutionalized its consideration of new TLD’s in a manner that takes into account the stability/security and governance impacts of quickly adding dozens of new TLDs.

If ICANN undertakes an expansion of gTLD’s at this point, it is difficult to see how the continued work identified in the Mid-term review can be accomplished adequately, much less at a high standard. It is the strong recommendation of SIIA that ICANN, through

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<sup>16</sup> “[Preliminary Report of Dennis Carlton Regarding Impact of New gTLDs on Consumer Welfare](#)”, posted March 4, 2009, on the ICANN website.

<sup>17</sup> Staff Analysis, pg. 4.

<sup>18</sup> Comments of the Software & Information Industry Association (SIIA), in response to the Notice of Inquiry: “The Continued Transition of the Technical Coordination and Management of the Internet's Domain Name and Addressing System: Midterm Review of the Joint Project Agreement” By DEPARTMENT OF COMMERCE National Telecommunications and Information Administration (Docket No. 071023616-7617-0), available at: [http://www.siiia.net/govt/docs/pub/ICANNcomments\\_20080214.pdf](http://www.siiia.net/govt/docs/pub/ICANNcomments_20080214.pdf).

Board action if necessary, indefinitely postpone the rollout of gTLD's and focus, instead, on the issues of IDNs and ccTLD's, which we believe are both high priorities of the global internet community, and have critical issues to resolve before their implementation.

## **Key Concerns Remain with DAGv2**

In our prior comments on Version 1, we identified a number of key issues that needed to be fully addressed. Unfortunately, our review of Version 2 finds that virtually none of them has been constructively dealt with in this latest version. We again respectfully request that the next iteration of the DAG reflect real progress on these issues:

A. Prevention of Adverse Business Impacts at the TLD Level. Version 1 posited a new mechanism, the Legal Rights Objection (LRO) procedure, which appeared generally to be the sole means that a brand owner has at its disposal within the ICANN process to prevent the recognition of a new gTLD that infringes, dilutes, or otherwise harms or weakens its mark, and/or that will threaten to cause confusion detrimental to the mark owner's customers and the public at large. Given the seriousness of this concern, SIIA strongly urged in its initial comments that this mechanism required much deeper elaboration before any objective, meaningful assessment can be made as to whether it is sufficient and promotes confidence and security among stakeholders. For example, it must be made clear at the outset that a party filing an LRO objection would not be barred from challenging in court ICANN's decision regarding the application that is objected to.<sup>19</sup> Our comments also urged that the number and expertise of panelists needed to be enhanced (SIIA urged a three-member panel). The lack of any appeal panel raised concerns about the reliability and coherency of the LRO decision-making process. The transparency of the LRO panel decision-making a process also needed more detail and input from experts.

*SIIA's concerns remain wholly unchanged after reviewing Version 2. As we read it, clarification was provided that a party filing an LRO objection "does not waive its right to defend its legal rights (e.g., trademark) before a court of competent jurisdiction merely by filing an objection to an applied-for gTLD."<sup>20</sup> However, most other specific concerns were rejected or ignored.*

B. Pre-launch Mechanisms to Prevent Abusive Registrations. SIIA found that Version 1 lacked a meaningful framework, much less even any criteria, for designing and implementing mechanisms to prevent abusive registrations in the new gTLDs. SIIA continues to believe this is a critical area that cannot be left to the whims of TLD

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<sup>19</sup> The DAG states on page 3-1 that an objector "accepts the gTLD dispute resolution process" suggests otherwise.

<sup>20</sup> Staff Analysis, pg. 86.

applicants. It is incumbent on ICANN to do more to ensure that these mechanisms are effective, accessible, low-cost and efficient for business and entities to use to protect their brands, names and reputations.

*SIIA notes that ICANN staff have identified this as an aspect of one of the overarching issues that needs much more extensive discussion and analysis, and as a result this area is thus left unchanged in Version 2. SIIA notes that this is a core focus of the work of the IRT, established by the ICANN Board at the March meeting.*

C. Stronger Protections against Abusive Registrations Post-Launch. In our comments on Version 1, SIIA stated that a key step to promoting confidence and stability is the establishment of meaningful, efficient mechanisms to facilitate expeditious detection, investigation and resolution of intellectual property infringements that occur at the second level in new TLDs after they are launched. (And if not at the second level, then the equivalent level where registrations are commonly made in the particular TLD's model). Unfortunately, SIIA found that provisions in the base contract regarding display of registrant contact information (via the Whois database) are wholly inadequate.<sup>21</sup> Additionally, new TLD applicants should be given greater incentives to provide additional mechanisms for combating abusive second level registrations post-launch, such as enhanced and expedited procedures for rapid takedown of registrations employed to infringe intellectual property rights (or to engage in other illegal behaviors); registry policies to enforce registrar compliance with applicable policies, including those relating to Whois data accuracy (including adaptation of ccTLD policies that facilitate cancellation of registrations backed by false contact data); commitments for vigorous enforcement of registry terms of service against registrants who violate them. SIIA strongly urges that the ICANN evaluation process favor proposals for thick registries over thin registries. This will allow for great transparency and accountability through more robust registry Whois services.

*SIIA notes that nothing in Version 2 reflects these concerns or incorporates any changes on this point. At most, it appears that the Staff analysis suggests that "ICANN is only requiring the publication of 'thin' Whois data due to the multitude of applicable laws (including data protection and privacy laws) in different jurisdictions."<sup>22</sup> This does not explain what has changed since the two previous new gTLD rounds to justify the 180-degree turn that ICANN has taken regarding registry Whois.*

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<sup>21</sup> Specification 4 to the base contract (see <http://www.icann.org/en/topics/new-gtlds/data-pub-24oct08-en.pdf>, provides that new gTLD operators will make only very limited data on registrations publicly available via Whois. It is apparently assumed that all the new gTLDs would be operated as so-called "thin registries." In all likelihood, the opposite should be assumed: that the new gTLDs will, based on the prior experience of new gTLDs, operate as thick registries. Thus, a full set of Whois data publicly available on each registration in the new gTLDs should be required, so that copyright and trademark owners (as well as law enforcement, consumers, and members of the public) will have ready access to this information. See, e.g., <http://www.icann.org/en/tlds/agreements/biz/appendix-05-08dec06.htm> .

<sup>22</sup> Staff Analysis, pg. 131.

#### D. Greater Confidence is Needed in the Process and Policy

As SIIA wrote in its previous comments, during the Mid-Term Review period, a lack of confidence was evident in prior processes of expansion of gTLD's. We urged that as the views of stakeholders are considered, and further work is done in response to comments, ICANN should demonstrate that it has incorporated the lessons of the prior gTLD expansions into its operations and basis for evaluating its implementation of the JPA. At minimum, SIIA indicated that these should include:

1. Fulfill the earlier commitment to engage in an independent study of the "economic questions relating to the domain registration market," including such basic issues as whether this constitutes one or many markets and whether registrations in different TLDs are substitutable. The study must also take into account the dramatic change in the global economic environment to assess whether the expansion of gTLD's could have a *detrimental* effect on the confidence, competitiveness and stability of the DNS.

*As noted above, this has been identified a key overarching issue. ICANN has not taken any steps that fulfill this basic threshold for a rollout of gTLD's.*

2. Develop and maintain a detailed schedule of events/milestones prior to application opening: with the short time period (seven or eight months) remaining before the application period is currently scheduled to begin, confidence in the process requires far greater certainty of the stages in the pre-launch timetable. This should include a timeline that is regularly updated with all the steps in the process such as when subsequent Draft Applicant Guidebooks are due, when comment periods open and close, what events the ICANN team has planned, and key events in the communication campaign. It should also include a timeline showing each of the post-submission steps.

*As a general matter, it appears that this has not been implemented. While ICANN staff have identified four overarching issues, only one of them appears to have a process in place to identify the issues, analyze the impact of the rollout of gTLD's, and propose potential answers for the global Internet community.*

3. It is essential that the transparency of the evaluation process be enhanced, as this was a problem identified in prior expansions. As a start, ICANN should produce a clear statement that no person or organization supplying consultancy services to ICANN during any part of the process can be involved in an application in any way. There must be an established mechanism for applicants to discern the evaluators of their application and be able to challenge them for cause shown.

*SIIA cannot find that any of these concerns have been incorporated into Version 2.*

4. ICANN should establish a dialogue that includes the contractors and DRSP providers as well as constituent parts of ICANN with relevant expertise so that the former, through open meetings with the community, can outline and explain draft procedures and receive feedback. Additionally, the role of public comment in the work of evaluators (including at the comparative evaluation phase) and of dispute resolution providers needs to be spelled out.

*It appears that the approach taken in Version 1 remains unchanged in this regard.*

In addition, there are some areas of policy which are of concern to businesses and entities that have invested heavily in the Internet to provide innovative products and services. These include:

5 Document and explain, by way of further examples, the types of organizations that would fit in the categories of “open” and “community-based.” It is incumbent on ICANN to explain the process of selection if there is ‘string contention’ between “open” and “community-based” applicants. It is without understatement to say that there are many issues around community provisions that all constituencies and stakeholders need to understand further. For example, could a business application (e.g., an application to run a gTLD for the exclusive use of a single company) ever be categorized as a Community-based application; if so, under what circumstances? Under what circumstances could a corporation qualify as an “established institution” with standing to pursue a Community Objection?

*SIIA continues to have concerns on this point. No clarifications appear to have been provided, and the definitions of “open” and “community-based” remain unchanged in Version 2. Indeed, it is deeply disturbing that, in response to the question of whether ICANN has decided not to allow the ‘community-based’ designation to apply to corporate brand owners, ICANN staff indicated that “It is wholly up to the applicant to select the type of application to file. ICANN will not verify nor change the type as such. ...No change of the applicant’s freedom to select the type of application to file is foreseen for the next version of the Applicant Guidebook.”<sup>23</sup>*

6. Document and explain key aspects of “String Contention.” Will semantic confusion (i.e., confusingly similar meanings) be a factor that the String Similarity Examiners take into consideration? Or would this only occur at the objection phase? For instance, would .corp trigger string contention with .biz? The DAG indicates that “auctions are one means of last resort”<sup>24</sup> to resolve string contention. However, SIIA notes that no other means are discussed. SIIA has serious reservations about auctions as a mechanism for awarding new gTLDs.

---

<sup>23</sup> Staff Analysis, pg. 63.

<sup>24</sup> Section 4.3.

*SIIA notes that while some aspects of the issue of “string contentions” were clarified in Version 2, the fundamental lack of key aspects of how string contentions will work still need to be documented and explained. DAG v.2 does make it clear that auctions will be used as a mechanism for awarding new gTLDs, under a number of circumstances.*

\* \* \* \* \*

The introduction of new gTLDs has been and remains a vital interest to software and digital content industries. We carefully look at the introduction both from the vantage of being leaders in on-line commerce (providers of technology, content and services that empower the Internet) as well as our views as stakeholders in whether the fundamental principles of ICANN’s mission (reflected in the JPA and White Paper) are promoted.

As a practical matter, the introduction of new gTLD’s raises enormous potential costs and risks to those for-profit and non-profit entities that have invested heavily in doing business over the Internet. Taking into account the experience of the prior introduction of new gTLD’s, our industries’ experience is that significant resources have had to be devoted, perhaps even exponentially, for each single new TLD that has been introduced. This is due to the legal, technical and business operational impact imposed on our industries which require significant adjustment in monitoring, technology\product development and pro-active work to keep pace with the demands created by each new TLD and the associated registrations.

It is essential that any new gTLD should create a new and differentiated space and satisfy needs that cannot reasonably be met through the existing gTLDs based on selection criteria that will bring about TLDs for which there is legitimate demand from communities that have not been well served by the current TLDs. Such criteria, to serve the purpose of promoting greater competition and benefit the public interest, should work to prevent a proliferation of TLDs that are likely to simply lie fallow, or to depend for their viability upon unproductive defensive registrations. We respectfully submit that there is still a lack of assessment for the need for any new gTLDs that offer a clearly differentiated domain name space with mechanisms in place to ensure compliance with purposes of a chartered or sponsored TLD.

Instead, as our submission indicates, we are deeply concerned that under the new gTLD process embodied in the DAG, online businesses and entities may be faced with a far more extensive challenge to their intellectual property rights, their brands, and business operations, which they must combat using tools (such as defensive registration or anti-fraud strategies) that simply will not scale in an environment of hundreds of new gTLDs.

Taking into account Version 2, the discussions at the ICANN meeting in Mexico City, and the identification of four overarching issues, SIIA strongly observes that:

- each of these essential overarching issues is, at best, in very different stages of development. By any measure, none of them appear to have ripened sufficiently to

support ICANN's stated timeline for rolling at new gTLD's, even as some important steps have been taken in the context of one (perhaps two) of them.

