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Case No: HC 13 B00955

**IN THE HIGH COURT OF JUSTICE**  
**CHANCERY DIVISION**

Royal Courts of Justice  
Strand, London, WC2A 2LL

Date: 15/01/2016

**Before :**

**MR JUSTICE NORRIS**

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**Between :**

**Merck KGaA**

**Claimant**

**- and -**

**(1) Merck Sharp & Dohme Corp**

**Defendants**

**(2) Merck & Co Inc**

**(3) Merck Sharp & Dohme Limited**

**(4) Intervet UK Limited**

**(5) Intervet International BV**

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**Henry Carr QC and Benet Brandreth** (instructed by **Bird & Bird LLP**) for the Claimant

**Geoffrey Hobbs QC and Guy Hollingworth** (instructed by **Linklaters LLP**) for the Defendants

Hearing dates: 23, 24, 27, 28 and 30 April 2015  
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**APPROVED JUDGMENT**

I direct that pursuant to CPR PD 39A para 6.1 no official shorthand note shall be taken of this Judgment and that copies of this version as handed down may be treated as authentic.

.....  
**MR JUSTICE NORRIS**

**Mr Justice Norris:**

1. The questions that lie at the heart of these proceedings are how a coexistence agreement dating from the 1950s can operate in the age of the Internet: and if its scope of operation is limited, then how the general law applies to the activities of the parties.
2. The chemical and pharmaceutical businesses which are conducted under the Merck name have their origins in an apothecary's shop in Darmstadt, Germany in 1668. Over the years this family partnership business grew hugely under the name "E. Merck". In 1889 a member of the Merck family established a business in the USA in partnership with an outsider, and it was economically supported (though not owned) by the family business. In 1902 this US business was incorporated as "Merck & Co Inc". Its original activity was acting as a selling agent for E. Merck, but it established its own manufacturing business and developed its own export markets in the American continent during the First World War. After the end of the Great War E. Merck and Merck & Co Inc became separate independent businesses which informally cooperated with each other in relation to the business use of the name "Merck". In effect Merck & Co Inc only used the word "Merck" in the USA and its territories and dependencies, and in Canada; and E. Merck used the word in the in the rest of the world (with the exception of a small number of shared territories).
3. There have been sundry restructurings and renamings: but for all practical purposes it may be taken that the Claimant in this action is the successor of "E. Merck", and the Defendants are the successors of "Merck & Co Inc". For convenience in this judgment (and not as an indication of any pre-judgment of the outcome) I will call the Claimant "Merck Global" and the Defendants "Merck US" (although the Third to Fifth Defendants are in fact European subsidiaries).
4. In 1932 Merck Global and Merck US entered into a formal agreement ("the Treaty Agreement") in which they formalised those arrangements, recognising the right of Merck US to the exclusive use of the word "Merck" in the US, its territories and dependencies and Canada, and the right of Merck Global to the exclusive use of the word "Merck" in the rest of the world (with certain designated shared territories). But the Treaty Agreement was attacked by the US Department of Justice under the Sherman Anti-Trust Act in proceedings brought against Merck US; and in 1945 it was cancelled by a Consent Decree in the New Jersey Courts. The 1945 Order contained provisions requiring Merck US to file with the Department of Justice notice of any intention to make any agreement with Merck Global relating to or affecting business policy; and further provisions enabling the parties to apply to the court for modification of the terms of the Order.
5. The 1945 Order put Merck US in a difficult position. Being the older enterprise and having primarily been an export business, Merck Global held trade mark registrations in just about every country in the world, and was in a position to attack the right of Merck US to use the Merck mark and its corporate name. In 1948 Mr Carl Anderson, Assistant President of Merck US,

visited Darmstadt to share with Merck Global the nature of the 1945 Order and the legal advice Merck US had received about it. Although further meetings and exchange visits followed, by 1955 Merck Global and Merck US found themselves in litigation in several jurisdictions each standing upon their local trade mark rights, with the volume of such conflicts progressively increasing. In 1953 Merck & Co Inc had merged with Sharp & Dohme, which had a large foreign operation and marketed a long line of pharmaceutical specialities through subsidiaries and pharmaceutical finishing plants in a number of countries. Merck US wanted to take advantage of those facilities and to expand them. So it made a vigorous and sustained effort to obtain the right to use “Merck” as a trade mark throughout the world: but by 1955 it had obtained only rights concurrent with Merck Global in eight relatively unimportant countries, and secured vulnerable registrations open to attack by Merck Global in 10 others. Throughout the rest of the world Merck US had either been unable to obtain any rights in the trade mark “Merck” or was engaged in litigation on the subject. The then current litigation related to further attempts in Italy, India, Hong Kong, Ceylon (as it then was), Australia and Thailand.

