THE INTERNATIONAL CENTRE FOR EXPERTISE OF THE

INTERNATIONAL CHAMBER OF COMMERCE

CASE No. EXP/419/ICANN/36 (c. EXP/425/ICANN/42)

MERCK KGAA

(GERMANY)

vs/

MERCK REGISTRY HOLDINGS, INC.

(USA)

and

MERCK KGAA

(GERMANY)

vs/

MERCK REGISTRY HOLDINGS, INC.

(USA)

This document is an original of the Expert Determination rendered in conformity with the New gTLD Dispute Resolution Procedure as provided in Module 3 of the gTLD Applicant Guidebook from ICANN and the ICC Rules for Expertise.

INTERNATIONAL CENTRE FOR EXPERTISE
OF THE
INTERNATIONAL CHAMBER OF COMMERCE

CASE NO. EXP/419/ICANN/36 (C. EXP/425/ICANN/42)

MERCK KGAA
(GERMANY)

OBJECTOR

V.

MERCK REGISTRY HOLDINGS, INC.
(UNITED STATES OF AMERICA)

RESPONDENT

EXPERT DETERMINATION BY
BERNARDO M. CREMADES
NOVEMBER 19, 2013

Parties' Contact Details:

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LIST OF ABBREVIATIONS

Term	Meaning
1970/1975 Agreements	Means the Agreements entered into between MSD and the Objector in 1970 and 1975, respectively (submitted as Annex 13 to the Objections, Annex F to the Response 419 and Annex D to the Response 425)
Appendix III	Means Appendix III to the Rules for Expertise of the International Chamber of Commerce, Schedule of expertise costs for proceedings under the new gTLD dispute resolution procedure
Applicant	Means Merck Registry Holdings, Inc.
ccTLD	Means country code top level domain
Centre	Means the International Centre for Expertise of the International Chamber of Commerce
Expert	Means Bernardo M. Cremades
Expert Determination	Means this expert determination rendered on November 19, 2013
gTLD	Means generic top level domain
Guidebook	Means the gTLD Applicant Guidebook
ICC	Means International Chamber of Commerce
ICC Practice Note	Means the ICC Practice Note on the Administration of Cases under the New gTLD Dispute Resolution Procedure
ICANN	Means Internet Corporation for Assigned Names & Numbers
MSD	Means Merck, Sharp & Dohme, Corp.
Objection 419	Means the community objection filed by the Objector against Respondent's Application No. 1-1704-73085 for the String on March 13, 2013
Objection 425	Means the community objection filed by the Objector against Respondent's Application No. 1-1704-28003 for the String on March 13, 2013
Objections	Means Objection 419 and Objection 425 collectively
Objector	Means Merck KGaA
Parties	Means collectively Merck KGaA and Merck Registry Holdings, Inc.
Party	Means individually Merck KGaA or Merck Registry Holdings, Inc.
Procedure	Means the Attachment to Module 3 of the gTLD Applicant Guidebook, New gTLD Dispute Resolution Procedure
Rejoinder	Means the rejoinder to the Reply filed by the Respondent on August 12, 2013
Reply	Means the reply to both Responses filed by the Objector on August 2, 2013

Respondent	Means Merck Registry Holdings, Inc.
Response 419	Means the response to the Objection 419 filed by the Respondent on May 23, 2013
Response 425	Means the response to the Objection 425 filed by the Respondent on May 23, 2013
Responses	Means Response 419 and Response 425 collectively
Rules	Means the Rules for Expertise of the International Chamber of Commerce
String	Means the applied-for gTLD ".MERCK" by the Applicant (Applications No. 1-1704-73085 and No. 1-1704-28003)

1. This expert determination (the "**Expert Determination**") is issued under the Rules for Expertise of the International Chamber of Commerce (the "**Rules**"), supplemented by the ICC Practice Note on the Administration of Cases (the "**ICC Practice Note**"), and under the Attachment to Module 3 of the gTLD Applicant Guidebook, New gTLD Dispute Resolution Procedure (the "**Procedure**") of the gTLD Applicant Guidebook (the "**Guidebook**").

I. THE PARTIES AND THE EXPERT

A. Objector

2. The Objector is:

Name	Merck KGaA
Contact person	Mr. Jonas Koelle
Address	Frankfurter Straße 250
City, Country	64293 Darmstadt, Germany
Telephone	(+49) 615 172 5303
Email	jonas.koelle@merckgroup.com

3. The Objector is represented herein by:

Name	Bettinger Schneider Schramm
Contact person	Dr. Torsten Bettinger
Address	Cuvilliésstr. 14 a
City, Country	81679 Munich, Germany
Telephone	(+49) 89 599 080-0
Email	info@bettinger.de

4. The Objector has appointed its legal representative to receive all communications and notifications in the present proceeding.

B. Respondent

5. The Respondent (also referred to as the Applicant) is:

Name	Merck Registry Holdings, Inc.
Contact person	Ms. Rashi Rai
Address	One Merck Drive
City, Country	Whitehouse Station, NJ 08889, U.S.
Telephone	(+1) 908 423 1000
Email	Rashi_rai@merck.com

6. The Respondent is represented herein by:

Name	Hogan Lovells (Paris) LLP
Contact person	Mr. David Taylor
Address	17, Avenue Matignon
City, Country	75008 Paris, France
Telephone	(+33) 1 53 67 47 47
Email	domaindisputes@hoganlovells.com

Name	FairWinds Partners, LLC
Contact person	Mr. Joshua Bourne
Address	1000 Potomac Street NW
City, Country	Washington, DC 20007, U.S.
Telephone	(+1) 202 223 9252
Email	bourne.ms@fairwindspartners.com

7. The Respondent has appointed Mr. David Taylor of Hogan Lovells (Paris) LLP to receive all communications and notifications in the present proceeding.

C. Expert

8. The Expert is:

Name	Mr. Bernardo M. Cremades
Firm	B. Cremades & Asociados
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II. APPLIED-FOR GTLD

9. The applied-for generic top level domain ("**gTLD**") is ".MERCK" (Applications Nos. 1-1704-73085 and 1-1704-28003) (the "**String**").

III. PROCEDURAL MATTERS

10. On March 13, 2013, the Objector filed a community objection against the Respondent's Application No. 1-1704-73085 for the String in accordance with Article 3.2.1 of the Guidebook and Article 2 of the Procedure (the "**Objection 419**").[1] On the same day, the Objector filed a community objection against the Respondent's Application No. 1-1704-28003 for the String in accordance with Article 3.2.1 of the Guidebook and Article 2 of the Procedure (the "**Objection 425**").[2] The Objection 419 and the Objection 425 shall hereinafter be jointly referred to as the "**Objections**".

11. According to Article 3.2.1 of the Guidebook, a community objection is filed when "[t]here is substantial opposition to the gTLD application from a significant portion of the community to which the gTLD string may be explicitly or implicitly targeted".

12. On April 12, 2013, the International Centre for Expertise of the International Chamber of Commerce (the "**Centre**") invited the Parties to comment on the possibility of consolidating proceeding EXP/419/ICANN/36 with EXP/425/ICANN/42.[3] The Respondent

[1] Proceeding originally encaptioned EXP/419/ICANN/36.