- Version 2 of the DAG did not address many of the important issues related to new gTLD's. Indeed, we are struck by how few of the specific issue that were raised in comments in December remain unaddressed (or, for that matter, even unrecognized) in the latest version.
- It is our view that ICANN, through Board action if necessary, should postpone indefinitely the rollout of gTLD's due to the serious and fundamental issues that remain unresolved, and which are unlikely to be adequately addressed in the short timeline currently proposed. ICANN should instead focus on the areas of IDN's and ccTLD's, which were bundled with the original announcement of rollout of gTLD's.

SIIA appreciates the opportunity to submit its views and suggestions on the DAG. Our industry remains strongly committed and supports the role of ICANN in the technical management of the DNS. We look forward to continuing to work on this important initiative once staff have reviewed the comments and made public revised documents.

# **ANNEX 57**



20 March 2014

Our Ref. T0136-00004

Cherine Chalaby, Chair of the New gTLD Program Committee  
Steve Crocker, Chair of the ICANN Board  
Fadi Chehadé, President & CEO of ICANN  
Christine Willett, Vice-President of gTLD Operations  
ICANN Board Governance Committee  
NewgTLD@icann.org

VIA E-MAIL

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[christine.willett@icann.org](mailto:christine.willett@icann.org)  
[reconsideration@icann.org](mailto:reconsideration@icann.org)

Re: <微博>, Application ID 1-1313-58483 / LRO2013-0040  
<.weibo>, Application ID 1-1313-41040 / LRO2013-0041

Dear Mr. Chalaby, et al:

We act on behalf of Tencent Holdings Limited ("Tencent") for a court action in China, in relation to two LRO Expert Determinations (Case No. LRO2013-0040 & LRO2013-0041) upholding Sina Corporation's ("Sina") objection to Tencent's application to register the gTLDs <.weibo> and <微博>.

As previously notified in Tencent's letter to the New gTLD Program Committee dated 26 December 2013, a lawsuit has been commenced against Sina by Tencent before Nanshan District Court of Shenzhen, China, for a ruling that Tencent's use of marks 微博 and WEIBO on its micro blogging service, including registering new gTLDs <.weibo> and <微博>, does not infringe Sina's existing legal rights (China Trademark No. 769615). The action also seeks declarations that, including but without limitation, Tencent is making a legitimate and fair use of the applied-for gTLDs <.weibo> and <微博> and it is in connection with a *bona fide* offering of goods/services; and Tencent's registration of the applied-for gTLDs <.weibo> and <微博> will not create confusion and mislead the public.

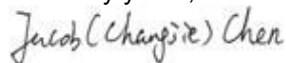
Nanshan District Court accepted the case on 16 December 2013. Sina responded on 30 December 2013. Later a hearing on jurisdiction was held on 11 February 2014 and both Tencent and Sina attended the hearing. Nanshan District Court would continue to hold more hearings for both parties to debate the dispute.

It has been made clear that the availability of the Legal Rights Objection as an administrative dispute resolution option does not preclude court options which either party may have to submit the dispute to court. Please refer to the LRO Frequently Asked Questions at <http://www.wipo.int/amc/en/domains/lro/faq/#16a>.

Given that the dispute has been submitted to a court of competent jurisdiction and the proceedings are still ongoing, we thus respectfully request that ICANN does NOT execute a registry agreement with Sina for the applied-for gTLDs <.weibo> and <微博>, and that ICANN does NOT proceed to delegate the applied-for gTLDs to Sina, until such time as the rulings from the competent court become available.

Your consideration of and response to this matter is greatly appreciated.

Sincerely yours,



Jacob (Changjie) Chen

Email: [jchen3@iprights.cn](mailto:jchen3@iprights.cn)

Tel: 86-21-31336596 Fax: 86-21-31336597

Address: Room 536, 207 Wulumuqi Road, Jing'An District, Shanghai, China

4 April 2014

Our Ref. T0136-00004

Cherine Chalaby, Chair of the New gTLD Program Committee  
Steve Crocker, Chair of the ICANN Board  
Fadi Chehadé, President & CEO of ICANN  
Christine Willett, Vice-President of gTLD Operations  
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**VIA E-MAIL**

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**Re: <.微博>, Application ID 1-1313-58483 / LRO2013-0040**  
**<.weibo>, Application ID 1-1313-41040 / LRO2013-0041**

Dear Mr. Chalaby,

Thank you very much for your response below.

Further to our last letter, we would like to update you that the second hearing in relation to jurisdiction issue of the lawsuit against Sina will be held at Nanshan District Court of Shenzhen on 10 April 2014. We are preparing for the hearing and will continue to keep you and the New gTLD Program Committee informed of the progress of the lawsuit in China.

You may have received the investigation report of the Ombudsman Chris LaHatte in relation to a complaint filed by Tencent. In this report, the Ombudsman considers there is no unfairness in the Legal Rights Objection process. We understand the purpose of the Ombudsman is to ensure that the members of the ICANN community have been treated fairly. The Ombudsman and Reconsideration, as internal administrative procedure, however shall not affect the evaluation of Tencent's applications while a lawsuit against Sina is ongoing.

Again, we would like to emphasize, the LRO, like Uniform Domain Name Dispute Resolution Policy, is not intended as an exclusive procedure and does not preclude either party from seeking remedies in courts of law. We quote below the answer to a LRO Frequently Asked Question on the website of WIPO Arbitration and Mediation Center (also see the Attachment):

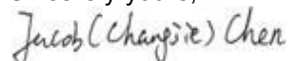
*"Do parties retain their court options?*

- *The availability of the Legal Rights Objection as an administrative dispute resolution option does not preclude court options which either party may have to submit the dispute to court."*

In UDRP proceedings, if official court documentation is provided evidencing a lawsuit against the complaint has been commenced, the panel decision will not be implemented. The LRO is an administrative proceeding similar to UDRP, but without built-in right to appeal an expert determination. The lawsuit currently remains the sole remedy option available to Tencent. Therefore, while a lawsuit challenging a LRO expert determination is pending, the LRO dispute goes on.

We thus again respectfully request that ICANN does NOT execute a registry agreement with Sina for the applied-for gTLDs <.weibo> and <.微博>, and does NOT proceed to delegate the applied-for gTLDs to Sina, until such time as the rulings from the competent court become available.

Sincerely yours,



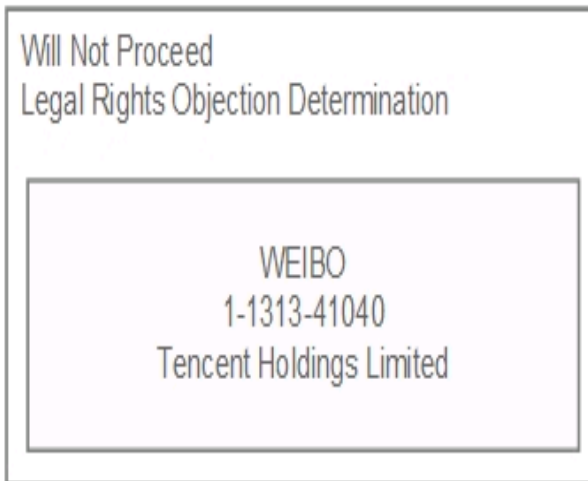
Jacob (Changjie) Chen  
Attorney-at-Law

Email: [Jchen3@iprights.cn](mailto:Jchen3@iprights.cn) Tel: 86-21-31336596 Fax: 86-21-31336597

## Contention Set: WEIBO


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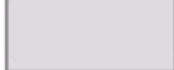
1-950-50638 [WEIBO], Sina Corporation prevailed in the Legal Rights Objection against  
1-1313-41040 [WEIBO], Tencent Holdings Limited  
This objection determination removes string contention.



Direct 

Indirect 

Application has prevailed and is no longer in contention 

Application remains in contention set 

Application will not proceed 



## New Generic Top-Level Domains

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### APPLICATION DETAILS

**Application ID:** 1-950-50638

**String:** WEIBO ([download public portion of application \(/application-result/applicationstatus/applicationdetails:downloadapplication/1673?t:ac=1673\)](/application-result/applicationstatus/applicationdetails:downloadapplication/1673?t:ac=1673))

**Applicant:** Sina Corporation

**Prioritization Number:** 1619

**Address:** Floor 20, Ideal Int'l Plaza, No.58, West Of North Forth Ring Rd., Haidian Beijing - 100080 CN

**Web Site:** <http://www.sina.com.cn>

**Primary Contact:** Haiyan Gu

**Phone Number:** +8618601357998

**Email:** [haiyan@staff.weibo.com](mailto:haiyan@staff.weibo.com)

### Attachments (6):

*Caution: these files were prepared and submitted by a party other than ICANN, and ICANN is not responsible for the content. The files could contain scripts or embedded links that might execute or open automatically. You should make sure your operating system and applications (including antivirus definitions if applicable) are fully updated. Proceed at your own risk.*

- [24 \(24\\_SRS\\_Performance-weibo.pdf\) \(/application-result/applicationstatus/applicationdetails:downloadattachment/106315?t:ac=1673\)](/application-result/applicationstatus/applicationdetails:downloadattachment/106315?t:ac=1673)
- [25 \(25\\_EPP-weibo.pdf\) \(/application-result/applicationstatus/applicationdetails:downloadattachment/106333?t:ac=1673\)](/application-result/applicationstatus/applicationdetails:downloadattachment/106333?t:ac=1673)
- [25 \(25a\\_XML\\_Request\\_Response.pdf\) \(/application-result/applicationstatus/applicationdetails:downloadattachment/106908?t:ac=1673\)](/application-result/applicationstatus/applicationdetails:downloadattachment/106908?t:ac=1673)
- [25 \(25b-INFO\\_EPP\\_RFC\\_OTE\\_criteria\\_v1-6-1.pdf\) \(/application-result/applicationstatus/applicationdetails:downloadattachment/106909?t:ac=1673\)](/application-result/applicationstatus/applicationdetails:downloadattachment/106909?t:ac=1673)
- [26 \(26\\_figures.pdf\) \(/application-result/applicationstatus/applicationdetails:downloadattachment/106925?t:ac=1673\)](/application-result/applicationstatus/applicationdetails:downloadattachment/106925?t:ac=1673)
- [27 \(27\\_Registration\\_Lifecycle-weibo.pdf\) \(/application-result/applicationstatus/applicationdetails:downloadattachment/106344?t:ac=1673\)](/application-result/applicationstatus/applicationdetails:downloadattachment/106344?t:ac=1673)

**Application Status:** In Contracting

**Evaluation Result:** Pass IE ([IE Report \(http://newgtlds.icann.org/en/program-status/application-results/ie-1-950-50638-en.pdf\)](http://newgtlds.icann.org/en/program-status/application-results/ie-1-950-50638-en.pdf))

**Contention Resolution Status:** [Resolved \(/application-result/applicationstatus/applicationdetails:viewcontentionsetimage?t:ac=1673\)](/application-result/applicationstatus/applicationdetails:viewcontentionsetimage?t:ac=1673)

**Contention Resolution Result:** Prevailed Contention

## Contention Set: 微博 (xn--9krt00a)

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1-950-28485 [微博], Sina Corporation prevailed in the Legal Rights Objection against  
1-1313-58483 [微博], Tencent Holdings Limited.  
This objection determination removes string contention.