6. This situation led to further proposals for co-operation and to a period of intensive negotiation in September 1955 which resulted in the signing of a settlement letter (“the 1955 Agreement”) on the 12 September 1955. Merck US subsequently submitted this to (and it was approved by) the U.S. Court, Judge Forman saying:-

“...from the fringe where I sit I think you have come out of the situation on the long end because I should think the Germans with their hold on this name could beat you in practically every foreign country except on home grounds perhaps...”

7. In summary: (i) the 1955 Agreement allowed Merck Global to use its firm or corporate name in the USA and Canada so long as geographically identified with Germany, but not to use “Merck” as a trade mark; (ii) it allowed Merck US to use its corporate names in Germany so long as geographically identified with the USA or Canada, but not to use “Merck” as a trade mark; (iii) in the rest of the world Merck US could use its names so long as geographically identified but had to discontinue use of “Merck” as a trade mark (save that it could use the name “Merck Sharp & Dohme” as both a name and a mark); and (iv) there were concurrent rights in some excepted territories.
8. In 1970 there was a change of corporate name by Merck Global. It therefore proposed modification of the 1955 Agreement to reflect this. The proposal resulted in an agreement dated 1 January 1970 (but it is common ground that it was actually signed at a later date) (“the 1970 Agreement”): with one subsequent alteration it is the agreement which still governs the relationship between Merck Global and Merck US.
9. The 1970 Agreement begins with a series of definitions (including a definition of “Germany” which refers to its historic extent in 1935). It will make for clearer exposition if I retain the original definitions of the parties (rather than substitute the terms used in this judgment). “Merck & Co” is the equivalent of

“Merck US”: and “E Merck” is the equivalent of “Merck Global”. Its key terms were as follows:-

- a) By clause 2(a) it was provided:-

“Merck & Co will not object to the use of the name E.Merck in the United States and Canada by E.Merck as all or part of a firm-name or corporate name provided such names are geographically identified with Germany as follows “E.Merck, Darmstadt, Germany” all words being given equal prominence”;
- b) By clause 3(a) it was provided:-

“E.Merck will not object to the use in Germany by Merck & Co of Merck & Co Inc or Merck & Co Limited as all or part of a firm name or corporate name provided such names are geographically identified with the United States ... as follows “Merck & Co Inc., Rahway, N.J., U.S.A.” ... all words being given equal prominence”;
- c) By clause 2(b) E. Merck recognised the exclusive right of Merck & Co to the use of the trademark “Merck” in the United States and by clause 3(b) Merck & Co recognised the exclusive right of E. Merck to the use of the trademark “Merck” in Germany and each agreed that it would not use or attempt to acquire rights in any trademark containing “Merck” in the territory of the other.
- d) In relation to all other countries by clause 4 E. Merck recognised that “Merck Sharp & Dohme” used as a trade mark or name was not confusingly similar to any of its trade marks or names.
- e) In relation to all other countries by clause 5 E. Merck agreed not to object to the use of “Merck & Co Inc” as a firm name or corporate name of Merck & Co Inc if used with words which identified it geographically with the United States such as “Rahway, NJ, USA”, all words being given equal prominence.
- f) In relation to all other countries by clause 6 Merck & Co recognised that E. Merck was entitled to use the word “Merck”

“..as a trade mark or name provided that any such marks or names adopted in the future shall not be confusingly similar to marks or names adopted or used by Merck & Co under paragraphs 4 and 5 above...”
- g) In all other countries Merck & Co undertook (the 1970 Agreement says “has undertaken”) in clause 7

“...to cancel all existing registrations, withdraw all applications and discontinue all use of the trademarks “Merck” ... and “Merck Merck Merck” .....”

h) Clause 11 was in these terms:-

“Merck & Co and E.Merck will cooperate in the prompt termination of all litigation now pending between them involving trademarks or trade names containing Merck”

i) Clause 12 made reference to the 1955 Agreement “which is herewith replaced by this new agreement” and stated

“This new agreement, which provides for formalistic amendments caused by a change of the company name of the German party, has been submitted to the United States Department of Justice for review. The Department has agreed that since the changes are formal only, they do not require approval by the court.”

10. It is important to emphasise that the 1970 Agreement creates its own obligations. It is not a contract to comply with the general law of any particular jurisdiction. Depending on how the contract was construed, it would be perfectly possible for there to be acts which were breaches of contract but were not infringements of trade mark law, and for acts which would otherwise be infringements to be permitted under the contract. For example, the 1970 Agreement simply required Merck US not to use the trademark “Merck”: Merck Global may complain of “use” even if under the general law it might not be infringing use.