[2] Proceeding originally encaptioned EXP/425/ICANN/42.

[3] Letter from the Centre to the Parties, dated April 12, 2013.

filed its comments on April 15, 2013.[4] On April 18, 2013, the Centre informed the Parties about the consequences of the possible consolidation and requested further comments from them.[5] Both Parties submitted further comments in this regard.[6] On April 23, 2013, the Centre informed the Parties of its decision to consolidate both proceedings under the caption "EXP/419/ICANN/36 (c. EXP/425/ICANN/42)".[7]

13. On May 23, 2013, the Respondent filed separate responses disputing Objector's standing and alleging that the Objector failed to meet the community objection requirements of the Guidebook as regards the Objections filed in EXP/419/ICANN/36 (the "**Response 419**") and EXP/425/ICANN/42 (the "**Response 425**"). The Response 419 and the Response 425 shall hereinafter be jointly referred to as the "**Responses**".

14. On June 12, 2013, the Chair of the Standing Committee of the Centre appointed Mr. Bernardo M. Cremades as Expert in accordance with Article 7 and Article 3(3) Appendix I of the Rules.

15. On June 19, 2013, the Objector contacted the Centre to request a second round of submissions.[8] Two days later, the Centre suggested that the Objector address the request directly to the Expert Panel once constituted.[9] On June 25, 2013, the Objector directed the same request directly to the Expert.[10]

16. On July 16, 2013, the Centre transferred the file to the Expert and confirmed in writing that: (i) the estimated costs had been paid in full by each Party; and (ii) the full constitution of the Expert Panel had taken effect as of that same day.[11]

17. On July 17, 2013, the Expert issued Procedural Order No.1 directing both Parties to submit their views on certain procedural matters. The Parties replied on July 22,

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[4] Email from Mr. Joshua Bourne to the Centre, dated April 15, 2013.

[5] Letter from the Centre to the Parties, dated April 18, 2013.

[6] Letter from Dr. Torsten Bettinger to the Centre, dated April 19, 2013; Email from Mr. Joshua Bourne to the Centre, dated April 20, 2013.

[7] Email from the Centre to the Parties, dated April 23, 2013

[8] Email from Dr. Torsten Bettinger to the Centre, dated June 19, 2013.

[9] Email from the Centre to Dr. Torsten Bettinger, dated June 21, 2013.

[10] Email from Dr. Torsten Bettinger to the Expert, dated June 25, 2013.

[11] Letter from the Centre to the Parties and Expert, dated July 16, 2013.

2013. On July 23, 2013, the Expert issued Procedural Order No. 2 directing the Parties to submit additional evidence and allegations on very limited matters (Articles 17(a) and 18 *in fine* of the Procedure). The Expert also found that no hearing was necessary in this proceeding (Article 19 of the Procedure) and that the Expert Determination should be published in full (Article 21(g) of the Procedure).

18. On August 2, 2013, the Objector filed a single second memorial, together with additional evidence, for both proceedings (the "**Reply**"). On August 12, 2013, the Respondent filed a single second memorial, together with additional evidence, for both proceedings (the "**Rejoinder**").[12]

19. After a careful review of the Objections, Responses, Reply and Rejoinder, and in agreement with the Centre, the Expert considers it more appropriate to render a single Expert Determination for both proceedings.[13]

20. In accordance with Articles 5(a) and 6(a) of the Procedure, as well as Articles 3.3.1 and 3.3.3 of the Guidebook, all of the Parties' communications were submitted electronically in English, which is the official language of this proceeding.

21. For all purposes, the place of the proceedings is Paris (France), where the Centre is located (Article 4(d) of the Procedure).

IV. BACKGROUND

22. Both Parties generally agree on the background of this dispute. The Respondent's parent company, Merck Sharp & Dohme, Corp. ("**MSD**"), was a subsidiary of the Objector at the beginning of the 20th century.[14] After World War I, MSD spun off the Objector pursuant to the U.S. Trading with the Enemy Act of 1917.[15] Since then, MSD has operated as a separate and independent company.

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[12] Due to maintenance works in the Expert's email server, the Respondent's email did not reach the Expert. With the permission of the Expert, the Respondent re-submitted these materials by fax on August 13, 2013. *See* Article 6(a) of the Procedure.

[13] The Centre has granted the Expert discretion to decide whether to render one or two separate Expert Determinations. Letter from the Centre to the Parties, dated April 23, 2013, p. 2 ("The Panel will examine each Objection on its own merits and shall have the discretion to decide whether, based on the specificities of each case, to issue one or separate Expert Determinations in consolidated cases").

[14] Objections, p. 7; Responses, p. 5.

[15] Objections, p. 7; Responses, p. 5. *See also* Response 419, p. 9.

23. MSD and the Objector have executed a series of agreements throughout the years to regulate their co-existence and the use of the "MERCK" name, as well as the corresponding trademark.[16] The most recent agreements date back to 1970 and 1975 (the the "**1970/1975 Agreements**").[17]

24. Pursuant to the 1970/1975 Agreements, MSD has operated in the U.S. and Canada under the name "MERCK" and under a family of Merck-composite trademarks internationally (*e.g.*, Merck Sharp & Dohme). The Objector, on the other hand, has operated under the name Merck (without qualifying or additional text) internationally but cannot use the name "MERCK" within the U.S. and Canada.[18]

25. MSD and the Objector are in dispute over the use of the Merck name and trademark, including the use of <merck.com> and the use of the Merck name in social media.[19] For this reason, in March 2013, the Objector filed a legal action in the District Court of Hamburg, Germany, against *inter alia* MSD and Merck & Co., Inc. (which is MSD's parent company).[20] The Respondent also mentions that the Objector commenced legal proceedings in the UK on March 8, 2013 claiming trademark infringement and alleging breach of the 1970/1975 Agreements.[21] The Objector anticipates "additional legal measures in other jurisdictions".[22]

26. The Objector has also filed a number of Legal Rights Objections under Article 2(3)(ii) of the Procedure with WIPO's Arbitration and Mediation Center against companies of MSD's group of companies, including regarding the String.[23]

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[16] Objections, pp. 7-8; Response 419, pp. 5, 8; Response 425, pp. 5, 7.

[17] A copy of the 1970/1975 Agreements has been submitted as Annex 13 to the Objections, Annex F to the Response 419 and Annex D to the Response 425.

[18] Objections, p. 8; Response 419, pp. 5, 8; Response 425, pp. 5, 7. *See also* Response 419, p. 9.

[19] Objections, p. 8; Responses, p. 4.

[20] Objections, p. 8; Responses, p. 4. A copy of the Request for Relief in the District Court of Hamburg, Germany, has been provided as Annex 15 to the Objections.

[21] Responses, p. 4.

[22] Objections, p. 8.

[23] *Id.* *See* www.wipo.int/amc/en/domains/lro/cases/.

V. OBJECTOR'S STANDING

27. In this section, the Expert will summarize the Parties' positions relating to the Objector's standing to file the Objections. Thereafter, the Expert will draw his conclusions in this regard.