微博 (xn--9krt00a)  
1-950-28485  
Sina Corporation


Will Not Proceed  
Legal Rights Objection Determination


微博 (xn--9krt00a)  
1-1313-58483  
Tencent Holdings Limited

Direct 

Indirect 

Application has prevailed and is no longer in contention 

Application remains in contention set 

Application will not proceed 

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April 17, 2014



## New Generic Top-Level Domains

### APPLICATION DETAILS

[View Application Update History \(/application-result/applicationstatus/applicationdetails:viewapplicationchangehistory/1674?t:ac=1674\)](/application-result/applicationstatus/applicationdetails:viewapplicationchangehistory/1674?t:ac=1674)

**Application ID:** 1-950-28485

**String:** 微博 ([download public portion of application \(/application-result/applicationstatus/applicationdetails:downloadapplication/1674?t:ac=1674\)](/application-result/applicationstatus/applicationdetails:downloadapplication/1674?t:ac=1674))

**A Label:** xn--9krt00a

**Applicant:** Sina Corporation

**Prioritization Number:** 45

**Address:** Floor 20, Ideal Int'l Plaza, No.58, West Of North Forth Ring Rd., Haidian Beijing - 100080 CN

**Web Site:** <http://www.sina.com.cn>

**Primary Contact:** Haiyan Gu

**Phone Number:** +8618601357998

**Email:** [haiyan@staff.weibo.com](mailto:haiyan@staff.weibo.com)

### Attachments (7):

*Caution: these files were prepared and submitted by a party other than ICANN, and ICANN is not responsible for the content. The files could contain scripts or embedded links that might execute or open automatically. You should make sure your operating system and applications (including antivirus definitions if applicable) are fully updated. Proceed at your own risk.*

- [24 \(24\\_SRS\\_Performance-weiboIDN.pdf\) \(/application-result/applicationstatus/applicationdetails:downloadattachment/106589?t:ac=1674\)](/application-result/applicationstatus/applicationdetails:downloadattachment/106589?t:ac=1674)
- [25 \(25\\_EPP-weiboIDN.pdf\) \(/application-result/applicationstatus/applicationdetails:downloadattachment/106642?t:ac=1674\)](/application-result/applicationstatus/applicationdetails:downloadattachment/106642?t:ac=1674)
- [25 \(25a\\_XML\\_Request\\_Response.pdf\) \(/application-result/applicationstatus/applicationdetails:downloadattachment/77450?t:ac=1674\)](/application-result/applicationstatus/applicationdetails:downloadattachment/77450?t:ac=1674)
- [25 \(25b-INFO\\_EPP\\_RFC\\_OTE\\_criteria\\_v1-6-1.pdf\) \(/application-result/applicationstatus/applicationdetails:downloadattachment/77451?t:ac=1674\)](/application-result/applicationstatus/applicationdetails:downloadattachment/77451?t:ac=1674)
- [26 \(26\\_figures.pdf\) \(/application-result/applicationstatus/applicationdetails:downloadattachment/77439?t:ac=1674\)](/application-result/applicationstatus/applicationdetails:downloadattachment/77439?t:ac=1674)
- [27 \(27\\_Registration\\_Lifecycle-weiboIDN.pdf\) \(/application-result/applicationstatus/applicationdetails:downloadattachment/106668?t:ac=1674\)](/application-result/applicationstatus/applicationdetails:downloadattachment/106668?t:ac=1674)
- [q15a \(cn\\_Chinese\\_Character\\_Table.pdf\) \(/application-result/applicationstatus/applicationdetails:downloadattachment/48151?t:ac=1674\)](/application-result/applicationstatus/applicationdetails:downloadattachment/48151?t:ac=1674)

**Application Status:** In Contracting

**Evaluation Result:** Pass IE (IE Report (<http://newgtds.icann.org/en/program-status/application-results/ie-1-950-28485-en.pdf>))

**Contention Resolution Status:** [Resolved \(/application-result/applicationstatus/applicationdetails:viewcontentionsetimage?t:ac=1674\)](/application-result/applicationstatus/applicationdetails:viewcontentionsetimage?t:ac=1674)

**Contention Resolution Result:** Prevailed Contention

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# **ANNEX 58**



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UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

Del Monte International GmbH,	)	CV 13-5912 RSWL (MANx)
	)	
Plaintiff,	)	<b>Order re: Defendant's</b>
v.	)	<b>Motion to Dismiss</b>
Del Monte Corporation,	)	<b>Pursuant to Fed. R. Civ.</b>
	)	<b>P. 12(b)(1) and 12(b)(6)</b>
	)	<b>[17]</b>
	)	
Defendant.	)	
	)	
	)	
	)	
	)	

20 Currently before the Court is Defendant Del Monte  
21 Corporation's ("Defendant") Motion to Dismiss Pursuant  
22 to Fed. R. Civ. P. 12(b)(1) and 12(b)(6) [17].  
23 Plaintiff Del Monte International GmbH ("Plaintiff")  
24 filed its Opposition on November 6, 2013 [21].  
25 Defendant filed its Reply on November 20, 2013 [22].  
26 This matter was taken under submission on November 26,  
27 2013 [23]. Having reviewed all papers submitted  
28 pertaining to the Motion, and having considered all

1 arguments presented to the Court, the Court **NOW FINDS**  
2 **AND RULES AS FOLLOWS:**

3 Defendant's Motion to Dismiss is hereby **GRANTED.**

4 **I. Background**

5 Plaintiff is a limited liability company organized  
6 under the laws of Switzerland, with its principal place  
7 of business in Monaco. Compl. ¶ 2. Plaintiff is a  
8 wholly owned subsidiary of Fresh Del Monte Produce Inc.  
9 ("Fresh Del Monte"), the holding company for the Del  
10 Monte Fresh Produce group of companies. Id. at ¶ 3.  
11 Defendant is a Delaware corporation with its principal  
12 executive offices in California. Id. at ¶ 4.

13 Before August 1989, Defendant was a wholly owned  
14 subsidiary of RJR Nabisco, Inc. and was divided into  
15 two major operations. Id. at ¶ 12. One operation was  
16 dedicated to selling canned fruits and vegetables and  
17 dried fruits; the other operation principally sold  
18 fresh fruits, fresh vegetables, fresh produce, and  
19 certain preserved products. Id. In late 1989, the  
20 second operation was sold to Polly Peck International  
21 and ultimately became part of Fresh Del Monte. Id.

22 Fresh Del Monte is a leading producer and seller of  
23 high-quality fresh fruit and vegetables, as well as a  
24 leading producer and distributor of prepared fruit and  
25 vegetables, juices, beverages, snacks, and desserts in  
26 Europe, the Middle East, Africa, and former Soviet  
27 Union countries. Id. at ¶ 13. Fresh Del Monte  
28 provides its services and products to customers in over

1 80 countries worldwide. Id. Fresh Del Monte has  
2 leading market positions in many product categories,  
3 all of which are sold under the DEL MONTE trademark.  
4 Id. at ¶ 14. Fresh Del Monte generated approximately  
5 \$2,664,166,000 in net sales from its DEL MONTE branded  
6 products in fiscal year 2012. Id.

7 Plaintiff owns the trademark DEL MONTE in South  
8 Africa and has owned the Mark there since 1990. Id. at  
9 ¶ 16. Plaintiff also holds: (1) an exclusive,  
10 perpetual, royalty-free worldwide license to use the  
11 DEL MONTE Mark on or in connection with the production,  
12 manufacture, sale, and distribution of fresh fruit,  
13 vegetables, and produce, and certain preserved fruit  
14 products; and (2) an exclusive, royalty-free license to  
15 use the DEL MONTE Mark on or in connection with  
16 production, manufacture, sale, and distribution of all  
17 food products in Europe, the Middle East, Africa, and  
18 former Soviet Union countries. Id. at ¶ 17.

19 Plaintiff and its affiliates have owned and  
20 operated over a dozen "delmonte" domain names for over  
21 a decade without seeking or receiving authorization  
22 from Defendant. Id. at ¶ 19. Defendant has never  
23 objected to any of these domain names. Id.

24 In June 2011, the Internet Corporation for Assigned  
25 Names and Numbers ("ICANN") introduced its New Generic  
26 Top Level Domain Program, which allows parties to apply  
27 for new generic top level domains ("gTLD"), unique top  
28 level domains ("TLD"), to be used in lieu of

1 traditional TLDs, such as <.com> or <.net>. Id. at ¶  
2 20. The application window opened on January 12, 2012,  
3 and closed on May 30, 2012. Id. at ¶ 21.

4 ICANN also provided for a New gTLD Dispute  
5 Resolution Procedure and authority for administering  
6 this procedure was delegated to the World Intellectual  
7 Property Organization ("WIPO"). Id. at ¶ 22. WIPO  
8 subsequently adopted the WIPO Rules for New gTLD  
9 Dispute Resolution for Legal Rights Objections. Id.  
10 Under these policies and rules, third parties were  
11 allowed to challenge a gTLD application by filing a  
12 Legal Rights Objection ("LRO") during a specified  
13 period. Id. at ¶ 23. The principal inquiries  
14 pertaining to applications for gTLDs that are also  
15 trademarks are (1) whether the applicant has *bona fide*  
16 rights in the trademark that corresponds to the  
17 applied-for gTLD and (2) whether registration of the  
18 gTLD by the applicant would create an impermissible  
19 likelihood of consumer confusion. Id. at ¶ 24.

20 Plaintiff submitted its Application for the gTLD  
21 <.delmonte> during the specified period. Id. at ¶ 25.  
22 On March 1, 2013, Defendant filed an LRO objecting to  
23 Plaintiff's Application. Id. at ¶ 31. On June 14,  
24 2013, WIPO appointed a three-member panel to decide,  
25 based on its determination as to the principal  
26 inquiries pertaining to gTLDs, whether to uphold or  
27 reject Defendant's LRO. Id. at ¶ 35. On August 6,  
28 2013, a majority of the WIPO panel decided in favor of

1 sustaining Defendant's LRO. Id. at ¶ 36.

2 On August 13, 2013, Plaintiff filed this Action in  
3 this Court, requesting a declaration that: (1)  
4 Plaintiff has *bona fide* rights in the DEL MONTE Mark;  
5 (2) that Plaintiff is not in violation of the Anti-  
6 Cybersquatting Consumer Protection Act ("ACPA"), 15  
7 U.S.C. § 1125(d); and (3) Plaintiff's registration of  
8 the gTLD <.delmonte> will not create an impermissible  
9 likelihood of confusion. Plaintiff also requests that  
10 this Court order Defendant to withdraw its LRO. Id. at  
11 ¶ 42.

## 12 II. Legal Standard

### 13 A. Motion to Dismiss Pursuant to Rule 12(b)(1)

14 Federal Rule of Civil Procedure 12(b)(1) authorizes  
15 a court to dismiss claims over which it lacks proper  
16 subject matter jurisdiction. A court is free to  
17 determine jurisdiction on a motion to dismiss for lack  
18 of jurisdiction under Rule 12(b)(1) "unless the  
19 jurisdictional issue is inextricable from the merits of  
20 a case." Kingman Reef Atoll Invs., L.L.C. v. United  
21 States, 541 F.3d 1189, 1195 (9th Cir. 2008) (citing  
22 Roberts v. Corrothers, 812 F.2d 1173, 1177 (9th Cir.  
23 1987)).

24 "[U]nlike a Rule 12(b)(6) motion, in a Rule  
25 12(b)(1) motion, the district court is not confined to  
26 the four corners of the complaint -- it may consider  
27 facts and need not assume the truthfulness of the  
28 complaint[,]" and the existence of disputed material

1 facts will not preclude the court from evaluating the  
2 existence of subject matter jurisdiction.

3 Americopters, LLC v. Fed. Aviation Admin., 441 F.3d  
4 726, 732 n.4 (9th Cir. 2006); see also Ass'n of Am.  
5 Med. Colls. v. United States, 217 F.3d 770, 778 (9th  
6 Cir. 2000). The moving party "should prevail [on a  
7 motion to dismiss] only if the material jurisdictional  
8 facts are not in dispute and the moving party is  
9 entitled to prevail as a matter of law." Casumpang v.  
10 Int'l Longshoremen's & Warehousemen's Union, 269 F.3d  
11 1042, 1060-61 (9th Cir. 2001) (internal citations  
12 omitted); Tosco Corp. v. Cmty. for a Better Env't, 236  
13 F.3d 495, 499 (9th Cir. 2001), overruled on other  
14 grounds by, Hertz Corp. v. Friend, 559 U.S. 77 (2010).

15 **B. Motion to Dismiss Pursuant to Rule 12(b)(6)**

16 Federal Rule of Civil Procedure 12(b)(6) allows a  
17 party to move for dismissal of one or more claims if  
18 the pleading fails to state a claim upon which relief  
19 can be granted. Dismissal can be based on a lack of  
20 cognizable legal theory or lack of sufficient facts  
21 alleged under a cognizable legal theory. Balistreri v.  
22 Pacifica Police Dep't, 901 F.2d 696, 699 (9th Cir.  
23 1990). However, a party is not required to state the  
24 legal basis for its claim, only the facts underlying  
25 it. McCalden v. Cal. Library Ass'n, 955 F.2d 1214,  
26 1223 (9th Cir. 1990). In a Rule 12(b)(6) motion to  
27 dismiss, a court must presume all factual allegations  
28 of the complaint to be true and draw all reasonable

1 inferences in favor of the non-moving party. Klarfeld  
2 v. United States, 944 F.2d 583, 585 (9th Cir. 1991).

3 The question presented by a motion to dismiss is  
4 not whether the plaintiff will prevail in the action,  
5 but whether the plaintiff is entitled to offer evidence  
6 in support of its claim. Swierkiewica v. Sorema N.A.,  
7 534 U.S. 506, 511 (2002). "While a complaint attacked  
8 by a Rule 12(b)(6) motion to dismiss does not need  
9 detailed factual allegations, a plaintiff's obligation  
10 to provide the 'grounds' of his 'entitle[ment] to  
11 relief' requires more than labels and conclusions, and  
12 a formulaic recitation of a cause of action's elements  
13 will not do." Bell Atl. Corp. v. Twombly, 550 U.S.  
14 544, 555 (2007) (internal citation omitted). Although  
15 specific facts are not necessary if the complaint gives  
16 the defendant fair notice of the claim and the grounds  
17 upon which the claim rests, a complaint must  
18 nevertheless "contain sufficient factual matter,  
19 accepted as true, to state a claim to relief that is  
20 plausible on its face." Ashcroft v. Iqbal, 556 U.S.  
21 662, 678 (2009) (internal quotation marks omitted).