11. In 1975 the parties agreed a letter (“the 1975 Protocol”) which dealt with some practical matters such as letter heads, visiting cards, journal advertising and the like. These had been recognised in 1970 as likely to generate “minor problems”: see a letter from Dr Bartling of Merck Global dated 3 December 1970. It was not suggested that the 1975 Protocol of itself raised any fundamental questions of principle: but its existence was argued to have an impact on the meaning of the 1970 Agreement.

12. One of the problems it addressed was the use of the word “MERCK” in advertisements in scientific journals that were published in Germany but distributed in the United States, and *vice versa*. Another was the use of domestic stationery in foreign correspondence: and another the use of domestic visiting cards on foreign visits. The 1975 Protocol began by noting that the 1970 Agreement

“...presents some minor problems of a practical nature which relate primarily to matters of interpretation of some of its provisions.”

The 1975 Protocol went on to record mutual agreement upon the following material matters:-

- a) In clause 1 that Merck US and Merck Global could use their domestic stationery in foreign correspondence;
- b) In clause 2 that their domestic representatives travelling abroad might use their domestic visiting cards;
- c) In clause 3 that in relation to the interpretation of the phrase in the 1970 Agreement “all words being given equal prominence” it was not a requirement:

“that the firm name or corporate name and the geographic identification be in lettering of the same size but does require that the geographic identification associated with the firm name or corporate name be in close proximity thereto and in a letter size which is readily legible and in reasonable proportion to the letter size of the firm name or corporate name”.

- d) In clause 5 that Merck US and Merck Global respectively would not object in any country to the use by the other

“of the term MERCK as a trademark in advertisements appearing in journals which emanate from countries where the respective company has the right to use the trademark MERCK”.

13. The 1970 Agreement and the 1975 Protocol remain effective. In a judgment (the short reference to which is [2014] EWHC 3867 (Ch)) Nugee J held that the 1955 Agreement was governed by German law: it was agreed before him that if that was his conclusion then the 1970 Agreement and the 1975 Protocol would be governed by the same law. The provisions I have recited therefore have to be construed and given operative effect according to German law.
14. I received evidence upon German law from two excellent witnesses. Merck Global called Prof Dr Joachim Bornkamm. He was first a judge of the Court of Appeal of Karlsruhe (dealing amongst other matters with intellectual property) and then afterwards a judge of the Bundesgerichtshof (the German Federal Court) between 1996 and 2014. For a substantial part of that period (2006-2014) he was presiding judge of the First Division dealing with unfair competition and non-technical intellectual property (including trade marks). Merck US called Prof Ansgar Ohly. He is Professor of Civil Law, Intellectual Property Law and Competition Law at the University of Munich and is a visiting professor at the University of Oxford.
15. The role of expert witnesses on foreign law was considered by the Court of Appeal in MCC Proceeds Inc v. Bishopsgate Investment Trust plc [1999] CLC 417. The guidance I derive from that decision and will seek to follow is as follows. Prof Dr Joachim Bornkamm and Prof Ansgar Ohly are here:-
  - a) To inform the Court of the relevant contents of German law (identifying legislation and explaining the German court’s

approach to its construction, and identifying other authorities and explaining their status);

- b) Where the legislation and the cases do not provide an authority directly in point, to assist the English Court to make a finding as to what the German court's ruling would be if the issue before it was to arise for decision there;
- c) To provide that assistance by providing an opinion as to how the German court would be likely to react whilst not providing personal views as to what the answer to this case is according to German law (though in truth there is no neat dividing line between these activities).

16. At the heart of this action lies the question of how the 1970 Agreement operates in the Internet age. Merck US operates a number of websites, amongst them those having the domain names "merck.com", "merckformothers.com, "merckresponsibility.com" and "merckmanuals.com". These are accessible globally and employ numerous uses of the word "Merck" alone. Merck Global complains that this activity is a breach of the 1970 Agreement or is otherwise unlawful. Merck US says that these websites are targeted at US consumers, and matters of which Merck Global makes complaint are either inevitable accidental references or essentially "overspill" references to rightful use in the USA by Merck US in the course of its worldwide activities. What (if anything) does the 1970 Agreement say about such activity? If it does not provide a code which completely governs this activity, what (if anything) does English trade mark law provide by way of an answer to the dispute?