A. Standards

28. Article 3.2.2.4 of the Guidebook provides guidance on who may file a community objection as follows:

> Established institutions associated with clearly delineated communities are eligible to file a community objection. The community named by the objector must be a community strongly associated with the applied-for gTLD string in the application that is the subject of the objection. [. . .][24]

29. The Guidebook provides some explanation regarding the main requirements set forth in the quoted passage. In this regard, the Guidebook states that, "[t]o qualify for standing for a community objection, the objector must prove both of the following", which makes abundantly clear that the two requirements that follow must be met.[25] These two requirements are: (i) the objector must be an "established institution"; and (ii) the objector must have "an ongoing relationship with a clearly delineated community".[26] Both Parties agree with this two-pronged test.[27] Each portion of this test will be analyzed in the following subsections of this Expert Determination.

30. For each requirement, the Guidebook lists some "factors" to steer the Expert's judgment. As a threshold matter, the Expert will analyze the value of the "factors" outlined in Article 3.2.2.4 of the Guidebook. The Guidebook states that the "[f]actors that may be considered [by the Expert] in making this determination include, but are not limited to. [. . .]" The use of the optional term "may" instead of any other mandatory term clearly implies that the Expert has absolute discretion to apply or not the factors expressly included in the Guidebook. In addition, the final portion of the quoted passage – "but are not limited to" –

[24] Guidebook, Article 3.2.2.4 (emphasis added).

[25] *Id.* (emphasis added).

[26] *Id.*

[27] Objections, p. 4; Response 419, p. 6; Response 425, p. 5.

opens the door to other factors not expressly listed in the Guidebook. This conclusion is also supported by the last paragraph of Article 3.2.2.4 of the Guidebook, which states that the Expert "will perform a balancing of the factors listed above, as well as other relevant information, in making its determination".[28] The reference to "other relevant information" eliminates any doubt as to the orientative nature of the factors contained in the Guidebook.

31. All the above is consistent with the last phrase of Article 3.2.2.4 of the Guidebook, which provides that "[i]t is not expected that an objector must demonstrate satisfaction of each and every factor considered in order to satisfy the standing requirements".

B. Is the Objector an Established Institution?

(a) Objector's Position

32. The Objector explains that Merck KGaA "is the parent company and head institution of the international Merck Community, which is made up of the many regional offices, subsidiaries and institutions which work together to provide state-of-the-art pharmaceuticals, research instruments, chemical solutions and life sciences equipment to clients and patients around the world".[29] The Objector adds that, since its incorporation in 1668, it has become "a multinational organization with stakeholders in more than 180 countries, 2011 revenues of EUR 10.27 billion, and over 40,000 employees".[30] The current version of the Objector's Articles of Association is dated July 6, 1995, when the Objector spun-off another corporation.[31] The Objector also highlights that it has used the name "Merck" for centuries.[32]

(b) Respondent's Position

33. The Respondent does not dispute that the Objector is an established institution.[33]

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[28] Emphasis added.

[29] Objections, p. 4.

[30] *Id.* *See also* Reply, p. 3 (*in fine*). For a history of the Objector, see Annex 8 to the Objections.

[31] Annex 4 to the Objections, Commercial Register Excerpt, p. 4.

[32] Objections, pp. 4-5. *See also* Annex 3 to the Objections.

[33] Response 419, p. 6; Response 425, pp. 5-6.

(c) Expert's Conclusion

34. The Parties do not dispute that the Objector is an established institution. However, this does not prevent the Expert from analyzing the issue.

35. From the corporate documents submitted by the Objector, the Expert is satisfied that the relevant factors included in Article 3.2.2.4 of the Guidebook are met. As a multinational company, the Objector enjoys a worldwide reputation. Thus, the "[l]evel of global recognition of the institution" factor is satisfied. Second, as to the "length of time the institution has been in existence", the Expert is convinced that it has been in existence for more than a sufficient period and that it was not "established solely in conjunction with the gTLD application process".[34] In this regard, the Objector has furnished a copy of the Objector's registration with the Commercial Register B of the District Court of Darmstadt.[35] This piece of evidence also satisfies a third factor from the Guidebook, namely that the Objector has been officially registered with the national authorities of Germany.[36]

36. For these reasons, the Expert agrees with the Parties that the Objector is an established institution.

C. Is the Community Invoked by the Objector Clearly Delineated?

(a) Objector's Position

37. The Objector relies on Article 4.2.3 of the Guidebook and sustains that "community status is defined broadly and may encompass a variety of organizations or individuals who share common interests or work together to achieve common goals".[37] In this regard, the Objector applies the definition of "community" included in Criterion 1 of Article 4.2.3 of the Guidebook.[38] Indeed, for the Objector, such definition comprises associations "of individuals or entities who share a greater degree 'of cohesion than a mere

[34] Guidebook, Article 3.2.2.4 ("Established Institution" subsection).

[35] Annex 4 to the Objections.

[36] Guidebook, Article 3.2.2.4 ("Established Institution" subsection) ("Public historical evidence of its existence, such as the presence of a formal charter or national or international registration, or validation by a government, inter-governmental organization, or treaty.").

[37] Objections, p. 5. *See also* Reply, p. 1.

[38] Objections, p. 5; Reply, p. 1.

commonality of interest'".[39] The Objector adds that, according to Article 4.2.3 of the Guidebook, the institution should have been in existence prior to 2007 and "it must be clear that the Community will continue to exist long into the future".[40] In the Objector's opinion, all this is satisfied.

38. The Objector also quotes with approval the definition of "community" given by ICANN's Independent Objector,[41] which says:

> As for the community test, (the [Independent Objector] determines if the community invoked is a clearly delineated community), the notion of "community" is wide and broad, and is not precisely defined by ICANN's Applicant Guidebook for the new gTLDs program.[42]

39. Moreover, the Objector relies on a Wikipedia article regarding the word "community".[43] The Objector states that – according to Wikipedia – there are three main types of eligible community arrangements, including "Community Organizations", which in turn include *inter alia* "incorporated associations", "economic enterprises", and "professional associations".[44]

40. The Objector points out that the guidelines for Criterion 1 of Article 4.2.3 of the Guidebook provide examples of communities, including one that says that "a community can consist of legal entities (for example, an association of suppliers of a particular service)".[45] For the Objector, this definition contemplates corporate communities like the Objector's group of companies, which is comprised of "literally hundreds of highly-specialized companies work[ing] together to provide solutions to shared healthcare and life

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[39] Objections, p. 5.

[40] *Id.*; Reply, p. 1.

[41] "ICANN" stands for Internet Corporation for Assigned Names & Numbers ("**ICANN**"). The Independent Objector may file objections against "highly objectionable" gTLD applications to which no objection has been filed. The Independent Objector is limited to filing two types of objections: (i) Limited Public Interest objections and (ii) Community objections. The Independent Objector acts solely in the best interests of the public who use the global Internet. *See* Article 3.2.5 of the Guidebook.