22 If dismissed, a court must then decide whether to  
23 grant leave to amend. The Ninth Circuit has repeatedly  
24 held that a district court should grant leave to amend  
25 even if no request to amend the pleadings was made,  
26 unless it determines that the pleading could not  
27 possibly be cured by the allegation of other facts.  
28 Lopez v. Smith, 203 F.3d 1122, 1130 (9th Cir. 2000).





1 "Federal courts are courts of limited  
2 jurisdiction." Kokkonen v. Guardian Life Ins. Co. of  
3 Am., 511 U.S. 375, 377 (1994). Accordingly, "the  
4 burden of establishing" that a cause lies within the  
5 Court's jurisdiction "rests upon the party asserting  
6 jurisdiction." Id. (citing McNutt v. Gen. Motors  
7 Acceptance Corp., 298 U.S. 178, 182-83 (1936)).

8 1. Request for a Declaration that Plaintiff has  
9 Bona Fide Rights in the Mark

10 "The Ninth Circuit has stated that trademark  
11 disputes have sufficiently ripened into an actual  
12 controversy under the [Declaratory Judgment Act] when  
13 'the plaintiff has a real and reasonable apprehension  
14 that he will be subject to liability.'" Neilmed Prods.  
15 v. Med-Systems, 472 F. Supp. 2d 1178, 1180 (N.D. Cal.  
16 2007) (quoting Chesebrough-Pond's v. Faberge, 666 F.2d  
17 393, 396 (9th Cir. 1982)); see also Rhoades v. Avon  
18 Prods., 504 F.3d 1151, 1157 (9th Cir. 2007) (quoting  
19 Hal Roach Studios, Inc. v. Richard Feiner & Co., Inc.,  
20 896 F.2d 1542, 1555-56 (9th Cir. 1990)) ("[A]n action  
21 for a declaratory judgment that a patent [or trademark]  
22 is invalid, or that the plaintiff is not infringing,  
23 [presents] a case or controversy if the plaintiff has a  
24 real and reasonable apprehension that he will be  
25 subject to liability if he continues to manufacture his  
26 product").

27 The reasonable apprehension of litigation test need  
28 not necessarily be met for an actual controversy to

1 exist. Amazon.com, Inc. v. Nat'l Ass'n of Coll.  
2 Stores, Inc., 826 F. Supp. 2d 1242, 1249 (W.D. Wash.  
3 2011) (citing MedImmune, 549 U.S. at 132 n.11).  
4 Instead, to satisfy the case or controversy  
5 requirement, "the dispute [must] be 'definite and  
6 concrete, touching the legal relations of parties  
7 having adverse legal interests'" and it must "be 'real  
8 and substantial' and 'admi[t] of specific relief of a  
9 conclusive character, as distinguished from an opinion  
10 advising what the law would be upon a hypothetical  
11 state of facts.'" MedImmune, 549 U.S. at 127 (quoting  
12 Aetna, 300 U.S. at 240-41). Indeed, the "triad of  
13 injury in fact, causation, and redressability comprises  
14 the core of Article III's case-or-controversy  
15 requirement, and the party invoking federal  
16 jurisdiction bears the burden of establishing its  
17 existence." Steel Co. v. Citizens for a Better Env't,  
18 523 U.S. 83, 103-04 (1998) (citing FW/PBS, Inc. v.  
19 Dallas, 493 U.S. 215, 231 (1990)); see also Lujan v.  
20 Defenders of Wildlife, 504 U.S. 555, 560-61 (1992).

21 Plaintiff and Defendant vigorously disagree over  
22 whether there is a case or controversy over Plaintiff's  
23 bona fide rights in the DEL MONTE Mark. Defendant, for  
24 example, argues that it has never contested the  
25 validity or scope of Plaintiff's South African  
26 trademark rights. Mot. 10:2-11; Reply 13:8-14:21.  
27 Defendant further asserts that any such ruling on  
28 Plaintiff's rights would be an improper advisory

1 opinion. Mot. 9:8-17. Plaintiff, on the other hand,  
2 attempts to narrow the issue. Plaintiff contends that  
3 there is a case or controversy over Plaintiff's bona  
4 fide rights in the DEL MONTE Mark sufficient to allow  
5 it to register the gTLD. Opp'n 14:12-15:15.  
6 Plaintiff's asserted rights in the DEL MONTE Mark  
7 appear to stem from either Plaintiff's licenses to use  
8 the Mark, or its South African trademark registration.  
9 Id. at 10:7-26; 14:5-9.

10 To the extent that Plaintiff requests this Court to  
11 determine the validity of its actions - namely applying  
12 to ICANN for the gTLD <.delmonte> - under its licenses  
13 with Defendant, it is clear that there exists a case or  
14 controversy between the Parties. There is a case or  
15 controversy if Plaintiff is requesting that this Court  
16 determine its bona fide rights under the DEL MONTE Mark  
17 to apply for the <.delmonte> gTLD. This is so because  
18 Defendant challenged Plaintiff's gTLD registration on  
19 the ground that Plaintiff's licenses do not confer upon  
20 Plaintiff the right to use the DEL MONTE Mark as a  
21 gTLD. See Stockton Decl. Ex. E ¶¶ 17-22. Defendant's  
22 act of filing the LRO caused Plaintiff's injury of not  
23 being awarded <.delmonte>. A determination as to the  
24 validity of Plaintiff's actions would certainly touch  
25 upon the legal rights of both Parties. Such a  
26 declaration issued by this Court would settle, at least  
27 to a certain degree, the disputes of the two Parties  
28 with respect to <.delmonte>. Thus, Plaintiff is

1 correct to focus on the transaction at hand, not the  
2 fact that Defendant has not challenged Plaintiff's  
3 other uses of the DEL MONTE Mark in its other domain  
4 names. Opp'n 12:9-13:14.

5 It appears, then, that there is a case or  
6 controversy within the meaning of Article III.  
7 However, a crucial question remains: whether federal  
8 subject matter jurisdiction lies in this Action.

9 As a preliminary matter, it is clear that a dispute  
10 over the terms or the scope of the license agreements  
11 would not arise under the Lanham Act. See Everest &  
12 Jennings, Inc. v. E & J Mfg. Co., 263 F.2d 254, 262  
13 (9th Cir. 1958) ("It has been long the law that actions  
14 brought to enforce contracts of which a patent is the  
15 subject matter must, in the absence of diversity of  
16 citizenship, be brought in the state court . . . The  
17 same rule applies to the construction of this section  
18 when trade-marks are involved"); see also Saturday  
19 Evening Post Co. v. Rumbleseat Press, Inc., 816 F.2d  
20 1191, 1194 (7th Cir. 1987) ("a dispute over the terms  
21 of a copyright license is not deemed to arise under the  
22 Copyright Act"); Geneva Intern. Corp. v. Petrof, Spol,  
23 S.R.O., 608 F. Supp. 2d 993, 998 (N.D. Ill. 2009) ("A  
24 license to use a trademark is a contract, and disputes  
25 over the language of a trademark license are governed  
26 by the rules of contract interpretation").<sup>1</sup> Federal

27 \_\_\_\_\_

28 <sup>1</sup> "Federal jurisdiction extends only to those cases  
in which a well-pleaded complaint establishes either

1 jurisdiction, then, must derive from somewhere else in  
2 Plaintiff's Complaint. In other words, the Court  
3 rejects Plaintiff's argument that this Court has  
4 jurisdiction arising from Plaintiff's request that this  
5 Court interpret its license rights. See Opp'n 10:8-10.

6 2. Request for Declaration of Compliance With the  
7 ACPA - 15 U.S.C. § 1114(2)(D)(v)

8 Plaintiff's alternative basis for jurisdiction is  
9 through its request for a declaration that it is not in  
10 violation of the ACPA. Opp'n 3:4-7; 11:9-11.

11 Plaintiff requests relief in the form of a declaration  
12 that it has not violated 15 U.S.C. § 1125(d). See  
13 Compl. ¶ 42; Opp'n 11:9-20, 15:23-19:3. While  
14 Plaintiff styles this particular claim for relief as  
15 rising under the Declaratory Judgment Act, functionally  
16 it is indistinguishable from a claim under 15 U.S.C. §  
17 1114(2)(D)(v).

18  
19 \_\_\_\_\_  
20 that [1] federal [trademark] law creates the cause of  
21 action or [2] that the plaintiff's right to relief  
22 necessarily depends on resolution of a substantial  
23 question of federal [trademark] law, in that [federal  
24 trademark] law is a necessary element of one of the  
25 well-pleaded claims."

26 Duncan v. Tuetzle, 76 F.3d 1480, 1486 (9th Cir. 1996)  
(internal quotation marks omitted) (quoting  
27 Christianson v. Colt Indus. Operating Corp., 486 U.S.  
28 800, 808 (1988)).

As this portion of Plaintiff's Complaint requires  
only contractual interpretation, it does not arise  
under the Lanham Act.

1 Federal courts have jurisdiction to adjudicate  
2 actions arising under the Lanham Act. See 15 U.S.C. §  
3 1121; 28 U.S.C. § 1338. Such disputes include actions  
4 involving the ACPA. See Rearden LLC v. Rearden  
5 Commerce, Inc., 683 F.3d 1190, 1195, 1202 (9th Cir.  
6 2012).

7 Unless Plaintiff's claims are "so attenuated and  
8 unsubstantial as to be absolutely devoid of merit,"  
9 Plaintiff has successfully invoked federal jurisdiction  
10 by pleading claims under the ACPA. Hagans v. Lavine,  
11 415 U.S. 528, 536-37 (1974) (quoting Newburyport Water  
12 Co. v. Newburyport, 193 U.S. 561, 579 (1904)); see also  
13 Sallen v. Corinthians Licenciamentos LTDA, 273 F.3d 14,  
14 23-24 (2d Cir. 2001). In other words, unless  
15 Plaintiff's ACPA claims are obviously frivolous or  
16 plainly insubstantial, this Court has federal  
17 jurisdiction. A claim meets this standard only if it  
18 is clearly contradicted by prior decisions so "as to  
19 foreclose the subject and leave no room for inference  
20 that the questions sought to be raised can be the  
21 subject of controversy." Id. at 538 (quoting Ex parte  
22 Poresky, 290 U.S. 30, 32 (1933)).

23 Neither party cites to any case law applying the  
24 ACPA's provisions to gTLDs, such as the one at issue in  
25 this case. Nor could this Court find any. Rather,  
26 Plaintiff argues for an extension of the ACPA to  
27 encompass gTLDs assigned via ICANN's new gTLD program.  
28 Such an argument is not manifestly frivolous.

1 Defendant avers, however, that no case or  
2 controversy exists with respect to the ACPA. See Mot.  
3 7:14-15, 7:17-24. It is insufficient, however, for  
4 Defendant merely to represent that it does not intend  
5 to sue Plaintiff under the ACPA with respect to its  
6 current domain names. See Sallen, 273 F.3d at 18. The  
7 focus is on whether there is a "definite and concrete"  
8 dispute between the parties that is not only "real and  
9 substantial," but also "[admits] of specific relief  
10 through a decree of a conclusive character."  
11 MedImmune, 549 U.S. at 127 (quoting Aetna 300 U.S. at  
12 240-41).

13 Assuming that Plaintiff's reading of 15 U.S.C. §  
14 1114 is correct, a decree by this Court that  
15 Plaintiff's application for <.delmonte> is in  
16 compliance with the ACPA would allow this Court to  
17 issue injunctive relief, such as by ordering Defendant  
18 to withdraw its LRO. See 15 U.S.C. § 1114(2)(D)(v).  
19 Plaintiff surely would be afforded "specific relief . .  
20 . of a conclusive character" were this Action to be  
21 decided in its favor. MedImmune, 549 U.S. at 127.

22 Thus, in Sallen v. Corinthians Licenciamentos LTDA,  
23 the First Circuit found in a case where the plaintiff  
24 invoked 15 U.S.C. § 1114(2)(D)(v) that there was a live  
25 controversy where: (1) both parties were still claiming  
26 exclusive rights to the same domain name, (2) the  
27 domain name had been transferred to the defendant, and  
28 (3) the defendant was using the domain name. 273 F.3d

1 at 25-26. The court also reasoned that there was an  
2 actual dispute because a declaration of plaintiff's  
3 compliance with the ACPA was relevant not only to  
4 defend against a lawsuit under the ACPA, but also to  
5 redress plaintiff's loss of his domain name in the  
6 prior Uniform Domain-Name Dispute Resolution Policy  
7 ("UDRP") proceedings. Id.

8 The Court holds that Plaintiff is correct in  
9 arguing that a case or controversy exists here. Just  
10 as in Sallen, a dispute arose with respect to the  
11 Parties' respective rights to a mutually excludable  
12 internet domain. Here, after Plaintiff applied for the  
13 gTLD <.delmonte>, Defendant filed an LRO objecting to  
14 Plaintiff's gTLD application. Compl. ¶¶ 25, 31. And,  
15 here, just as in Sallen, a determination was made as to  
16 the domain's ownership pursuant to a policy  
17 "prohibiting the registration of a domain name that is  
18 identical to, confusingly similar to, or dilutive of  
19 another's mark." 15 U.S.C. § 1114(2)(D)(ii)(II). In  
20 particular, the WIPO panel sustained Defendant's LRO,  
21 thereby denying Plaintiff's registration of  
22 <.delmonte>. Compl. ¶ 36. Therefore, just as in  
23 Sallen, a "certain controversy" exists. Sallen, 273  
24 F.3d at 26.