17. Once I have determined the material facts, the following issues arise for decision:-

- a) What is the correct approach to understanding the scope and meaning of the 1970 Agreement?
- b) Does the 1970 Agreement apply to Internet use?
- c) Does the 1970 Agreement cover the use of marks for services?
- d) Are the activities of Merck US in breach of the 1970 Agreement?
- e) Is any principle of "honest concurrent use" relevant?
- f) Has Merck Global lost its right to complain of breach of contract?
- g) Do Merck Global's trade mark registrations have a reputation in the UK?
- h) To what extent are Merck Global's UK trade mark registrations liable to revocation for non-use?

- i) Is Merck US's Internet activity directed at the UK?
- j) Is Merck US's Internet activity use in relation to goods and/or services?
- k) Is there an infringement under section 10(1) of the Trade Marks Act 1994 ("TMA")?
- l) Is there an infringement under section 10(2) of the TMA?
- m) Is there an infringement under section 10(3) of the TMA?
- n) Is Merck US able to avail itself of the "own name" defence under section 11(2)(b) of the TMA?

*The material facts*

18. I dealt in outline with the origins of and the relationship between Merck Global and Merck US. But I must deal in a little more detail with the origins of the 1955 Agreement, drawing upon contemporary notes and correspondence.
19. Paragraph [5] above provides a sufficient summary from the perspective of Merck US. But following the 1945 Order and the consequential reintroduction of fluidity in the relationships between Merck Global and Merck US concerning the use of the Merck name (previously governed by the Treaty Agreement) Merck Global also gave consideration to what use it could make of the word "Merck". It identified a distinction between "using our Merck name as a firm" and "the use of this name in a trademark sense" (emphasis in original). The former use was exemplified by "Dextrose.... 10cc ampoules.... E. Merck, Darmstadt": the latter use by "Dextrose Merck.... 10cc ampoules". When this distinction was put to Merck US its representatives agreed that if it owned the trademark "Merck" it nonetheless could not restrain Merck Global from using its own firm name if that were not used as a trade mark.
20. One context in which the issue arose was a dispute in India in 1951. Merck US wanted to use "Merck" as a trade mark in India. But Merck Global asserted (in a letter dated 22<sup>nd</sup> March 1951)

"With regard to the trademark name the Patent Department believes that we would have all chances in a legal dispute on our side and, therefore we are regarding ourselves as solely justified in India in using Merck's name as trademark name..."

However Merck Global acknowledged

"Regarding the use of Merck's name as firm's name we can see no difficulties ... The firm's name Merck (North America) Inc, already introduced in practice, seems to be a proper way to obviously accentuate a distinction from E Merck, Darmstadt."



(Emphasis in original). But litigation still ensued concerning the use of the Merck name.

21. Another context in which the issue arose was in Australia, where Merck Global held prior rights in the word “MERCK”, but Merck US published an advertisement in Australia for a pharmaceutical preparation which simply referred to “Merck & Co Inc”. After protest from Merck Global it was proposed that in future the words “Rahway, NJ, USA” be added to make clear that the reference was to Merck US’s corporate name, not to Merck Global’s mark. But litigation still ensued.
22. So it was that in July 1955 Merck US proposed to withdraw all applications, cancel all existing registrations and discontinue all use of the trade marks “Merck” and “MerckMerckMerck” if Merck Global would agree that the term “MERCK-SHARP & DOHME” used as a trade mark was not confusingly similar to any of its own “MERCK” trade marks. It was this proposal that sparked negotiations in September 1955 that were to lead to the 1955 Agreement.
23. At the outset of the negotiations on 9<sup>th</sup> September 1955 Merck Global understood that Merck US intended to use only the designation “Merck Sharp & Dohme” for business outside the USA. But that was not Merck US’s intention. So far as *it* was concerned the most fundamental problem was the question of its right to use its corporate names “Merck & Co Inc” and “Merck & Co Ltd”. So its opening position was this:-

“We emphasised that we intended to go on using Merck & Co Inc... We stated that we also wished to feel free to use other Merck names in the future so long as these names would distinguish from the names and trademarks of E. Merck. While it is our present intention to use Merck-Sharp & Dohme exclusively in export together with the above corporate names we had to keep in mind the possibility of new business reorganisations in the future or other circumstances which might make it desirable to use other names and marks containing “Merck”. We wished the way left open for such use.”

It was acknowledged that Merck Global had not given consideration to this.

24. By 10<sup>th</sup> September 1955 the position had been reached that if Merck US wanted to use its corporate names “Merck & Co Inc” and “Merck & Co Limited” outside the USA then Merck Global would consent to that if geographically identified with the USA. By way of reciprocation Merck US would consent to the use by Merck Global of its corporate name in the USA if used with the geographical identification “Darmstadt, Germany”. The memorandum of the discussions states

“It was understood that as to E. Merck’s names and Merck & Co’s names we were speaking of use as a corporate name and firm name and not as a trademark.”