[42] Reply, p. 1 (*quoting* Annex 1 to the Reply, p. 3 – "community objections" at ¶ 3).

[43] *Id.*

[44] *Id.* (*citing* Annex 2 to the Reply, p. 7)

[45] Objections, p. 5; Reply, p. 1 (*quoting* Guidebook, Article 4.2.3, Criterion 1 Guidelines).

sciences goals, united by a common identity, purpose and name".[46] The Objector mentions that its group of companies is present in 67 countries and serves the interests of its stakeholders in over 180 countries.[47]

41. The Objector argues that all the members of its Merck Community work together as an organic body and that they are identified as a "single network".[48] Indeed, the Objector sustains that the so-called Merck Community is a "synergistic network of producers, developers and suppliers that work together to achieve common goals".[49] To back this contention, the Objector furnishes several letters signed by officers of its subsidiaries across the world endorsing the Objector's position.[50] For the Objector, the idea of a Merck Community is further reinforced by (i) the existence of a Merck University, "which offers the employees of its many Community members the opportunity to receive leadership training and take a more active role in the international organization";[51] and (ii) the fact that many companies which comprise the so-called Merck Community are managed or led by members of the founding Merck family.[52]

42. The Objector explains that a number of applicants filed applications for gTLDs as corporate communities, including .IKANO, .STADA, .LAMBORGHINI, .BUGATTI, .大众汽车 ("Volkswagen" in Chinese), .AUDI, .OVH, .GEA and .EDEKA.[53] For the Objector, in each case, "these companies have applied for a controlled, single-registrant space which is designed to promote and reflect their brands online" and "[o]nly members of their corporate communities [. . .] are eligible to use domain names within the applied-for spaces".[54] In the Objector's opinion, these models correspond to the structure of its Merck Community.

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[46] Objections, p. 5; Reply, p. 1

[47] Objections, p. 6. *See also* Reply, p. 3 (*in fine*).

[48] Objections, p. 5.

[49] Reply, p. 3.

[50] Objections, p. 5 (*citing* Annex 5 to the Objections).

[51] *Id.* (*citing* Annex 6 to the Objections).

[52] *Id.* (*citing* Annex 7 to the Objections).

[53] Reply, p. 1 (*citing* Annex 3 to the Reply).

[54] *Id.*

43. The Objector also explains why the so-called Merck Community is "clearly delineated". First, for the Objector, such community is composed of over 250 members who have worked together as a unified group since 1968 and share *inter alia* unified logos, branding, webpages and domain names.[55] As a result, clients, customers and partners worldwide recognize and associate all products and services with the Objector's global network, rather than with one of its specific subsidiaries.[56]

44. Second, the Objector explains that all of the entities that comprise the so-called Merck Community share the following criteria:

> 1) the member is either Merck KGaA or a company which is a fully owned subsidiary of Merck KGaA, 2) the member uses "Merck" as the sole element or as a component of its company name, and 3) the member uses as its umbrella brand the German figurative trademark No. 30130670, "MERCK."[57]

45. For the Objector, members of its community also hold and operate 6 gTLDs and 178 country code top level domains ("**ccTLD**") consisting of "MERCK" as a sole element upon which they showcase their participation in the Merck Community to a global audience.[58]

46. In light of the above, the Objector sustains that it is "extremely clear which entities may, and may not, be included in this definition".[59] The Objector maintains a list of all the subsidiaries which are included in the "Community", and no other organizations or

[55] Objections, pp. 5-6 (*citing* Annex 8 to the Objections). Later in this section the Objector reiterates this idea: "All members of the Community are engaged in a common purpose, which is the fulfilment of the Group's mission to develop and deliver high-quality products for the advancement of health care, pharmaceutical research and life-sciences innovation around the world". *Id.*, p. 6. *See also* Reply, p. 3 ("The Community has been in existence since 1967, has utilized a streamlined and unitary branding model since the 1990s, and the Objector itself is the world's oldest pharmaceutical company. The Community is physically present in 67 countries worldwide, and is comprised of over 250 unique members".).

[56] Objections, pp. 6, 8. In particular, the Objector states that the so-called Merck Community "is globally recognized as a cohesive inter-corporational network by consumers and the public worldwide". *Id.*, p. 6.

[57] *Id.*, p. 6.

[58] *Id.* (*citing* Annex 9 to the Objections).

[59] *Id.*

individuals would be eligible for inclusion in the group.[60] As a result, all the requirements of Article 3.5.4 of the Guidebook are met.[61]

47. In the Reply, the Objector finds unconvincing the Respondent's theory that a corporate community cannot meet the "community" definition of the Guidebook. The Objector sustains that this theory is contrary to the Respondent's own arguments.[62] In particular, the Respondent filed Application No. 1-1704-73085 on "a Community basis, claiming rights in its alleged corporate community".[63] The Objector points out that, in such application, the Respondent "defined its own corporate community as including its core business divisions, philanthropic and corporate responsibility programs, and medical and scientific publications and websites".[64] For the Objector, all these entities fall under the Respondent's main parent company and thus follow an identical model to the one proposed by the Objector.[65]

48. Furthermore, the Objector stresses that the Respondent itself filed "numerous" community objections against the Objector.[66] Although these objections were rejected by the Centre because they were untimely filed, the Objector argues that they demonstrate that the Respondent shares the view that a corporate community is eligible under the Guidebook to file a community objection.[67] In particular, the Objector explains that such community objections filed by the Respondent contain identical arguments as those now presented by the Objector regarding the validity of a corporate community under

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[60] *Id.*

[61] Reply, p. 3.

[62] *See id.*, pp. 1-2.

[63] *Id.*, p. 1 (*citing* Annex 4 to the Reply).

[64] *Id.*

[65] *Id.*, p. 2. More precisely, the Objector sustains that "[a]ll of the indicated members of the Respondent's 'community', as outlined above, represent subsidiaries or organizations which are owned by or under the control, management and/or governance of Merck & Co." [*i.e.*, the Respondent's ultimate parent company]. *Id.*

[66] *Id.* However, the Objector has only provided evidence of two community objections filed by the Respondent against the Objector. *See* Annex 5 to the Reply. In the Expert's opinion, it remains unclear whether Annex 6 to the Reply relates to one of the two proceedings referred to in Annex 5 or relates to a third proceeding.

[67] Reply, p. 2. *See* rejection letters from the Centre as Annex 5 to the Reply.

the Guidebook.[68] The Objector highlights the following statements made by the Respondent in such community objections:[69]

- "Over a period of decades, [Merck & Co. USA] has also built a family of hundreds of subsidiaries, affiliates, foundations, licensees and related parties that use its MERCK Marks in a range of economic and philanthropic activities. These parties collectively act as a community (the 'Merck Community')".
- "As a community that exists only by virtue of its authorized use of the MERCK family of marks, the use of which is restricted, its members are precisely known".
- "The Merck Community represents a highly organized network of businesses and organizations".