### 25 3. Conclusion

26 Because an actual controversy exists between the  
27 Parties and because Plaintiff has pleaded a  
28 nonfrivolous claim under the ACPA, this Court holds



1 that it has subject matter jurisdiction over this  
2 Action.

3 4. Discretion to Decline to Exercise Jurisdiction  
4 Under the Declaratory Judgment Act

5 Even if a district court determines that it has  
6 jurisdiction under the Declaratory Judgment Act, it is  
7 still not required to exercise its authority to hear  
8 the case. Wilton v. Seven Falls Co., 515, U.S. 277,  
9 283 (1995); Huth v. Hartford Ins. Co., 298 F.3d 800,  
10 802 (9th Cir. 2002). Several factors are relevant in  
11 determining whether to exercise jurisdiction. For  
12 example, "[a] district court should avoid needless  
13 determination of state law issues; it should discourage  
14 litigants from filing declaratory actions as a means of  
15 forum shopping; and it should avoid duplicative  
16 litigation." Huth, 298 F.3d at 803 (citing Gov't Emps.  
17 Ins. Co. v. Dizol, 133 F.3d 1220, 1225 (9th Cir.  
18 1998)). Defendant proposes at least two other factors:  
19 "whether the declaratory action will serve a useful  
20 purpose in clarifying the legal relations at issue,  
21 [and] whether the declaratory action is being sought to  
22 obtain a res judicata advantage." Mot. 13:14-15  
23 (quoting Williams v. Azzogleads.com, Inc., No. CV 08-  
24 807 AHS (ANx), 2008 WL 4383875, at \*1 (C.D. Cal. Sept.  
25 4, 2008) (citations omitted)).

26 The Court finds that although exercising  
27 jurisdiction would require it to determine state law  
28 issues with respect to the scope of Plaintiff's

1 licenses, such issues are necessary to the proper  
2 adjudication of this case. As such, the Court finds  
3 that the first factor is neutral in determining whether  
4 to exercise jurisdiction.

5 The Court finds that the second factor,  
6 discouraging litigants from using declaratory actions  
7 as a means of forum shopping, weighs against exercising  
8 jurisdiction. In particular, Plaintiffs already have a  
9 means of review available to them: the ICANN request  
10 for reconsideration process. See Bylaws for Internet  
11 Corporation for Assigned Names and Numbers, Art. IV,  
12 ICANN (Nov. 27, 2013),  
13 <https://www.icann.org/en/about/governance/bylaws>.  
14 Notwithstanding Plaintiff's assertions that ICANN's  
15 reconsideration process fails to provide adequate due  
16 process (Opp'n 16:23-18:3), Plaintiff still bypassed  
17 the procedures available to it to file this Action. As  
18 such, the Court finds that this factor weighs against  
19 exercising jurisdiction.

20 The next factor, avoiding duplicative litigation,  
21 is neutral. Neither Plaintiff nor Defendant have  
22 identified any parallel litigation. Additionally,  
23 because no litigation beyond this Action is  
24 anticipated, the Court finds that this Action does not  
25 appear to be brought to obtain a *res judicata*  
26 advantage. Accordingly, the Court finds that this  
27 factor weighs toward exercising jurisdiction.

28 The Court finds that the next factor, whether the

1 declaratory action will help clarify the legal  
2 relations between the parties, weighs toward exercising  
3 jurisdiction. In particular, the Action will clarify  
4 the legal relationship regarding gTLDs between the  
5 Parties with respect to the DEL MONTE Mark.

6 Because most of the factors either weigh toward or  
7 are neutral with respect to exercising jurisdiction  
8 over this Action, this Court does not decline to  
9 exercise jurisdiction.

10 **B. Failure to State a Claim**

11 Having found that it has jurisdiction over this  
12 Action, the Court next must determine whether Plaintiff  
13 has stated a claim sufficient to survive Defendant's  
14 Rule 12(b)(6) Motion to Dismiss. Beyond arguing that  
15 there is no cognizable case or controversy, Defendant  
16 argues that Plaintiff has not stated a claim for relief  
17 under the ACPA. Mot. 8:14-15.

18 Under Rule 12(b)(6), a party may move to dismiss  
19 claims based on a lack of a cognizable legal theory or  
20 lack of sufficient facts alleged under a cognizable  
21 legal theory. Balistreri, 901 F.2d at 699.

22 Under 15 U.S.C. § 1125(d), "a party can be held  
23 liable if it registers, traffics in, or uses a 'domain  
24 name' that is 'identical or confusingly similar' to a  
25 distinctive mark . . . with bad faith intent to profit  
26 from the mark." 15 U.S.C. § 1125(d)(1)(A). Under 15  
27 U.S.C. § 1114(2)(D)(v), "[a] domain name registrant  
28 whose domain name has been suspended, disabled, or

1 transferred under a policy described under clause  
2 (ii)(II) may . . . file a civil action to establish  
3 that the registration or use of the domain name by such  
4 registrant is not unlawful under this Act." 15 U.S.C.  
5 § 1114(2)(D)(v). A policy described under clause  
6 (ii)(II) is a "reasonable policy . . . prohibiting the  
7 registration of a domain name that is identical to,  
8 confusingly similar to, or dilutive of another's mark."  
9 15 U.S.C. § 1114(2)(D)(ii).

10 1. Definition of "Domain Name"

11 In order for Plaintiff to state a claim under  
12 either 15 U.S.C. § 1125(d) or § 1114(2)(D)(v), it must  
13 first show that a "domain name" is at issue in this  
14 case. Plaintiff must therefore show that the gTLD  
15 <.delmonte> is a "domain name" and, therefore, subject  
16 to these provisions of the ACPA.

17 This appears to be a matter of first impression,  
18 and the Court keeps in mind that "[n]ot once has any  
19 court imputed trademark rights to a gTLD. In fact,  
20 rather than look at a gTLD to determine trademark  
21 rights, the Ninth Circuit and others ignore the TLD as  
22 though it were invisible next to the second level  
23 domain name in an infringement action." Image Online  
24 Design, Inc. v. Core Ass'n, 120 F. Supp. 2d 870, 878  
25 (C.D. Cal. 2000).

26 Plaintiff asserts that the ACPA "makes no  
27 distinction between top, second, or even third-level  
28 domain names." Opp'n 16:7-8. Defendant, on the other

1 hand, notes that a TLD has never been found to be a  
2 "domain name" for ACPA purposes. Mot. 8:17-18. The  
3 parties, however, go no further in their arguments.  
4 The Court must itself determine if the <.delmonte>  
5 gTLD constitutes a "domain name" under the ACPA.

6 Since Congress passed the ACPA, numerous courts  
7 have defined a "domain name" as consisting of "at least  
8 two parts: the top level domain and the second level  
9 domain." Sallen, 273 F.3d at 19; Rearden LLC, 683 F.3d  
10 at 1196 n.1 (9th Cir. 2012) (quoting Office Depot Inc.  
11 v. Zuccarini, 596 F.3d 696, 698-99 (9th Cir. 2010));  
12 Coca-Cola Co. v. Purdy, 382 F.3d 774, 783 (8th Cir.  
13 2004); Interactive Prods. Corp. v. A2z Mobile Office  
14 Solutions, Inc., 326 F.3d 687, 691 (6th Cir. 2003);  
15 Virtual Works, Inc. v. Volkswagen of Am., Inc., 238  
16 F.3d 264, 266 (4th Cir. 2001); Sporty's Farm L.L.C. v.  
17 Sportsman's Mkt., Inc., 202 F.3d 489, 492-93 (2d Cir.  
18 2000); Brookfield Commc'ns v. W. Coast Entm't Corp.,  
19 174 F.3d 1036, 1044 (9th Cir. 1999); see also GoForit  
20 Entm't, LLC v. DigiMedia.com L.P., 750 F. Supp. 2d 712,  
21 725 (N.D. Tex. 2010) (holding that a third-level domain  
22 was not a domain name under the ACPA, reasoning that it  
23 was never assigned or registered with a registrar, and  
24 that only second and top level domain combinations were  
25 domain names).

26 It follows, then, that under this definition of  
27 "domain name," a TLD is merely a necessary, but not  
28 sufficient, part of a "domain name." But these

1 holdings are not directly on point and, accordingly,  
2 are not conclusive. If they were, this Court's inquiry  
3 would end here.

4 The plain language of the ACPA is equivocal: "any  
5 alphanumeric designation" on the Internet that is "part  
6 of an electronic address" may be a domain name so long  
7 as it "is registered" with "a domain name registrar,  
8 domain name registry, or other domain name registration  
9 authority." 15 U.S.C. § 1127 (emphasis added). A  
10 plain reading of this definition suggests that the  
11 <.delmonte> gTLD, as an alphanumeric designation, can  
12 be a domain name so long as it is registered with "a  
13 domain name registrar, domain name registry, or other  
14 domain name registration authority." Id.

15 It follows, then, that answering the question of  
16 whether ICANN is a "domain name registrar, domain name  
17 registry, or domain name registration authority" is  
18 critical to determining whether a TLD is a domain name  
19 because applicants apply directly to ICANN for a new  
20 gTLD. See Compl. ¶ 20.

21 "ICANN is a nonprofit corporation that was created  
22 in 1998, in response to a policy directive of the  
23 Department of Commerce, to administer the domain name  
24 system on the Department's behalf."<sup>2</sup> Coalition for

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25  
26 <sup>2</sup> To the extent that these facts regarding ICANN's  
27 role were not presented to this Court, this Court may  
28 take judicial notice of them because they are not  
subject to "reasonable dispute because" they are  
generally known within this court's territorial

1 ICANN Transparency, Inc. v. VeriSign, Inc., 567 F.3d  
2 1084, 1088 (9th Cir. 2009).

3 As part of its coordination of the domain name  
4 systems, ICANN maintains a relationship with the  
5 key actors in the system, including *registries*,  
6 which operate top-level domains ('TLDs') such as  
7 '.com' or '.org' and maintain information on all  
8 domain names registered within a particular top-  
9 level domain, and *registrars*, which make domain  
10 names available to customers and register domain  
11 names with a registry. The customer and owner  
12 of the domain name is the 'registrant.'

13 Vizer v. VIZERNEWS.COM, 869 F. Supp. 2d 75, 78 (D.D.C.  
14 2012) (citing Office Depot, 596 F.3d at 699; Dotster,  
15 Inc. v. Internet Corp. for Assigned Names and Numbers,  
16 296 F. Supp. 2d 1159, 1160 (C.D. Cal. 2003)); see also  
17 Name.Space, Inc. v. Internet Corp. for Assigned Names &  
18 Nos., CV 12-8676 PA (PLAx), 2013 WL 2151478, at \*1-4  
19 (C.D. Cal. Mar. 4, 2013) (providing an overview of  
20 ICANN's history and its role in administering the  
21 Domain Name System).

22 At least with respect to its normal functions,  
23 ICANN does not provide the typical services domain name  
24 registries or domain name registrars provide and ICANN

25 \_\_\_\_\_  
26 jurisdiction or can be accurately and readily  
27 determined from sources whose accuracy cannot  
28 reasonably be questioned. Fed. R. Evid. 201(b); Vizer  
v. VIZERNEWS.COM, 869 F. Supp. 2d 75, 77 n.3 (D.D.C.  
2012).

1 has not been recognized as a domain name registrar or  
2 registry in the past. See Vizer, 869 F. Supp. 2d at  
3 82. This makes sense, as ICANN's role has been to  
4 administer and coordinate these entities, not to act at  
5 the individual domain name level. Accordingly, the  
6 Court finds that ICANN is neither a "domain name  
7 registrar" nor a "domain name registry" for purposes of  
8 the ACPA.

9 However, this leaves open the question of whether  
10 ICANN is an "other domain name registration authority"  
11 for the purposes of the ACPA. 15 U.S.C. § 1127. If  
12 ICANN is, then a gTLD could be a domain name.

13 In Vizer, the court found that the "plain language"  
14 of the ACPA "makes clear that the phrase 'other domain  
15 name authority that registered or assigned the domain  
16 name,' covers only entities that perform the functions  
17 of the registrar and registry by registering or  
18 assigning domain names." Vizer, 869 F. Supp. 2d at 82.  
19 The court held that ICANN was not a "domain name  
20 authority" - or a domain name registrar or registry -  
21 in the context of § 1125(d)(2)(A).<sup>3</sup> Id. The court  
22 reasoned that "ICANN's role within the domain name  
23 system [does] not give it the 'hands-on' role in  
24 'register[ing]' or 'assign[ing]' the defendant domain  
25

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26  
27 <sup>3</sup> However, this Court recognizes that the Vizer  
28 court limited its holding and explicitly stated that  
its holding *did not* apply to ICANN's role in approving  
new gTLDs. Id. at 83 n.7.