25. The final wording of the 1955 Agreement was settled on 12<sup>th</sup> September 1955. Merck US wanted to include in the agreement a provision that Merck Global would not in the future object to other names or marks that were equally as well distinguished from its name and trade marks as “Merck-Sharp and Dohme”; but Merck Global refused. The memorandum records:-

“We [Merck US] emphasise that we wish to make clear that the agreement should not be interpreted to imply any restrictions not expressly stated as to what names or marks we could use. We suggested some provision for this purpose in the agreement. Dr Vogt [of Merck Global] felt that there was no ground for implication in the agreement that we would use only Merck & Co Inc and Merck-Sharp & Dohme; that the provision we desired was superfluous. It was finally agreed to make no reference in the agreement to marks and names which might be adopted in the future. Names or marks, other than those specifically referred to in the agreement, which Merck & Co Inc may adopt in the future will stand on their own feet and be considered in the light of the facts existing at the time. There is no obligation on Merck & Co Inc’s part to refrain from adopting or using such names; there is no obligation on the part of E. Merck to consent to their use.”

26. In due course the 1955 Agreement was replaced by the 1970 Agreement and clarified by the 1975 Protocol. Under them Merck US built up the “Merck” brand in the US and associated territories and the “Merck-Sharp & Dohme” or “MSD” brand elsewhere, and Merck Global built up the “Merck” brand in Germany and elsewhere. The two parties implemented the agreements (as they had the 1955 Agreement) in a co-operative way, but there were areas of unresolved conflict, and some issues simply “died”. Some examples referred to at trial follow. (There are many other examples noted in the evidence of Jonas Koelle in paragraphs 16 to 28 of his witness statement dated 27 January 2015, the accuracy of which I accept, but which for the purposes of this judgment it is unnecessary to recite).
27. In 1964 (and so under the 1955 Agreement regime) Merck US published a brochure entitled “An ihren Fruchten ...”. Throughout this publication it often referred to Merck US simply as “Merck & Co Inc” without any geographical designation (although there were at least nine instances in the text where an identifier was used). Instead, inside the front cover was a note which said:-

“The name of “Merck” in this brochure always refers to the firm Merck & Co Inc Rahway NJ USA or one of its divisions.”

Merck Global complained. Merck US responded that the then current 1955 Agreement recognised the right of each party to use its trade name provided that it was accompanied by a geographical designation, and where the trade name was repeated it was unnecessary to repeat the geographical designation with *each* use to achieve that end: the important thing was that the company be identified by geographical designation. The matter rested.

28. In 1972 Merck Global wanted to use the trade name and style “CELAMERCK Ingelheim” in the USA for a new joint-venture. Merck US objected, and said that in the USA it would be thought of as a German endeavour related to Merck US. Merck Global said that they would not use CELAMERCK as a trade mark, and when selling products would identify the company as “Celamerck GmbH & Co KG Ingelheim Germany”. Merck US accepted that, provided that the words “Affiliate of Cela GmbH Ingelheim and E. Merck Darmstadt Germany” were added and given equal prominence. The matter was resolved.
29. An example of an area of unresolved conflict concerns “The Merck Manual”. This is a medical text published by Merck US which has been published and disseminated in many countries (including the UK) for about 100 years. It is translated into more than a dozen languages and is said to have sold more than 10 million copies since the first edition. It was not the subject of comment or discussion at the time of the 1955 Agreement and, indeed, seems not to have been mentioned until 1973. At that time both Merck Global and Merck US were either publishing or considering publishing something called “The Merck Index”. Merck Global suggested that Merck US’s version might be called “The MSD Index”, and the writer (Dr Bartling) added

“The same would apply to the Merck Manual of Diagnosis and Therapy.”

When the 1975 Protocol was signed it recorded that Dr Bartling’s comments had been noted, but the Merck US made no commitment in relation to those comments at that time.

30. The use continued. 30 years later a subsidiary of Merck US in Portugal sought to register “Manual Merck” as a mark. Merck Global protested and the application was withdrawn. But Merck US made clear:

“...if you are asking that we discontinue use of the title Manual Merck we cannot agree. We do not agree that this use is precluded by our agreement, and such is evidenced by your company’s acceptance of this use for many decades. The title is well associated with our company.”

So in 2009 Merck US set up a website called “merckmanuals.com”.