49. For all the above reasons, the Objector sustains that the Merck Community is clearly delineated.

(b) Respondent's Position

50. The Respondent sustains that the Objector does not have an ongoing relationship with a clearly delineated community because the "Objector's 'community' consists of nothing more than Objector itself".[70] In other words, the "Objector's proposed 'community' is not a community at all – it is merely Objector's own corporate organization".[71]

51. The Respondent argues that if a corporate structure – such as the so-called Merck Community – can be considered as a community, this would create a "significant and unintended precedent for ICANN and future new gTLD rounds".[72]

52. The Respondent notes that the Guidebook gives a number of examples of possible communities in Article 4.2.3, but nowhere does the Guidebook suggest that a single corporate organization can constitute its "own self-serving 'community'".[73] In the Respondent's own words, the "Objector appears to have wilfully and mistakenly interpreted

[68] Reply, p. 2.

[69] Annex 6 to the Reply, pp. 4-5 (partially quoted by in the Reply, p. 2).

[70] Responses, p. 6.

[71] *Id.* *See also id.*, p. 7.

[72] *Id.*, p. 6. *See also* Response 419, p. 13; Response 425, p. 11; Rejoinder, p. 3.

[73] Response 419, p. 7; Response 425, p. 6; Rejoinder, p. 3.

[Article 4.2.3 of the Guidebook] to mean that any corporate entity and its wholly owned subsidiaries would qualify as a clearly delineated community".[74] Otherwise, for the Respondent, the notion of community would be meaningless and nonsensical because any company with one or more subsidiaries would be able to qualify as a community under the Guidebook.[75] For the Respondent, citing Article 1.2.3.2 of the Guidebook, that was not the intention of ICANN when designing the system.[76]

53. As to the Wikipedia article on the notion of community submitted by the Objector with the Reply, the Respondent asserts that, "while possibly useful as a starting point for a rudimentary discussion of the concept of 'community', [it] has no relevance to the ICANN new gTLD program and the '*narrow category*' of gTLD applications that should be considered as Community-based applications".[77]

54. In the Respondent's opinion, "the evidence that Objector has submitted to show a purportedly substantial 'community' opposition to [Respondent]'s application consists of nothing more than a handful of slightly modified form letters prepared by Objector itself and several of its wholly owned subsidiaries".[78] The Respondent adds that "[n]ot a single individual or entity outside of Objector's own corporate organization has submitted any objection to Applicant's application".[79] For these reasons, the Respondent claims that such letters are not "sufficient to be considered evidence of a clearly delineated community" and instead merely reinforce "that there is no community beyond Objector's corporate structure".[80]

55. The Respondent also addresses the nine community-based applications submitted by the Objector with the Reply in which the applicants are self-identified as

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[74] Rejoinder, p. 1.

[75] Response 419, p. 7; Response 425; Rejoinder, pp. 1, 3.

[76] Rejoinder, p. 1. The relevant portion of Article 1.2.3.2 of the Guidebook states as follows: "Community-based applications are intended to be a narrow category, for applications where there are unambiguous associations among the applicant, the community served, and the applied-for gTLD string".

[77] Rejoinder, p. 1 (*referring* to Article 1.2.3.2 of the Guidebook) (emphasis original).

[78] Responses, p. 8 (*referring* to Annexes 5 and 16 to the Objections).

[79] *Id.*

[80] Rejoinder, p. 3.

communities. Contrary to what the Objector states in the Reply,[81] the Respondent stresses that not all the applicants in these community-based applications adopted a "single-registrant" model or "made [. . .] reference to a community that consists of a corporate entity and its wholly owned subsidiaries".[82] Additionally, the Respondent mentions that four out of the nine applications were submitted by entities of the Volkswagen Group (and not by four unique, unconnected applicants).[83] Consequently, "only five applicants out of 85 Community-based applications believed that their corporate structure of a parent company and its wholly owned subsidiaries was sufficient to be considered as a clearly delineated community".[84] The Respondent concludes that this is a misinterpretation of the rule by a minority of the 1,930 applications received by ICANN and, therefore, cannot be taken into consideration by the Expert.[85]

56. In addition, the Respondent notes that none of these community-based applications are in connection with another application and thus will never be tested under the Community Priority Evaluation Procedure of Module 4 of the Guidebook.[86]

57. The Respondent addresses in the Rejoinder the Objector's argument that the Respondent filed community-based Application No. 1-1704-73085. In the Respondent's opinion, the "Objector falsely claims that [the Respondent] has followed the same 'corporate community' model as Objector".[87] For the Respondent, the key difference is that the latter's community "is composed of a richly diverse group of entities that includes not only [Respondent]'s core businesses, but wide ranging philanthropic endeavours, charitable foundations and leading medical and scientific publications".[88] On the contrary,

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[81] Referring to Reply, p. 1 ("[T]hese companies have applied for a controlled, single-registrant space which is designed to promote and reflect their brands online. Only members of their corporate communities, including wholly-owned or majority-interest group members, are eligible to use domain names within the applied-for spaces. These models highly correspond to the structure of the Merck Community.").

[82] Rejoinder, p. 1.

[83] *Id.*

[84] *Id.*, pp. 1-2.

[85] *Id.*, p. 2.

[86] *Id.*

[87] *Id.*

[88] *Id. See also* Response 419, p. 6 ("Applicant, by contrast, represents a Community that includes not just Applicant and its corporate subsidiaries and affiliates, but also a broader family of foundations, licensees and

for the Respondent, the "Objector's 'community' consists of a corporate parent and its wholly owned subsidiaries".[89]

58. Among others,[90] the Respondent describes the following entities which purportedly form part of its community and are beyond its corporate structure and control: (i) the United Negro College Fund / Merck Science Initiative (a/k/a UMSI);[91] (ii) the Merck Institute for Science Education;[92] and (iii) the MECTIZAN Donation program.[93] For the Respondent, the members of its community share "interests, aims, and commitments to service".[94]

59. As to the Objector's allegation regarding the fact that the Respondent also filed community-based objections against the former in another proceeding, the Respondent insists that – as opposed to the Objector's community – its community is diverse and beyond any corporate structure.[95]

60. For these reasons, the Respondent claims that the Objector has failed to identify a clearly delineated community with which it has a relationship.

(c) Expert's Conclusion

(i) Preliminary Matter

61. As a preliminary matter, the Expert feels compelled to analyze whether the Respondent's arguments regarding the invalidity of a corporate community under the Guidebook are consistent with the position that it previously sustained. Thereafter, the Expert will analyze the consequences of any inconsistency.

62. The Objector maintains that the Respondent's argument that a corporate community cannot be considered as a valid community under the Guidebook is inconsistent

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related parties, all of whom use its MERCK family of marks and names internationally in connection with their activities, including philanthropy, all in furtherance of their community's collective purpose and interest").

[89] Rejoinder, p. 2.

[90] A larger sample of members of the Respondent's community is included in its Application No. 1-1702-73085. *See* Annex D to the Response 419, section 20(a) (transcribed in the Response 419 at pp. 5-6).

[91] Rejoinder, p. 2. (*citing* Annex 1 to the Rejoinder).

[92] *Id.* (*citing* Annex 2 to the Rejoinder).

[93] *Id.* (*citing* Annex 3 to the Rejoinder).