1 name sufficient to confer *in rem* jurisdiction in this  
2 Court" under the ACPA. Id. at 83.

3 ACPA co-sponsor Senator Patrick Leahy's comments on  
4 the bill are illuminating: "Since registrars only  
5 register second level domain names," the definition of  
6 domain name "under current registration practice,  
7 *applies only to second level domain names.*" 145 Cong.  
8 Rec. 14986, 15025 (1999) (emphasis added). The Senate  
9 Judiciary Committee Report on the ACPA similarly opines  
10 that the definition of "domain name" "essentially  
11 covers the second-level domain names assigned by domain  
12 name registration authorities." S. Rep. No. 106-140,  
13 at \*10 (1999). Senator Leahy further clarified that  
14 "[o]nly these entities that actually offer the  
15 challenged name, placed it in a registry, or operate  
16 the relevant registry" were intended to be covered by  
17 the terms "domain name registrar, domain name registry,  
18 or other domain name authority." 145 Cong. Rec. 14986,  
19 15025 (1999).

20 In short, both the plain language of the statute  
21 and its legislative history suggest that ICANN is not a  
22 "domain name registration authority" within the meaning  
23 of the ACPA. Such an inference implies, of course,  
24 that a gTLD such as <.delmonte> is not a domain name  
25 within the meaning of the ACPA. If this were the case,  
26 then Plaintiff's request under 15 U.S.C. §  
27 1114(2)(D)(v) for a declaration that it is in  
28 compliance with the ACPA must fail as the ACPA would be

1 inapplicable to this Action.

2 The difficulty, of course, is that ICANN *does* act  
3 in a "hands-on" role with respect to the new gTLD  
4 program. The application process for the new gTLD  
5 program is extensive, encompassing many steps before  
6 ICANN finally delegates a new gTLD into the root zone.<sup>45</sup>  
7 See gTLD Applicant Guidebook Version 2012-06-04, ICANN,  
8 (June 4, 2012),  
9 [http://newgtlds.icann.org/en/applicants/agb/guidebook-f](http://newgtlds.icann.org/en/applicants/agb/guidebook-full-04jun12-en.pdf)  
10 [ull-04jun12-en.pdf](http://newgtlds.icann.org/en/applicants/agb/guidebook-full-04jun12-en.pdf).<sup>6</sup> ICANN's extensive involvement in  
11

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12 <sup>4</sup> These facts regarding ICANN's new gTLD  
13 application process are judicially noticeable because  
14 they are not subject to reasonable dispute and are  
15 capable of accurate and ready determination by resort  
16 to sources whose accuracy cannot reasonably be  
17 questioned. Fed. R. Evid. 201; Lee v. City of Los  
18 Angeles, 250 F.3d 668, 688-89 (9th Cir. 2001). The  
19 Court notes that Plaintiff does not appear to contest  
20 their authenticity as Plaintiff cites to the same  
21 website. See Opp'n 17:20-18:2.

22 <sup>5</sup> The "root zone" is a database that "represents  
23 the delegation details of top-level domains, including  
24 gTLDs and ccTLDs." New Generic Top-Level Domains  
25 Glossary: Terms Applicable to the Application Process,  
26 at 6, ICANN, (Aug. 30, 2011),  
27 [http://archive.icann.org/en/topics/new-gtlds/glossary-3](http://archive.icann.org/en/topics/new-gtlds/glossary-30aug11-en.pdf)  
28 [0aug11-en.pdf](http://archive.icann.org/en/topics/new-gtlds/glossary-30aug11-en.pdf). "Delegation" refers to "[t]he process  
through which the root zone is edited to include a new  
TLD, and the management of domain name registrations  
under such TLD is turned over to the registry  
operator." Id. at 2.

<sup>6</sup> ICANN's new gTLD application process allows  
potential applicants to submit applications for new  
gTLDs during a four month period. Id. at 1-2, 1-3.  
After the submission window closes, ICANN checks each

1 the new gTLD program is quite different from its role  
2 application for completeness. Id. at 1-5. Each  
3 application requires a \$185,000 evaluation fee. Id. at  
4 1-42. After new gTLD applications are publicly posted  
5 on ICANN's website, ICANN opens a Comment Period and  
6 comments received within 60 days of the application  
7 posting are considered by evaluators. Id. at 1-5, 1-6.  
8 After the completeness check, ICANN begins an Initial  
9 Evaluation, consisting of a "String review" and  
10 "Applicant review." Id. at 1-8, 1-9. "String reviews"  
11 consider whether the applied for gTLD string will cause  
12 security or stability problems; "Applicant reviews"  
13 consider whether an "applicant has the requisite  
14 technical, operational, and financial capabilities to  
15 operate a registry." Id. at 1-9. Certain applicants  
16 that fail the Initial Evaluation may request an  
17 Extended Evaluation wherein the applicant and  
18 evaluators exchange additional information to clarify  
19 information in the application. Id. at 1-11. ICANN's  
20 application process also allows for third parties to  
21 file formal objections during the Objection Filing  
22 Period. Id. at 1-10. The application process also  
23 includes a Dispute Resolution period. Id. at 1-12. If  
24 a formal objection is filed against an application,  
25 independent dispute resolution service providers  
26 initiate and conclude proceedings based on the  
27 objections received. Id.

19 If there is more than one qualified application for  
20 an identical or similar gTLD string, a "String  
21 Contention" case arises. Id. at 1-13. Such cases are  
22 resolved either through a community priority evaluation  
23 or through an auction. Id. Finally, applicants who  
24 have successfully completed all relevant stages of the  
25 application process must complete several additional  
26 steps, including the execution of a registry agreement  
27 with ICANN and the completion of a technical test,  
28 before ICANN delegates the new gTLD into the root zone.  
Id. at 1-14, 1-15. Furthermore, ICANN's involvement  
with successful applicants is ongoing; even after  
delegation, ICANN performs regular audits to ensure  
gTLD registry operators' compliance with their  
agreement obligations. Id. at 5-15.

1 in administering the Domain Name System. By receiving  
2 and reviewing applications for new gTLDs and by  
3 ultimately delegating new gTLDs into the root zone,  
4 ICANN acts much like a traditional domain name  
5 registrar. And by performing regular audits and in  
6 delegating new gTLDs into the root zone, ICANN acts  
7 much like a traditional domain name registry. Even so,  
8 given the limited and circumscribed nature of the new  
9 gTLD program, construing ICANN as a "domain name  
10 registration authority" seems akin to cramming a square  
11 peg into a round hole.

12 It appears, then, that the Court must turn to the  
13 other elements of Plaintiff's claim under the ACPA.  
14 For this purpose, this Court assumes, without deciding,  
15 that the <.delmonte> gTLD is a "domain name."

16 2. 15 U.S.C. §§ 1114(2)(D)(v) and 1125(d)

17 In order to show liability for cybersquatting under  
18 § 1125(d), a plaintiff must show that "(1) the  
19 defendant *registered, trafficked in, or used* a domain  
20 name; (2) the domain name is identical or confusingly  
21 similar to a protected mark owned by the plaintiff; and  
22 (3) the defendant acted 'with bad faith intent to  
23 profit from that mark.'" Rearden LLC, 683 F.3d at 1219  
24 (emphasis added) (quoting DSPT Intern., Inc. v. Nahum,  
25 624 F.3d 1213, 1218-19 (9th Cir. 2010)); see also  
26 GoPets Ltd. v. Hise, 657 F.3d 1027, 1030 (9th Cir.  
27 2011).

28 15 U.S.C. § 1114(2)(D)(v), on the other hand,

1 provides a cause of action for reverse domain name  
2 hijacking. See Hawes v. Network Solutions, Inc., 337  
3 F.3d 377, 383 (4th Cir. 2003); Barcelona.com, Inc., 330  
4 F.3d at 625; Ricks v. BMEzine.com, LLC, 727 F. Supp. 2d  
5 936, 959 (D. Nev. 2010). To prevail on such a claim,  
6 Plaintiff must show

7 (1) that it is a domain name registrant; (2)  
8 that its domain name was *suspended, disabled, or*  
9 *transferred* under a policy established by a  
10 registrar as described in 15 U.S.C. §  
11 1114(2)(D)(ii)(II); (3) that the owner of the  
12 mark that prompted the domain name to be  
13 suspended, disabled, or transferred has notice  
14 of the action by service or otherwise; and (4)  
15 that the plaintiff's registration or use of the  
16 domain name is not unlawful under [this  
17 chapter].

18 Barcelona, Inc., 330 F.3d at 626 (emphasis added); see  
19 also Ricks, 727 F. Supp. 2d at 960 (holding that the  
20 words "this chapter" in § 1114(2)(D)(v) refers only to  
21 the ACPA, not the whole Lanham Act). In other words, §  
22 1114(2)(D)(v) covers situations in which a domain name  
23 registrant has been found to be a cybersquatter by an  
24 administrative panel of a registrar, registry, or other  
25 domain name authority. See Sallen, 273 F.3d at 28.  
26 Furthermore, because § 1114(2)(D)(v) requires a court  
27 to determine whether a party is in compliance with §  
28 1125(d), (see Sallen, 273 F.3d at 18; Ricks, 727 F.

1 Supp. 2d at 960), it follows that § 1114(2)(D)(v) can  
2 apply *only if* the Plaintiff's actions could also be  
3 subject to § 1125(d) liability. See AIRFX.com v. AIRFX  
4 LLC, No. 11-01064-PHX-FJM, 2012 WL 3638721, at \*6 (D.  
5 Ariz. Aug. 24, 2012) ("Because we have concluded that  
6 plaintiffs cannot be liable under the ACPA for  
7 cybersquatting as a matter of law . . . we conclude  
8 that there is no genuine issue of fact as to whether  
9 plaintiffs' use of the domain name is lawful").

10 The ACPA does not provide a definition of  
11 "register." See GoPets, 657 F.3d at 1030. Faced with  
12 this issue, the Vizer court found that registering a  
13 "domain name" under the ACPA includes entering into a  
14 contractual relationship with a registrar to "make a  
15 record" of the requested domain name. See Vizer, 869  
16 F. Supp. 2d at 81-82. In other words, "registration"  
17 under the ACPA at least requires the registrant to  
18 enter into a contract to have its proposed domain name  
19 entered into the appropriate registry. See also  
20 GoPets, 657 F.3d at 1030 ("It is obvious that, under  
21 any reasonable definition, the initial contract with  
22 the registrar constitutes a 'registration' under  
23 ACPA"). A typical domain name registration is  
24 essentially automatic: "[r]egistrars accept  
25 registrations for new or expiring domain names, connect  
26 to the appropriate registry operator's TLD servers to  
27 determine whether the name is available, and register  
28 available domain names on behalf of registrants."

1 Coalition for ICANN Transparency Inc. v. VeriSign,  
2 Inc., 464 F. Supp. 2d 948, 952 (N.D. Cal. 2006).

3 The Court finds that Plaintiff has not "registered"  
4 the <.delmonte> gTLD. Plaintiff alleges that it  
5 entered into a contract with ICANN by submitting its  
6 application for the <.delmonte> gTLD. Compl. ¶ 25.  
7 But even so, ICANN never "made a record of" the  
8 <.delmonte> gTLD in the root zone because it sustained  
9 Defendant's LRO. Id. at ¶ 36. "[R]egistration" in the  
10 gTLD context requires ICANN to actually delegate  
11 <.delmonte> into the root zone and thereby make a  
12 record of the domain into the Domain Name System. Cf.  
13 GoForIt Entm't, 750 F. Supp. 2d at 723 (holding that  
14 third level domain names are not covered by the ACPA  
15 because they are not registered or assigned by a domain  
16 name registrar). No such event occurred here as  
17 Defendant's LRO successfully prevented ICANN from  
18 delegating <.delmonte>. Compl. ¶ 36. Unlike the  
19 mechanical second level registration system, the gTLD  
20 application process does not immediately and  
21 automatically delegate a gTLD into the root zone upon  
22 application. See gTLD Applicant Guidebook, at 1-48, 1-  
23 49. Instead, an application must survive several  
24 discrete steps, including any filed objections, in  
25 order to reach the delegation stage. Id.

26 Plaintiff avers, however, that "[i]t is of no  
27 moment that the application and registration occur  
28 simultaneously for a second-level domain name, and

1 separately for a TLD" because "[i]n both cases a WIPO  
2 Panel is called upon to determine whether the  
3 registration is, or was, appropriate." Opp'n 16:11-15.

