Reconsideration Request Form

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.

1.   Requester Information

Name: Merck KGaA

Representative: Dr. Torsten Bettinger

Address: Contact Information Redacted

Contact Information Redacted

Email: Contact Information Redacted

Phone Number (optional): Contact Information Redacted

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2.   Request for Reconsideration of (check one only):

___ Board action/inaction

X 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 Community Priority Evaluation Report, Application ID 1-980-7217, published on 10 August 2016. The panel that evaluated the Requester's application for MERCK did not follow established policies in making its determination that Requester did not meet the requirements specified in the Applicant Guidebook.

The Requester therefore asks ICANN to reject the Community Priority Evaluation Report, 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 report was published on 10 August, 2016 and notified to the Requester on that date. A copy of the decision is available at:

https://www.icann.org/sites/default/files/tlds/merck/merck-cpe-1-980-7217-en.pdf

5. On what date did you became 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.)

The relevant report was published on 10 August, 2016 and notified to the Requester on that date.

6. Describe how you believe you are materially affected by the action or inaction:

The Requester is materially affected by the Community Priority Evaluation Report, 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 as a community to warrant an alternative mechanism for awarding (or withholding) delegation of the contested .MERCK string.

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 CPE procedures for .merck 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.)

ICANN indicated that it will follow the Community Priority Evaluation Report, thus rendering this decision an "ICANN actions". As established in prior decisions of the Board of Governance Reconsideration Requests it has been noted that ICANN may review its decision to accept the decision of an expert panel in a Request for Reconsideration process where it may be shown that the 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 panel failed to take reasonable care in evaluating the Requester's evidence and misapplied standards and policies developed by ICANN in the Applicant Guidebook, resulting in a denial of due process to the Requester in the context of its Community Priority Application.

In particular, the panel failed to correctly apply the standards and policies developed by ICANN in the Applicant Guidebook with respect to evaluating the criteria for the Nexus between the Proposed String and Community. In addition and as a consequence of its failure to correctly apply the "Nexus" criterion the panel further failed to correctly apply the standards for the criterion for "Uniqueness".

The scoring criteria for the Nexus component is as follows: 3 points - The string matches the name of the community or is a well-known short form or abbreviation of the community. 2 points – String identifies the community, but does not qualify for a score of 3. 0 points – String nexus does not fulfill the requirements for a score of 2.

The term "Identify" means that the applied for string closely describes the community or the community members, without over reaching substantially beyond the community.

In evaluating the criteria, the panel must ask, *"Does the string match the name of the Community or is it a well-known short form or abbreviation of the community name?"*

The panel, while recognizing that the string MERCK was the well-known name of the Requestor – and therefore clearly matches the name of the Community, nevertheless awarded Requestor 0 points, on the basis that another entity was also known by this name.

The panel misapplied the policy by equating "over-reaching substantially beyond the community" with anything less than absolute world-wide exclusivity. This is not the definition in the Applicant Guidebook and the CPE guidelines take this fact into consideration as they state *"since the evaluation takes place to resolve contention there will obviously be other applications, community based and/or standard with identical or confusingly similar strings in the contention set to resolve, so the string will clearly not be "unique" in the sense of "alone"."*. The CPE is only done in cases where multiple applications for the identical string compete and it is the panel's task to identify whether the applied for string matches the name of the community. Under the panel's interpretation applied in the CPE for ".merck", it is likely that no string could ever be awarded more than zero points for this criterion, a result clearly inconsistent with the standards and policies developed by ICANN for this process.

The Requester's position is clearly supported by the underlying facts in the record. The parties involved in the dispute are the Requester, the world's oldest pharmaceutical

company, and Merck & Co. Inc., a US pharmaceuticals concern and former subsidiary of the Requester. The Requester was forced by the US government to divest its US subsidiary, along with its US trademark rights, based on the US "Trading With the Enemy Act", since Requester was and is based in Germany.