[94] Response 419, p. 6 (*citing* Annex E to the Response 419).

[95] Rejoinder, pp. 2-3.

with: (i) the definition of community included in Application No. 1-1702-73085 filed by the Respondent;[96] and (ii) the allegations contained in the related but independent community objection filed by the Respondent against the Objector regarding the string ".MERCK".[97]

63. In essence, the Respondent argues that its community is different to the Objector's community because, as opposed to the latter, the former's community includes entities beyond a mere corporate structure. For the Respondent, its community "is composed of a richly diverse group of entities that includes not only [Respondent]'s core businesses, but wide ranging philanthropic endeavours, charitable foundations and leading medical and scientific publications".[98] Among other examples, the Respondent includes within its community the United Negro College Fund / Merck Science Initiative (a/k/a UMSI); (ii) the Merck Institute for Science Education; and (iii) the MECTIZAN Donation program.[99]

64. In the Expert's opinion, the above entities purportedly beyond subsidiary corporations are not very different to the Merck University included by the Objector as a member of its community.[100] Although they may not be owned by MSD, they are under the control, management and/or governance – whether directly or indirectly – of MSD.

65. The Expert is convinced that the Respondent has specifically endorsed the type of community now defended by the Objector, namely a community in which its members are under the ownership, control, management and/or governance – whether directly or indirectly – of a parent company. The community-based Application No. 1-1702-73085 is replete of undeniable assertions supporting this conclusion, including the following:

- "The family of subsidiaries, affiliates, foundations, licensees, and related parties that are authorized by Merck, to use the Merck marks in a range of economic and philanthropic activities, collectively act as a community".[101]

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[96] *See* Annex 4 to the Reply; Annex D to the Response 419.

[97] *See* Annex 6 to the Reply.

[98] *See* n. 88, *supra*.

[99] *See* ¶ 58 and n. 90, *supra*.

[100] *See* ¶ 41, *supra*.

[101] Annex D to the Response 419, sections 18(a) and 20(a).

- "As a community that exists only by virtue of its authorized use of the Merck family of marks, the use of which is restricted, its members are precisely known".[102]
- "Only qualified subsidiaries and affiliates of Merck, approved licensees, and Merck foundations and related parties will be eligible for inclusion in this community".[103]
- "As such, registrations within the community may be made by the following for-profit and not-forprofit businesses or organizations: (a) Qualified subsidiaries and affiliates[;] (b) Merck foundations and related parties[;] (c) Approved licensees".[104]

66. The allegations contained in the community objection filed by the Respondent against the Objector regarding the string ".MERCK" (submitted as Annex 6 to the Reply) are also very illustrative. Examples of such allegations were transcribed in ¶ 48 above and, in the Expert's view, they serve as additional evidence that the Respondent has previously agreed with the Objector's definition of community.

67. As a result, the Expert finds that the Respondent is being inconsistent with its previous understanding of the notion of a community. However, even if the Parties were to agree on an interpretation of the Guidebook, the Expert is not bound by such interpretation. On the contrary, the Expert is the gatekeeper of the Guidebook and must serve as a safety net for the correct interpretation thereof.[105] Consequently, if the Parties agree on an incorrect interpretation of the Guidebook, the Expert must use its discretion to accept or reject such interpretation. In the next section, the Expert will analyze the requirements of the Guidebook and the evidence presented by the Parties in order to determine whether the Objector's community may be regarded as such for the purposes of sustaining a community objection.

(ii) Analysis

68. The Expert observes that both Parties cite Article 4.2.3 of the Guidebook ("Community Priority Evaluation Criteria") to support their arguments, but the provisions of Article 4.2 of the Guidebook ("Community Priority Evaluation") and its accompanying

[102] *Id.*, section 20(a).

[103] *Id.*, section 20(d).

[104] *Id.*

[105] Guidebook, Article 3.4.6 ("The findings of the panel will be considered an expert determination and advice that ICANN will accept within the dispute resolution process").

subsections only apply "once all applications in the contention set have completed all previous stages of the process".[106] Since not all previous stages have been completed yet, it is not the appropriate time to carry out a community priority evaluation, which in any case falls outside the Expert's mission. The criteria and examples included in such sections of the Guidebook may be used as a source of inspiration but are not binding upon the Expert.

69. Instead, the Expert must concentrate on the rules and factors contained in Module 3 of the Guidebook and, more precisely, on those relating to community objections. Article 3.2.2.4 of the Guidebook specifically deals with the standing of an institution to file a community objection, but this Article does not provide any guidance on the assessment of whether a community may be considered clearly delineated. For this reason, the Expert must turn to Article 3.5.4 of the Guidebook ("Community" subsection), which contains certain criteria to analyze whether a community is clearly delineated.[107]

70. As a threshold matter, the Expert notes that Article 3.5.4 of the Guidebook lists some "factors" to steer the Expert's judgment. However, as with the factors specifically relating to the standing discussed in ¶¶ 30-31 above, the language of the factors is open. In particular, all factors set forth in Article 3.5.4 of the Guidebook ("Community" subsection) are introduced with optional language, such as "a panel could balance a number of factors to determine this". Once again, this proves the mere orientative nature of these factors. Additionally, in all instances the Guidebook mentions that the factors included therein are not exhaustive (*i.e.*, the Guidebook uses language in the fashion of "including but limited to"). Therefore, the Expert may weigh other factors if considered appropriate.

71. The subsection of Article 3.5.4 of the Guidebook regulating the issue at bar states that "[t]he objector must prove that the community expressing opposition can be regarded as a clearly delineated community".[108] The same subsection expresses that, "[i]f opposition by a number of people/entities is found, but the group represented by the

[106] Emphasis added.

[107] The Objector appears to acknowledge that the appropriate criteria to evaluate whether there is a clearly-delineated community are those contained in Article 3.5.4 of the Guidebook. Reply, p. 3 ("Under the Guidebook, the requirements for a clearly-delineated community are provided in § 3.5.4. [. . .]").

[108] Emphasis added.

objector is not determined to be a clearly delineated community, the objection will fail".[109] Therefore, the threshold is not whether a great number of people or entities are opposing, but rather whether the community may in fact be clearly delineated. Yet, another conclusion may be drawn from the transcribed portion of Article 3.5.4 of the Guidebook: not every "group" or "community" (terms used in the Guidebook indistinctly) necessarily qualifies as a "clearly delineated community".

72. Some of the factors included in Article 3.5.4 of the Guidebook ("Community" subsection) shed light on the Expert's analysis. The first factor in the Guidebook is:

> The level of public recognition of the group as a community at a local and/or global level

73. The Expert is persuaded that the Objector enjoys worldwide public recognition. Such public recognition is in the form of a transnational group of companies which share a number of common elements. The Objector notes that all of the companies that form the group:[110] (i) are all directly or indirectly under the ownership of Merck KGaA; (ii) use a "Merck" composite name; (iii) use common trademarks, brands, websites, domains, etc.; and (iv) file joint financial statements. In the Expert's opinion, all these elements allow the public to identify the Objector as an integrated group of companies. However, as mentioned earlier, not all groups qualify as clearly delineated communities.