31. On 5<sup>th</sup> November 1979 Merck Global became the registered proprietor of UK registered trade mark No. 1 123 545 for the word mark MERCK for (amongst other things) goods in Class 5 (“Pharmaceutical substances and preparations”).
32. On 30<sup>th</sup> December 1993 Merck Global became the registered proprietor of UK registered trade mark No. 1 558 154 for the word mark MERCK for (amongst other things) goods in Class 5 (“Pharmaceutical, veterinary and sanitary preparations and substances;... reagents for medical and veterinary purposes”).

33. Merck Global is also the proprietor of international registered trade marks No. 770 038 and No. 770 116 for the device mark MERCK for which the date of protection in the UK is 22<sup>nd</sup> November 2002 for goods in Class 5 (“pharmaceutical, veterinary and sanitary preparations; medical products ... dietetic substances adapted for medical use, food for babies ...”) and Class 10 (“surgical, medical, dental and veterinary apparatus and instruments...”) and for services in class 42 (“medical ... care; veterinary and agricultural services; scientific and industrial research; providing information and counselling in healthcare; ... services rendered in the medical, pharmaceutical, laboratory and chemical areas...”).
34. It is important to emphasise that Merck Global do not in this action allege that any of Merck US’s products have been sold or offered for sale in the UK under the sign “Merck” or that any pharmaceutical business transacted in the UK has in any material way been conducted under the sign “Merck”. The essence of the complaint by Merck Global is of the use of the word “Merck” by Merck US on multiple occasions in promotional and informational material and in the course of general commercial activity (such as offering jobs, or attracting innovators or suppliers).
35. Before dealing with those complaints I should note certain further matters of fact. From the mid-1990s onwards there arose a number of complaints on each side relating to the use of MERCK on the Internet in various contexts. Merck US complained in December 1995 about Merck Global’s use of “Merck” on webpages that were accessible in the USA, saying that it was not in conformity with the Agreement. In 2000 and again in 2003 Merck Global complained of Merck US’s registration of the “merck.co.uk” domain name, asserting that although not specifically mentioned in the 1970 Agreement its provisions applied to the use of MERCK in Internet addresses. Merck Global did not receive a substantive response and did not press the issue. (After some years Merck US surrendered the address and Merck Global eventually acquired it). In 2004 Merck Global complained of Merck US’s registration of the “merck-uk.com” domain name: Merck US transferred it. In 2005 Merck Global complained about the structure of e-mail addresses of Merck US’s affiliated companies domiciled outside the US as not being compliant with the 1970 Agreement, in particular the use in those addresses of the domain name “merck.com”. In the course of resulting correspondence the domain names “merck.dk” (relating to Denmark) and “merck.com.tr” (relating to Turkey) and “merck-academy.eu” were either transferred or deleted by Merck US.
36. In November 2009 the companies then comprising Merck US merged with their competitor Schering-Plough to form one of the largest healthcare organisations in the world. This greatly increased the number of employees who were using the e-mail address (first adopted by Merck US in 1993) ending “@merck.com”. (Merck US employees located in Germany have an additional e-mail address “@msd.de”: but other Merck US employees located outside the USA and Canada simply use the “@merck.com” address). The previous complaints about this use remained unresolved.

37. I should further note that Merck US has developed a “Brand & Identity Guide”. Adele Ambrose, the Senior Vice President and Chief Communications Officer of Merck US explained in evidence:-

“We are “Merck” in the USA and Canada, and “Merck Sharp & Dohme” or “MSD” in the rest of the world. We are one company with two brand names. We do essentially the same work under those names in different regions.”

By way of elaboration she cited part of the Merck US Brand & Identity Guide:-

“We are one company, but due to legal and trademark limitations, we use two trade names in different regions in the world: Merck in the United States and Canada, and MSD in the rest of the world.....Internally, various divisions and functions use the Merck/MSD label to be inclusive when referring to the company as a whole. Employees must remember that Merck/MSD.....should never be used externally as there is no Merck/MSD brand. **Using any name combination other than Merck in the United States and MSD in the rest of the world can lead to legal issues.**” (Emphasis in original).

38. This case is not about whether Merck US has broken its internal brand guidelines. It is about whether Merck US has by activities within the UK broken the 1970 Agreement: and if it has not, then whether it has nonetheless infringed Merck Global’s UK trade marks. But the internal brand guidelines are useful as an indicator of the relative simplicity of applying the ground rules embodied in the 1970 Agreement.
39. There is a website with the domain name “[www.merck.com](http://www.merck.com)” which is registered in the name of Merck US, which is also indicated to be the owner of the copyright in any content. The home page shows the domain name “merck.com” and bears the legend “Merck. A global healthcare leader working to help the world be well”. In the top corner is a logo “MERCK Be Well”. Adele Ambrose said that this was

“...a tagline that reflects our vision of a healthier world and is inspired by our brand ‘idea’ of our commitment and capacity to lead the world forward in health care.”