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 two countries within North America, whereas Requester retains those rights throughout the rest of the world. A copy of the currently-valid agreement, signed in 1970, is attached as **Annex 1.**

Merck & Co. is prohibited by contract and existing trademark and name rights from using the name "MERCK" on the internet and otherwise in almost all countries. The Requester has taken legal action against the infringing activities of Merck & Co Inc. before the District Court of Hamburg and Frankfurt, Germany, and in the courts of the United Kingdom and France. The courts in UK, France and Frankfurt confirmed that the use of Merck & Co. infringes the contractual and intellectual property rights of the Requester. The court in UK issued an order on 15/01/2016 preventing Merck & Co. from any use of MERCK standalone in UK online as well as offline (A copy of the Judgment of the High Court of Justice, is attached as **Annex 2**). The preliminary injunction of the Landgericht Frankfurt, issued on 29/01/2016 prevents a subsidiary of Merck & Co., the applicant for the gTLD ".merckmsd" to use the gTLD within the region of the European

Union. A translation of the preliminary injunction of the Landgericht Frankfurt is attached as **Annex 3.**

While the Requester explicitly stated in its application and in a Public Interest Committment that it will take all necessary measures, including geo-targeting, to avoid internet access by users in the few territories in which Merck & Co. has trademark rights, Merck & Co. has not done the same. Indeed, 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 affiliates and other entities throughout the world, including territories where Requester has exclusive rights.

Trademark and name rights exclusively identify the commercial source or origin. As the Requester holds exclusive rights in the name and trademark MERCK in the vast majority of countries there cannot be any doubt that the applied for string identifies Requester's community.

Requester's community covers 99% of the world's jurisdictions, home to 95% of the world's population. The community has existed for 348 years (A history of the trademark development and use over the last 348 years is attached as **Annex 4**). The Requester has exclusive rights to use MERCK in 191 out of 193 UN countries. The string clearly identifies the Requestor. The exclusivity of the Requester is not only acknowledged and

granted by 191 UN countries globally in form of trademark and name rights but also by Merck & Co. in a territorial co-existence agreement.

The Requestor has, on the face of its application, eliminated "over-reaching," substantial or otherwise. The Requester has provided a public interest commitment not to use it in the two territories where Merck & Co. has rights, including restricting internet access.

Any "over-reaching" beyond the community is due to the current and proposed unlawful intrusion by MERCK & Co. into the Requester's territories. As a result of the unlawful intrusion, namely Merck & Co.'s use of MERCK on the internet, it is not surprising that the panel has been misled when undertaking the internet search to be utilized according to the CPE guidelines to help to understand whether the string identifies the community. Merck & Co.'s illegal use of MERCK in the Requestor's territories creates massive confusion about the source of the Requestor's community MERCK. No right can be obtained out of an illegal use, and the panel cannot contribute or consolidate such an illegal use.

As a result the Requester's application clearly and completely addressed the over-reaching issue, and the application of the policies and standards developed by ICANN to the Requester results in an award of 3 point for Nexus.

Further, as a consequence of the wrong evaluation by the panel it did not consider the criterion of "Uniqueness". The guidelines for the CPE state as follows:

*""Uniqueness" will be scored both with regard to the community context and from a general point of view. For example, a string for a particular geographic location community may seem unique from a general perspective, but would not score a 1 for uniqueness if it carries another significant meaning in the common language used in the relevant community location. **The phrasing "...beyond identifying the community" in the score of 1 for "uniqueness" implies a requirement that the string does identify the community, i.e. scores 2 or 3 for "Nexus," in order to be eligible for a score of 1 for "Uniqueness."***

It should be noted that "Uniqueness" is only about the meaning of the string since the evaluation takes place to resolve contention there will obviously be other applications, community based and/or standard with identical or confusingly similar strings in the contention set to resolve, so the string will clearly not be "unique" in the sense of "alone"."

As outlined above Requester's longstanding and sole use of its community name MERCK in 99% of global jurisdictions led to a single source indicator ensuring exclusivity in form of the existing trademark and name rights. The name MERCK has no other meaning than the name of the family owning the majority of Requester's community.

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.

The requestor hereby request a hearing.

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

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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 indicates that the Reconsideration process can properly be invoked for challenges of the third-party decisions where it can be stated that the evaluating 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 Requester submits that it has been harmed by the failure of the Community Priority Evaluation panel to follow the mandated ICANN procedure for the Community Priority Evaluation. The panel failed to decide the case on the basis of the correct and applicable policies and standards, and moreover has failed to decide the case on the basis of the true and accurate factual record which was presented to it. 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)

__X__ 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.

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.

August 25, 2016

Martin Müller *for*
Dr. Torsten Bettinger
On behalf of Merck KGaA

List of Annexes

Annex 1   Currently-valid agreement, signed in 1970

Annex 2   Judgment of the High Court of Justice

Annex 3   Translation of the preliminary injunction of the Landgericht Frankfurt

Annex 4   Trademark history