74. The factor under analysis requires that the group be recognized as a "community" by the public. Although the members of the Merck group of companies may see themselves as a community, it has not been evidenced to the Expert that the general public sees the so-called Merck Community as being anything more than a global corporation with highly coordinated subsidiaries throughout the world. Therefore, this first factor favors the Respondent.

75. The second factor in the Guidebook is:

> The level of formal boundaries around the community and what persons or entities are considered to form the community;

[109] Emphasis added.

[110] Objections, pp. 5-6.

76. The Expert interprets this factor to allow him to analyze the nature of the persons or entities that form the group or community. In our case, the boundaries of the community as viewed by the Objector were outlined in ¶¶ 44-45 above. As the Objector contends, the so-called Merck Community is composed of "250 unique members" which are all part of Merck KGaA's group of companies.[111] The Objector does not intend to include within this group any other individual or entity which is not part of the same corporate structure.

77. In the Expert's opinion, a community of corporations or of other legal entities may sometimes qualify as a delineated community. However, this is not the case in the Objector's community. The key element in our analysis is that the members of the so-called Merck Community are not associated with Merck KGaA but are rather owned – directly or indirectly – by the latter. Indeed, in order to form a clearly delineated community, the link must be of association and not of ownership, control, management and/or governance. Otherwise, as in the case at hand, we may stand before a sole consolidated entity.

78. Together with the Reply, the Objector submitted evidence of 9 different community-based applications for new gTLDs filed by groups of companies in order to evidence that: (i) its theory of a corporate community is valid under the Guidebook; and (ii) other applicants share such theory. As mentioned earlier, for the Objector "these companies have applied for a controlled, single-registrant space which is designed to promote and reflect their brands online" and "[o]nly members of their corporate communities [. . .] are eligible to use domain names within the applied-for spaces".[112]

79. As explained in ¶ 68 above, in the Expert's opinion, the present proceeding is not the appropriate forum to discuss issues pertaining to Module 4 of the Guidebook. The Expert must reiterate that the provisions of Article 4.2 of the Guidebook and its accompanying subsections only apply "once all applications in the contention set have completed <u>all previous stages of the process</u>".[113] Since not all previous stages have been

[111] *Id.*

[112] Reply, p. 1 (*citing* Annex 3 to the Reply).

[113] Emphasis added.

completed at the moment, it is not the appropriate time to carry out a community priority evaluation. When the time comes, if necessary, said 9 applicants will have to undergo a community priority evaluation process where their corresponding communities will be tested against the criteria of Article 4.2.3 of the Guidebook (which differ from those in Article 3.5.4 of the Guidebook).[114] The same is true for Respondent's community-based Application No. 1-1702-73085.[115]

80. In light of the foregoing, the Expert is reluctant to approve a community composed of subsidiaries of the same parent company. As the Respondent correctly suggests,[116] the Expert must avoid creating a dangerous precedent that may give rise to abusive community objections in the future. Allowing groups of companies to qualify as valid communities under the Guidebook will create every incentive for potential objectors to incorporate subsidiaries in order to build a synthetic community.

81. For these reasons, in the Expert's opinion, the second factor favors the Respondent.

82. The third factor in the Guidebook is:

> The length of time the community has been in existence

83. The Expert reads the term "community" in this factor as interchangeable with "group". In the Expert's Opinion, the Objector has satisfied this test by evidencing that it was originally incorporated a few centuries ago and was formally re-incorporated in 1996.[117] Notably, the Respondent does not challenge this. Therefore, this factor favors the Objector.

84. The fourth factor in the Guidebook is:

> The global distribution of the community (this may not apply if the community is territorial)

[114] The Expert reads Article 3.5.4 of the Guidebook as only allowing the Expert to determine whether there is a clearly delineated community or not. Conversely, Criterion 1 (subsection A) of the Guidebook appears to include 3 levels of delineation and pre-existence of a community. *Compare* Article 3.5.4 of the Guidebook ("Community" subsection) *with* Article 4.2.3 of the Guidebook (Criterion 1, subsection A)

[115] Annex D to the Response 419.

[116] Response 419, pp. 6, 13; Response 425, pp. 6, 11; Rejoinder, p. 3.

[117] Annex 4 to the Objections, Commercial Register Excerpt, p. 4.

85. Again, the Expert reads the term "community" in this factor as interchangeable with "group". Neither Party disputes that the Merck KGaA group of companies is a multinational company with presence in many parts of the world. The Objector contends that it has subsidiaries in 67 countries without citing any support.[118] The Expert has, however, been able to corroborate this with the Merck Annual Report for 2011.[119] Therefore, this factor favors the Objector's position.

86. The fifth factor in the Guidebook is:

> The number of people or entities that make up the community.

87. The Expert reiterates that the alleged members of the so-called Merck Community are not associated with Merck KGaA but rather owned – directly or indirectly – by the latter. Therefore, in the Expert's opinion, the so-called Merck Community is composed of one member only. Consequently, this factor favors the Respondent.

88. On balance, the Expert finds that the so-called Merck Community cannot be considered as a clearly defined community for the purposes of the Guidebook.

D. Is there an Ongoing Relationship Between the Objector and a Clearly Delineated Community?

(a) Objector's Position

89. The Objector claims to be "the parent company of the Merck Community, and as such serves as the head of the Community's vast international network".[120] The Objector describes the role of its subsidiaries as follows:

> The individual companies which make up the Community are all, in their own ways and capacities, advancing the interests of the group through continued research, development, product testing and consumer outreach, and at each step the Objector is there to provide guidance, leadership and a unified vision for their work.[121]

[118] Objections, p. 6; Rejoinder, p. 3.

[119] Annex 2 to the Objections, p. 34.

[120] Objections, p. 6.

[121] *Id.*

90. The Objector further argues that the community will continue to exist in the future and that the Objector itself will remain the center of the community's activities.[122]

(b) Respondent's Position

91. The Respondent maintains that the Objector is "nothing more than Objector's own corporate organization – a parent company and its wholly owned subsidiaries".[123] In other words, for the Respondent, the "Objector has an ongoing relationship with itself".[124] Therefore, the Objector lacks standing to file the community Objections at bar.

92. In addition, the Respondent claims that it is impossible for the Objector to claim an unambiguous association with the String because the former "is the third largest healthcare company in the world, with more than $47 billion in annual revenue and more than 83,000 employees around the world".[125] In the Respondent's opinion, its community "is globally renowned for its foundations, licensees and related parties, all of whom use its MERCK-related marks and names in connection with their activities, including philanthropy, all in furtherance of their community's collective purpose and interest".[126]

(c) Expert's Conclusion

93. The Expert will now turn to analyze whether the Objector is "associated with clearly delineated communities" or, in other words, whether it "has an ongoing relationship with a clearly delineated community".[127] Because of the absence of a clear definition of what is a "community" under Article 3.2.2.4 of the Guidebook, the Parties referred to Article 4.2.3 of the Guidebook. However, this does not preclude the Expert from looking into the factors contained in Article 3.2.2.4 of the Guidebook.