Across the top (adjacent to this branding) are hyperlink tabs.

40. Clicking on the tab for “Licensing” takes the user to a page bearing the same “MERCK Be Well” logo which explains that

“Merck’s scientific scouts are stationed around the globe and easily within reach to discuss new opportunities...our scientific scouts work with you to determine if your discovery aligns with our areas of interests...We encourage you to click on the

scientific scouts in your region to begin a conversation, by e-mail, about how we might work together”

One of the regions mentioned is the United Kingdom, Ireland, Portugal and Spain where the enquirer is directed to Rob Pinnock BSc PhD in Hoddesdon, Herts. His e-mail address is [licensingandbusinessdevelopment@merck.com](mailto:licensingandbusinessdevelopment@merck.com).

41. A subsequent page informs the user that “Merck is active in dealmaking worldwide” and extends invitations to 2 conferences in Berkshire and London (amongst a number of other conferences outside the USA and Canada). At some such conferences attendees are provided with leaflets which direct them to the “Careers” tab on the merck.com website. An example is a lecture given by Mr Golestani (an employee of Merck US who was described in the promotional material as “Merck EVP and CIO”) at Imperial College London: the lecture contained numerous references to “Merck” (without any geographic designation) and concluded with a handout inviting attendees to visit the “merck.com” website.
42. Sometimes such lectures are accompanied by slide presentations. One example given in evidence (and not disputed) was a lecture given by Mike Rowley (the head of the Discovery Chemistry group at MSD Research GmbH Switzerland) at the Oxford Global 12<sup>th</sup> Annual Pharmaceutical Congress in September 2014. His lecture made frequent reference to “Merck” (not to “MSD” or to “Merck & Co Inc” plus geographical identifier) and was illustrated by slides making liberal use of the Merck mark. This was not an accident or oversight. Mr Rowley said that when referring to MSD in a scientific context he would routinely refer to “Merck” because it was more recognisable as a scientific organisation.
43. The “merck.com” webpage has a link to “Suppliers”. Clicking from the homepage the user can reach a page entitled “Purchase Order Terms & Conditions”. This is embellished with the “MERCK Be Well” logo and has a link to the Terms and Conditions specifically applicable in United Kingdom.
44. The “merck.com” webpage has a sub-u.r.l. called “jobs.merck.com”. This guides the user to “search for jobs at Merck in the location which appeals to you” and presents a map of the world. If the cursor is placed over the United Kingdom further pages (all bearing the “MERCK Be Well” logo) open to show the location and nature of the jobs. The main page affords access via a tab to content called “Life at Merck”.
45. In the bottom right-hand corner of the “merck.com” home page is a line containing links labelled “Privacy” “Terms of Use” and “Site Map”: but the site is fully accessible without using any of those (let alone accepting the terms set out). Clicking on “ Terms of Use” reveals a page of conditions part of which says

“This website is maintained by Merck Sharp & Dohme Corp. (“Merck”) and is intended for use by residents of the US and its territories who are 18 years of age or older.”

46. From the main merck.com webpage is a link to a page bearing the “MERCK Be Well” logo headed “Products”, and listing vaccines, prescription products and prescribing information, oncology and animal health, and providing the link to “the Research Pipeline”. On the screenshot in the bundle there was a specific reference to FDA approval for “Merck’s HPV Vaccine GARDASIL to prevent cancers and other diseases caused by nine HPV types”.
47. Clicking on the heading “Vaccines” leads to another page bearing the “MERCK Be Well” logo, listing 13 vaccines produced by Merck US, and giving the prescribing information or patient product information, with further links to specific websites for those particular Merck US products.
48. Clicking on the heading “Prescription Products” leads to a page bearing the “MERCK Be Well” logo, giving information about 50 prescription products in key therapeutic areas. There are separate pages for products grouped under the headings “cardiovascular”, “endocrinology”, “immunology”, “infectious disease”, “neuroscience”, “oncology”, “ophthalmics”, “respiratory”, “urology” and “women’s health”. Clicking on one of those individual headings leads to a further page listing the Merck US products in each therapeutic area and giving the prescribing information (including some for different formulations), medication guides and patient, product or pharmacist information.
49. As well as information about products these links on the web page will take the inquirer to information about services which Merck US supplies. An example is the Merck Investigator Studies Program which is “open to all academic and community-based physicians and researchers worldwide who are interested in conducting their own research” (the investigators outside the US are told to submit their research proposals to “their local MSD office”, a reference to Merck Sharp & Dohme limited, a subsidiary of Merck & Co Inc). A further example is the EngageZone (which provides secure communication and a compartmentalised collaborative work environment for Merck and its external business partners).
50. The “merck.com” website is integrated with a number of others. One of those is “merckformothers.com”. The homepage bears the strap-line “Merck for mothers. Committed to Saving Lives” and the “MERCK Be Well” logo, and the subsequent pages contain many uses of the word “Merck” which, if used as a contraction of the firm name or corporate name “Merck Sharp & Dohme” or “Merck & Co Inc”, do not have any geographical designation e.g