4 Plaintiff's argument misses a crucial point. It is  
5 precisely because application and registration occur  
6 simultaneously for second level domains that the ACPA  
7 is necessary. Once an available domain name is applied  
8 for and registered, all other potential applicants are  
9 barred from using that domain. No advance notice is  
10 given. Thus, the UDRP and 15 U.S.C. § 1125(d) exist to  
11 dissuade the unscrupulous use of another's mark. That  
12 trademark owners may be excessively vigilant in  
13 protecting their marks is an outgrowth of such a system  
14 of instantaneous registration and mutual exclusion. 15  
15 U.S.C. § 1114(2)(D)(v), meant to counteract "reverse  
16 domain name hijacking," exists to prevent overreaching  
17 by overzealous trademark owners.

18 In contrast, the gTLD application process  
19 deliberately separates application from registration.  
20 By doing so, the process is designed to stymie  
21 cybersquatting activity. In order to do so, the gTLD  
22 process introduces high entry costs in the form of its  
23 hefty evaluation fee and extensive initial review  
24 process. Moreover, the extensive evaluation process,  
25 with its provision for transparency for interested  
26 stakeholders, further protects against the potentiality  
27 of successful cybersquatting behavior. Such barriers  
28 present serious challenges to typical cybersquatting



1 activity. As a result, the protections of the ACPA are  
2 much less relevant to the gTLD application process than  
3 for the current second level domain name registration  
4 process.

5 The Court also finds that Plaintiff has not  
6 "trafficked in" or "used" the <.delmonte> gTLD to give  
7 rise to ACPA liability. A party may be liable for  
8 cybersquatting if he "traffics in" an offending domain  
9 name. 15 U.S.C. § 1125(d)(1)(A)(ii). To "traffic" is  
10 to engage in "transactions that include . . . sales,  
11 purchases, loans, pledges, licenses, exchanges of  
12 currency, and any other transfer for consideration or  
13 receipt in exchange for consideration." 15 U.S.C. §  
14 1125(d)(1)(E). It follows that Plaintiff could not  
15 have "trafficked in" the <.delmonte> gTLD without a  
16 "registration" as without ICANN's delegation of the  
17 <.delmonte> gTLD, Plaintiff had nothing to transfer for  
18 consideration. Simply put, Plaintiff cannot transfer  
19 something that does not exist. The same holds true for  
20 whether Plaintiff "used" the <.delmonte> gTLD. While  
21 the definition of "use" under the ACPA may be broad,  
22 (see DSPT Int'l, 624 F.3d at 1219 (holding that a  
23 defendant used a domain name by changing its contents  
24 to obtain leverage in his claim for commissions)), the  
25 Court finds that there must still be a registered  
26 domain name in order for there to be liability for  
27 "use" of that domain name. Because the <.delmonte>  
28 gTLD was never delegated, it follows that Plaintiff

1 could not have "used" <.delmonte> in any manner.

2       Accordingly, because Plaintiff has not pleaded  
3 sufficient facts to show that it "registered,  
4 trafficked in, or used a domain name," the Court finds  
5 that Plaintiff has failed to make out a prima facie  
6 case for cybersquatting under 15 U.S.C. § 1125(d).  
7 Rearden LLC, 683 F.3d at 1219. Because the Court finds  
8 that Plaintiff cannot be liable under the ACPA as a  
9 matter of law, the Court finds that § 1114(2)(D)(v)  
10 similarly is inapplicable to this Action. As such, the  
11 Court finds that Plaintiff has failed to state a claim  
12 upon which relief may be granted.

13       The Court recognizes the paradoxical nature of this  
14 result - second level domain disputes adjudicated under  
15 the UDRP could be subject to review under the ACPA but  
16 disputes over top level domains may not. However, this  
17 Court believes that extending the ACPA to cover such  
18 disputes would upset the balance reached by ICANN in  
19 formulating its new gTLD program. This Court is  
20 convinced that dismissal is warranted given the  
21 precautions set forth within ICANN's new gTLD  
22 application process and the stark contrast between that  
23 application process and the second level domain  
24 registration system. Moreover, the Court cautions that  
25 this holding does not necessarily foreclose application  
26 of the ACPA in the context of *successful* gTLD  
27 registrations. The Court agrees with Defendant that  
28 owning a gTLD "carries with it a far stronger public

1 association of brand ownership than any domain name  
2 registration." Reply 7:15-17. The need for judicial  
3 review in the context of a successful gTLD application  
4 therefore is much more significant than in the context  
5 of an unsuccessful application.

6 Finally, this Court agrees with Defendant that  
7 accepting Plaintiff's construction of § 1114(2)(D)(v)  
8 would render an attempt to register a domain name  
9 actionable under the ACPA. See Mot. 8:20-24. Reading  
10 "registration" to encompass the gTLD application  
11 process would make actionable instances where  
12 individuals entered into contracts with registrars to  
13 register an infringing domain name but were ultimately  
14 unsuccessful in obtaining that domain name. Such a  
15 reading of the ACPA is incongruent with the rest of the  
16 statute. Furthermore, the Court believes that such a  
17 reading would broaden the scope of the ACPA beyond that  
18 contemplated by Congress or supported by the case law.

19 3. Requests for Declaratory Relief

20 It is well established that the Declaratory  
21 Judgment Act "does not create an independent cause of  
22 action." Chevron Corp. v. Camacho Naranjo, 667 F.3d  
23 232, 244-45 (2d Cir. 2012) (quoting Davis v. United  
24 States, 499 F.3d 590, 594 (6th Cir. 2007)). As such,  
25 this Court need not separately determine if Plaintiff  
26 has adequately pleaded a claim under the Declaratory  
27 Judgment Act.

28 //

1           4.   Conclusion

2           The Court finds that the ACPA is inapplicable to  
3 this Action because even if the Court had found that  
4 <.delmonte> was a domain name, Plaintiff has still  
5 failed to plead a cognizable theory under the ACPA  
6 because <.delmonte> was never registered, transferred,  
7 or used. The Court notes that Plaintiff has not  
8 pleaded any other claims because the Declaratory  
9 Judgment Act does not create an independent cause of  
10 action. Accordingly, the Court hereby **GRANTS**  
11 Defendant's Motion to Dismiss Plaintiff's Complaint  
12 [17]. Furthermore, because the facts of this Action  
13 ultimately revolve around Plaintiff's application for  
14 the gTLD <.delmonte>, the Court hereby dismisses  
15 without leave to amend as Plaintiff cannot allege any  
16 facts sufficient to cure its cause of action. See  
17 Lopez v. Smith, 203 F.3d at 1130.

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1 **IV. Conclusion**

2 For the foregoing reasons, the Court hereby **GRANTS**  
3 Defendant's Motion to Dismiss Pursuant to Fed. R. Civ.  
4 P. 12(b)(1) and 12(b)(6) [17]. The Court hereby  
5 dismisses this case without leave to amend. The Clerk  
6 shall close this action.

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10 **IT IS SO ORDERED.**

11 DATED: February 5, 2014

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13 RONALD S.W. LEW

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**HONORABLE RONALD S.W. LEW**  
15 Senior, U.S. District Court Judge  
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# **ANNEX 59**

## EXPERT DETERMINATION LEGAL RIGHTS OBJECTION

Merck KGaA v. Merck Registry Holdings, Inc.

Case No. LRO2013-0009

### 1. The Parties

**Objector/Complainant is** Merck KGaA, Germany, **represented by** Bettinger Schneider Schramm, Germany.

**Applicant/Respondent is** Merck Registry Holdings, Inc., United States of America **represented by** Hogan Lovells (Paris) LLP, France.

### 2. The applied-for gTLD string

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

### 3. Procedural History

**The Legal Rights Objection ("LRO") was filed with the WIPO Arbitration and Mediation Center (the "WIPO Center") on March 12, 2013 pursuant to the New gTLD Dispute Resolution Procedure (the "Procedure").**

**In accordance with Article 9 of the Procedure, the WIPO Center has completed the review of the Objection on March 20, 2013 and has determined that the Objection complies with the requirements of the Procedure and the World Intellectual Property Organization Rules for New gTLD Dispute Resolution for Existing Legal Rights Objections (the "WIPO Rules for New gTLD Dispute Resolution").**

The WIPO Center received a proposal from Objector to consolidate the LRO Objections WIPO Case No. LRO2013-0009, WIPO Case No. LRO2013-0010 and WIPO Case No. LRO2013-0011 on April 23, 2013. Respondent indicated opposition to aspects of the consolidation proposal. In accordance with Article 12 of Procedure and Paragraph 7(d) of the WIPO Rules for New gTLD Dispute Resolution, the WIPO Center has not made a decision to consolidate the WIPO Case No. LRO2013-0009, WIPO Case No. LRO2013-0010 and WIPO Case No. LRO2013-0011 for purposes of Article 12(b) of the Procedure.

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

Following initial party communications concerning options for mediation pursuant to Article 16(d) of the Procedure and Paragraph 12 of the WIPO Rules for New gTLD Dispute Resolution, the Parties in the end did not proceed to such mediation.

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

On June 18, 2013, further to a request from Objector, the Panel issued Panel Order No. 1 in which Objector was granted permission to submit a short reply of maximum five pages (including any possible Annexes) ("Reply") and giving Applicant permission to submit a rejoinder of a similar size ("Rejoinder"). The Panel ordered that the Reply should be limited to observations and arguments relating to new or unforeseen arguments brought forward by Applicant in the Response and that the Rejoinder should only relate to observations and arguments brought forward in the Reply. The Panel communicated that it will disregard any other observations and arguments in the Reply and Rejoinder. The Panel ordered that the Reply should be filed electronically with the WIPO Center by June 21, 2013 and that the Rejoinder should be filed electronically with the WIPO Center within three working days after the WIPO Center acknowledged receipt of the Reply.

The Reply was received by the WIPO Center on June 21, 2013. On June 24, 2013, Applicant objected to the fact that the Panel granted the opportunity to file additional submissions and objected to the fact that it was granted a deadline for the Rejoinder of three working days after the WIPO Center acknowledged receipt of the Reply. On June 27, 2013, Applicant submitted the Rejoinder, named "Applicant/Respondent's Reply to Unsolicited Supplemental Filing from Objector", reserving the right to amend and supplement this submission.

On June 27, 2013, the Panel issued Panel Order No. 2 in which the Panel granted Applicant a ten-day extension to amend and supplement the Rejoinder. Within this period of ten days after June 27, 2013, Applicant has not submitted any document to amend and supplement the Rejoinder it had previously submitted.

#### 4. Factual Background

##### Objector

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

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

##### Applicant

Applicant of the Disputed gTLD String, Applicant in this Procedure, is a United States company, located in Whitehouse Station, New Jersey. The parent of Applicant is Merck Sharp & Dohme Corp. and the ultimate



parent of Applicant is Merck & Co., Inc. that is also located in Whitehouse Station, New Jersey<sup>1</sup>. Applicant is one of the largest pharmaceutical companies in the world.

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

Applicant is the owner and operator of the website "www.merck.com".

Applicant also owns various trademark registrations for MERCK SHARPE & DOHME throughout the world, outside Canada and the United States.

Applicant's application for the Disputed gTLD String was originally posted on June 13, 2012 under Application ID: 1-1702-28003. In that application the mission/purpose of the application was described *inter alia* in the following terms:

"The potential use of the .MERCK gTLD by these or other business segments will primarily be driven by MSD's future business strategies as identified in its annual report and investor filings, see 'http://www.merck.com/investors/home.html'. The intended future mission and purpose of the .MERCK gTLD is to serve as a trusted, hierarchical, and intuitive namespace for MSD and end-users, and potentially MSD's qualified subsidiaries and affiliates and potentially its licensees and other strategic parties."

### The common history of Objector and Applicant

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

In the 1930s the groups of companies of Objector and Applicant agreed on co-existence. The group of companies of Applicant obtained the right to use the name MERCK in the United States and Canada. The group of companies of Objector obtained the right to use the name MERCK everywhere except outside the United States and Canada. The co-existence agreements were amended in the 1970s.

## 5. Parties' Contentions

### A. Objector

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

Objector is a company that long ago was part of a single organization with Applicant. Since the split, both Objector and Applicant have used MERCK marks in countries around the world pursuant to a series of co-existence agreements. Applicant has taken numerous steps in an unauthorized attempt to dramatically expand its use of the MERCK mark in direct violation of Objector's legal rights, and in a manner contrary to the provisions of the co-existence agreements.

Applicant has also registered the domain name <merck.com> and various other domain names which

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<sup>1</sup> As both Objector and Applicant have included in their submissions that, although Applicant, Merck Sharp & Dohme Corp and Merck & Co are distinct legal entities, references to Applicant are deemed to include references to Merck Sharp & Dohme Corp and/or Merck & Co, the Panel will follow this example where there is no useful purpose served in identifying any particular of these companies.

include the element “merck” and also use the same name for social media such as Facebook, Twitter, LinkedIn and YouTube. All of the above websites are not geo-limited to views in North America. These activities are outside the boundaries of the co-existence agreements and constitute an infringement of Objector’s rights. Applicant and Objector (and/or its group companies) are currently involved in legal proceedings before the District Court of Hamburg, Germany and are preparing additional legal measures.