94. The threshold to qualify for standing under the factors of Article 3.2.2.4 of the Guidebook is different than the threshold to win a Community Objection on the merits under the factors of Article 3.5.4. For standing to object it is sufficient to be an established

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[122] *Id.*

[123] Response 419, p. 7; Response 425, p. 6. *See also* Rejoinder, p. 3.

[124] Response 419, p. 7; Response 425, p. 6

[125] Rejoinder, p. 1.

[126] *Id.*

[127] Guidebook, Article 3.2.2.4.

institution associated with a clearly delineated community, whereas the community must be strongly associated with the String in order for an objection to be successful.[128] Consequently, the threshold is lower for the purposes of Article 3.2.2.4 than for Article 3.5.4 of the Guidebook.

95. In this case, the Expert will take into consideration three factors of the relevant subsection of Article 3.2.2.4 of the Guidebook. The first two relevant factors may be analyzed together: (i) "Institutional purpose related to the benefit of the associated community"; and (ii) "Performance of regular activities that benefit the associated community". Both factors should be interpreted as a requirement of "giving" to the community and not "receiving" from the community. In other words, they relate to a benefit for the associated community and not to a benefit for the head of such associated community.

96. As any group of companies, the subsidiaries of Merck KGaA's group of companies serve the main purpose of generating profits for the parent company, which in turn may be translated into dividends for the parent company's shareholders. This is achieved through the regular activities or ordinary course of business of the subsidiaries, which mainly benefit the parent company (and not the community as a whole).

97. In the Expert's Opinion, any institutional purpose of the Objector with the community is outweighed by the purpose of the community of advancing the Objector's economical benefit. Indeed, the situation presented is completely the opposite of what the aforementioned factors of the Guidebook require. Therefore, both factors favor the Respondent's position.

98. The third relevant factor of the corresponding subsection of Article 3.2.2.4 of the Guidebook is "[t]he level of formal boundaries around the community". As was discussed in ¶¶ 75-77 above, the Expert is of the opinion that Merck KGaA's group of companies is not a clearly delineated community, but rather a group of companies. The boundaries in the so-called Merck Community are of ownership, not membership. As a result, this factor favors the Respondent.

[128] According to Article 3.5.4 of the Guidebook, there should be "a strong association between the community invoked and the applied-for gTLD string". Emphasis added.

99. In light of the foregoing, the Expert determines that there is no ongoing relationship between the Objector and a clearly delineated community.

VI. SUBSTANCE OF THE OBJECTION

100. Although the Expert has found that the Objector lacks standing to file the Objection, the Expert considers appropriate to clarify a few things on the substance of such Objection. Article 3.5.4 of the Guidebook establishes the four tests that enable the Expert to "determine whether there is substantial opposition from a significant portion of the community to which the string may be targeted". Article 3.5.4 expresses the four tests as follows:

> For an objection to be successful, the objector must prove that:
>
> • The community invoked by the objector is a clearly delineated community; and
>
> • Community opposition to the application is substantial; and
>
> • There is a strong association between the community invoked and the applied-for gTLD string; and
>
> • The application creates a likelihood of material detriment to the rights or legitimate interests of a significant portion of the community to which the string may be explicitly or implicitly targeted. Each of these tests is described in further detail below.[129]

101. The Expert notes that each of the four tests transcribed is separated by the term "and", which implies that each one of them must be met in order to sustain an objection. This is further confirmed by the last sentence of Article 3.5.4 of the Guidebook, which states that "[t]he objector must meet all four tests in the standard for the objection to prevail". This leaves no room for interpretation and evidences the high threshold that a community objection must satisfy.

102. In Section V above, the Expert has determined that the Objector lacks standing to file the community objections at hand because it is not associated with a clearly delineated community. As a result, the first test of Article 3.5.4 of the Guidebook is not met

[129] Guidebook, Article 3.5.4 (emphasis added).

either (namely, "[t]he community invoked by the objector is a clearly delineated community"). Since all four tests listed Article 3.5.4 of the Guidebook must be met in order for a community objection to succeed, the Objections must fail also on the substance.

103. Notwithstanding the above, the Expert is of the opinion that an analysis of the tests of Article 3.5.4 of the Guidebook would be a futile exercise because the Expert has already determined that the Objector lacks standing.

104. On a separate note, the Parties are engaged in local litigation in Germany and the UK, as well as in several Legal Rights Objection proceedings in WIPO's Arbitration and Mediation Center regarding the String and variations thereof.[130] The Objector has also anticipated more litigation in other jurisdictions.[131]

105. Article 12(4) of the Rules provides that, "[u]nless otherwise agreed by the parties, the expert's report shall be admissible in any judicial or arbitral proceeding in which all of the parties thereto were parties to the expertise proceedings in which such report was prepared". For this reason also, a full scale analysis of the substance of the case – specially the issue of possible detriment to one of the Parties[132] – would add nothing but nuisance to one of the Parties (as the Expert Determination may be later introduced as evidence in one of the ongoing proceedings).

106. Although it has included some discussion of the 1970/1975 Agreements in its submissions, the Objector ultimately appears to suggest that the appropriate forum to discuss any detriment or breach of the 1970/1975 Agreements is WIPO's Arbitration and Mediation Center, as well as the courts of Germany and the UK:

> Although this agreement discusses both the acceptable use of the Merck name and trademark, all considerations regarding trademark concerns are left to the LRO procedure and the parties' ongoing court litigation.[133]

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[130] *See* ¶¶ 25-26, *supra*.

[131] *See* ¶ 25, *supra*.

[132] Guidebook, Article 3.5.4 ("The application creates a likelihood of material detriment to the rights or legitimate interests of a significant portion of the community to which the string may be explicitly or implicitly targeted. [. . .]")

[133] Objections, p. 7.

107. The Expert is of the opinion that the community objection proceeding is not the appropriate forum to discuss the interpretation, scope or breach of the 1970/1975 Agreements.

VII. COSTS

108. In accordance with Article 14(e) of the Procedure, the Centre shall refund to the prevailing party its advance payment of costs.

VIII. SUMMARY OF FINDINGS

109. Within the 45 day time-limit set forth in Article 21(a) of the Procedure, the Expert concludes as follows:

(i) the Objector lacks standing to file the Objections because it has failed to evidence an ongoing relationship with a clearly delineated community;

(ii) the Centre shall refund to the prevailing party its advance payment of costs; and

(iii) this Expert Determination shall be published in full.

110. For these reasons, the prevailing Party is the Respondent and thus the Objection shall be dismissed.

IX. DECISION

111. For the above reasons and according to Article 21(d) of the Procedure, I hereby render the following Expert Determination:

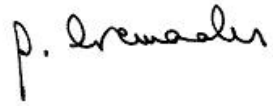
(i) The Objections of Merck KGaA are dismissed;

(ii) Merck Registry Holdings, Inc. prevails in both consolidated cases; and

(iii) Merck Registry Holdings, Inc.'s advance payment of costs for both consolidated cases shall be refunded by the Centre.

* * *

Date: 19/November/2013



Signature:_____
Bernardo M. Cremades
Expert