Applicant 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 Objector’s rights. In addition the space would also be opened to Applicant’s licensees or strategic parties without any geographical limitation. Finally, Applicant’s intention is to expand use beyond corporate use, again without any geographical limitation.

Contrary to Applicant, Objector uses geo-targeting tools to ensure that visitors from North America cannot access website content in which Objector is identified as “Merck”. Internet users in North America that enter “www.merck.de” into a browser will be redirected to “www.emdgroup.com”.

## **B. Applicant**

### **Applicant expressly denies Objector’s contentions.**

Objector has in addition to the proceedings in Hamburg, also commenced legal proceedings in the United Kingdom of Great Britain and Northern Ireland claiming trademark infringement and breach of the co-existence agreements.

Applicant cannot address Objector’s claims without influencing the wider litigation action and requests the Panel to terminate the Procedure as per Paragraph 13(b) of the WIPO Rules for New gTLD Dispute Resolution, which state: “In the event of any legal proceedings initiated prior to or during a proceeding conducted under the Procedure, the Panel shall have the discretion to decide whether to suspend or terminate such proceeding under the Procedure, or to proceed to an Expert Determination.”

Applicant does not believe that the Procedure, due to the current litigation in two jurisdictions, is the appropriate forum.

Objector is a German company. Its parent long ago was part of a single organization with Applicant. That single entity was split into two nearly one hundred years ago. Since then, both Objector and Applicant have used MERCK marks in countries around the world pursuant to a series of co-existence agreements.

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

## **6. Discussion and Findings**

### **Preliminary matter: Applicant’s request for termination**

Applicant has requested termination of the Procedure due to the pending litigation in the United Kingdom and Germany.

Pursuant to Paragraph 13(b) of the WIPO Rules for New gTLD Dispute Resolution the Panel has the discretion to decide whether to suspend or terminate the Procedure or to proceed to an Expert Determination. Applicant has hardly substantiated its request for termination. Without giving further details it has only argued that if it would address Objector’s claims that it would influence the wider litigation action and that the Procedure is not the appropriate forum.

The Panel does not agree. Applicant has submitted a lengthy Response giving many arguments why the

Panel should reject the Objection. The Panel is not convinced that Applicant's position is affected by the Panel proceeding to an Expert Determination.

## Introduction

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

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

Accordingly, for a Legal Rights Objection to succeed Objector has to satisfy the Panel that it has relevant existing legal rights and that use of the string comprising the potential new gTLD infringes those rights.

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

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

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

## Objector's Existing Legal Rights

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

Objector has provided sufficient evidence that it is the owner of various trademark registrations in countries throughout the world for the word mark MERCK for *inter alia* pharmaceutical products, including the German trademark filed on January 11, 1900 (registration number) DD45659 and the Community Trademark applied for on April 1, 1996 (registration number 283986). The Panel therefore finds that Objector has standing in the present case.

## Trademark Infringement

Objector contends that Applicant by operating the Disputed gTLD String would infringe Objector's trademarks as the Disputed gTLD String will not only be used in North America where Applicant has rights, but also outside North America where Objector has trademark rights.

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

- (i) takes unfair advantage of the distinctive character or the reputation of Objector's registered trademark; and/or

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

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

This is the essence of this dispute between the Parties. Objector has rights to use MERCK in certain parts of the world and Applicant has rights to use MERCK in other parts of the world.

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

The question is whether a *bona fide* trademark owner that owns trademark rights in certain countries but does not have rights to a certain trademark in all countries of the world, should for that reason be prevented from obtaining a gTLD. In the view of the Panel, such a proposition does not make sense. If the opposite view would be accepted, it would be expected from any trademark owner interested in a gTLD to have trademark registrations in all countries of the world as otherwise another party could register one trademark in an "uncovered" country and thus prevent the first trademark owner from applying for and using its own gTLD.

In essence there should not be a significant difference between the criteria for the legal rights objection as included in the Guidebook on the one hand and the provisions included in the Uniform Domain Name Dispute Resolution Policy ("UDRP"). If the applicant for a new gTLD is *bona fide*, it will not be likely that one of the three criteria will be met. It might be that advantage of the distinctive character or the reputation of the objector's registered trademark is taken, but it is then likely not unfair. It might be that the distinctive character or reputation of the objector's registered trademark is being impaired, but it is likely justified. It might be that a likelihood of confusion between the Disputed gTLD String and the objector's mark is created, but it is not necessarily impermissible.

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

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

For the aforementioned reasons the Panel rejects the Objection.

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

The Panel addresses each of them in turn:

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

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

WIPO Overview 2.0 describes this test as follows:

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

However: Some panels have additionally required that, for a domain name to be regarded as confusingly similar to the complainant's trademark, there must be a risk that Internet users may actually believe there to be a real connection between the domain name and the complainant and/or its goods and services. Such panels would typically assess this risk having regard to such factors as the overall impression created by the domain name, the distinguishing value (if any) of any terms, letters or numbers in the domain name additional to the relied-upon mark, and whether an Internet user unfamiliar with any meaning of the disputed domain name seeking the complainant's goods or services on the world wide web would necessarily comprehend such distinguishing value vis-à-vis the relevant mark.

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

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

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

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

iii. Whether and to what extent there is recognition in the relevant sector of the public of the sign corresponding to the gTLD, as the mark of Objector, of Applicant or of a third party.

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

iv. Applicant's intent in applying for the gTLD, including whether Applicant, at the time of application for the gTLD, had knowledge of Objector's mark, or could not have reasonably been unaware of that mark, and including whether Applicant has engaged in a pattern of conduct whereby it applied for or operates TLDs or registrations in TLDs which are identical or confusingly similar to the marks of others.

Applicant had – given the common history referred to above – obviously knowledge of Objector's mark.

There is, however, nothing before this Panel that would lead to the conclusion Applicant has engaged in a pattern of conduct whereby it applied for or operates TLDs or registrations in TLDs which are identical or confusingly similar to the marks of others.

v. Whether and to what extent Applicant has used, or has made demonstrable preparations to use, the sign corresponding to the gTLD in connection with a *bona fide* offering of goods or services or a *bona fide* provision of information in a way that does not interfere with the legitimate exercise by Objector of its mark rights.

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

vi. Whether Applicant has marks or other intellectual property rights in the sign corresponding to the gTLD, and, if so, whether any acquisition of such a right in the sign, and use of the sign, has been *bona fide*, and whether the purported or likely use of the gTLD by Applicant is consistent with such acquisition or use.

Applicant has used MERCK for many years in connection with the *bona fide* offering of goods and services and owns trademarks for MERCK in North America. In the view of the Panel such *bona fide* use as such does not interfere with the legitimate exercise by Objector of its trademark rights. If Applicant would use the Disputed gTLD String in a way that infringes the rights of Objector, Objector shall be free to take the appropriate legal measures. The purported use of the Disputed gTLD String by Applicant is consistent with use Applicant has made of the MERCK trademarks.

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

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

viii. Whether Applicant's intended use of the gTLD would create a likelihood of confusion with Objector's mark as to the source, sponsorship, affiliation, or endorsement of the gTLD.

It is possible that Applicant's use of the Disputed gTLD String could create a likelihood of confusion with Objector's mark as to the source, sponsorship, affiliation, or endorsement of the Disputed gTLD String. However, such possible confusion would not be greater than any that may already exist as a result of two similar companies using a similar trademark as the result of a common history. Applicant has made it clear that it will take all necessary measures, including geo-targeting, to avoid that Internet users in the territories in which Objector has trademark rights, will be able to visit websites that use the Disputed gTLD String. Should Applicant use the Disputed gTLD String in a way that infringes the rights of Objector, Objector shall be free to take the appropriate legal measures.

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

## 7. Decision

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

(i) take unfair advantage of the distinctive character or the reputation of Objector's registered or unregistered trademark or service mark, or

(ii) unjustifiably impair the distinctive character or the reputation of Objector's mark, or

(iii) otherwise create an impermissible likelihood of confusion between the Disputed gTLD String and Objector's mark.)

The Panel rejects the Objection.

[signed]

**Willem J.H. Leppink**

Sole Panel Expert

Date: September 6, 2013

## EXPERT DETERMINATION LEGAL RIGHTS OBJECTION

Merck & Co, Inc. v. Merck KGaA

Case No. LRO2013-0069

### 1. The Parties

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

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

### 2. The applied-for gTLD string

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

### 3. Procedural History

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

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

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

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

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



## 4. Factual Background

### Objector

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

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

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

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

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

### Applicant

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

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

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

### The common history of Objector and Applicant

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

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

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

## 5. Parties' Contentions

### A. Objector

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

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

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

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

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

## B. Applicant

### **Applicant expressly denies Objector's contentions.**

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

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

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

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

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

## 6. Discussion and Findings

### Introduction

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

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

**Accordingly, for a Legal Rights Objection to succeed Objector has to satisfy the Panel that it has relevant existing legal rights and that use of the string comprising the potential new gTLD infringes those rights.**

In this case Objector relies upon its rights as a licensee in respect of Objector's trademark, details of which are provided in the Factual Background (Section 4 above).

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

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

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

### Objector's Existing Legal Rights

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

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

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

### Trademark Infringement

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

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

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

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

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

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

The question is whether a *bona fide* trademark owner that owns trademark rights in certain countries but does not have rights to a certain trademark in all countries of the world, should for that reason be prevented from obtaining a gTLD. In the view of the Panel, such a proposition does not make sense. If the opposite

view would be accepted, it would be expected from any trademark owner interested in a gTLD to have trademark registrations in all countries of the world as otherwise another party could register one trademark in an "uncovered" country and thus prevent the first trademark owner from applying for and using its own gTLD.

In essence there should not be a significant difference between the criteria for the legal rights objection as included in the Guidebook on the one hand and the provisions included in the Uniform Domain Name Dispute Resolution Policy ("UDRP"). If the applicant for a new gTLD is *bona fide*, it will not be likely that one of the three criteria will be met. It might be that advantage of the distinctive character or the reputation of the objector's registered trademark is taken, but it is then likely not unfair. It might be that the distinctive character or reputation of the objector's registered trademark is being impaired, but it is likely justified. It might be that a likelihood of confusion between the Disputed gTLD String and the objector's mark is created, but it is not necessarily impermissible.

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

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

For the aforementioned reasons the Panel rejects the Objection.

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

The Panel addresses each of them in turn:

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

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

WIPO Overview 2.0 describes this test as follows:

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

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

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

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

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

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

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

iii. Whether and to what extent there is recognition in the relevant sector of the public of the sign corresponding to the gTLD, as the mark of Objector, of Applicant or of a third party.

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

iv. Applicant's intent in applying for the gTLD, including whether Applicant, at the time of application for the gTLD, had knowledge of Objector's mark, or could not have reasonably been unaware of that mark, and including whether Applicant has engaged in a pattern of conduct whereby it applied for or operates TLDs or registrations in TLDs which are identical or confusingly similar to the marks of others.

Applicant had – given the common history referred to above – obviously knowledge of Objector's mark. There is, however, nothing before this Panel that would lead to conclusion the Applicant has engaged in a pattern of conduct whereby it applied for or operates TLDs or registrations in TLDs which are identical or confusingly similar to the marks of others.

v. Whether and to what extent Applicant has used, or has made demonstrable preparations to use, the sign corresponding to the gTLD in connection with a *bona fide* offering of goods or services or a *bona fide* provision of information in a way that does not interfere with the legitimate exercise by Objector of its mark rights.

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

vi. Whether Applicant has marks or other intellectual property rights in the sign corresponding to the gTLD, and, if so, whether any acquisition of such a right in the sign, and use of the sign, has been *bona fide*, and whether the purported or likely use of the gTLD by Applicant is consistent with such acquisition or use.

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

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

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

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

viii. Whether Applicant's intended use of the gTLD would create a likelihood of confusion with Objector's mark as to the source, sponsorship, affiliation, or endorsement of the gTLD.

It is possible that Applicant's use of the Disputed gTLD String could create a likelihood of confusion with Objector's mark as to the source, sponsorship, affiliation, or endorsement of the Disputed gTLD String. However, such possible confusion would not be greater than any that may already exist as a result of two similar companies using a similar trademark as the result of a common history. Applicant has made it clear that it will take all necessary measures, including geo-targeting, to avoid that Internet users in the territories in which Objector has trademark rights, will be able to visit websites that use the Disputed gTLD String. Should Applicant use the Disputed gTLD String in a way that infringes the rights of Objector, Objector shall be free to take the appropriate legal measures.

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

## 7. Decision

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

(i) take unfair advantage of the distinctive character or the reputation of Objector's registered or unregistered trademark or service mark, or

(ii) unjustifiably impair the distinctive character or the reputation of Objector's mark, or

(iii) otherwise create an impermissible likelihood of confusion between the Disputed gTLD String and Objector's mark.

The Panel rejects the Objection.

[signed]

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