“Merck has a long history of dedicating itself to one overarching goal: improving people’s health and well being...Merck researchers continue to search for new ways to treat and prevent illness...At Merck, corporate responsibility is the cornerstone of our daily commitment to tackle the world’s biggest health challenges...”

Some of the information included is specific to the United Kingdom e.g. references to the British Pregnancy Advisory Service. However one of the pages dealing with the Global Giving Program states:-

“Merck, known as MSD outside of the US and Canada, recently established the Merck for Mothers Global Giving Program.....”

51. Another integrated page is called “merckresponsibility.com”. It displays the “MERCK Be Well” logo and has a tab labelled “Responsibility at Merck”. It has an interactive world map, and if the cursor is placed over the United Kingdom some UK-specific information is provided. It has a hyperlink to the “merck.com” website.
52. Another integrated site is called “merckmanuals.com”. This is the vehicle for publishing and disseminating electronic versions of both the original Merck Manual (to the printed version of which I have earlier referred) which was directed at healthcare professionals, and the new work called “The Merck Manual of Medical Information Home Edition” which is directed at consumers. There are no MSD Manual websites.
53. Another integrated site is called “mercknewsroom.com”. This carries the “MERCK Be Well” logo, and enables Merck US to exploit social media, maintaining a presence on Twitter, Facebook, YouTube and LinkedIn. Even where such social media affords the opportunity to impose a territorial restriction, Merck US does not avail itself of that option. Nor does it exclude users who are not based in the United States or Canada.
54. Ms Kate Tillett is the External Affairs Director of the Third Defendant: she maintains a LinkedIn account. In her profile she described herself as “Executive Director, External Affairs, Merck”. She acknowledged that according to the brand guidelines this “was simply not correct”. The LinkedIn accounts of a number of UK-based employees of Merck US were examined at trial: a very substantial proportion described themselves as employees of “Merck”. Ms Tillett acknowledged that this was not correct.
55. Merck US does maintain a website called “msd-uk.com”. However this simply provides links to the merck.com site which was (until very shortly before the trial) described as the “Global Website”. If a user searched for “msd.com” he or she would be automatically directed to the merck.com site.
56. Moreover, users of the msd-uk.com website are frequently directed to merck.com addresses. Thus enquirers after MSD products are directed:-
 

“For scientific or medical enquiries about MSD products ... e-mail: [medicalinformation@merck.com](mailto:medicalinformation@merck.com)”

and

“If you are a healthcare professional and have an enquiry about the supply of MSD products..... e-mail customerservice\_msduk@merck.com”
57. It was these matters that caused Merck Global to write on 17 July 2012 to inform Merck US that



“our company is increasingly alarmed by the ever-growing and now fairly massive virtual presence of MSD on the internet and social media using “MERCK”...”

58. Although the absence of a satisfactory response led to these proceedings, on 8<sup>th</sup> April 2015 (days before the start of the trial) Merck US wrote to indicate that for the future it intended to adopt the following approach:-
- That it would not advertise on websites or post on social media positions located outside the USA and Canada under the sign “MERCK” alone
  - When linking from websites intended for residents of the USA and Canada to use “pop-ups” to indicate that the user is leaving the original website
  - To remove the contact details on merck.com for individuals in its licensing and business development organisation who are employed by affiliates outside the US and Canada
  - To place clear notices on websites which permit subscriptions or signing up that the site is intended for the residents of the US and Canada
  - Not to solicit on websites intended for residents of the US and Canada attendance at events to be held in countries outside the US and Canada
  - Not to include on websites intended for residents of the US and Canada terms and conditions specific to other countries
  - On websites which are intended for residents of countries outside the US and Canada not to use “MERCK” other than as “Merck Sharp & Dohme” or as part of a firm or corporate name with words which identify it geographically with the US, and not to use “Merck” alone in metadata
  - When providing a link from sites intended for residents outside the US and Canada to sites intended for residents of the US and Canada to use “pop-ups” to indicate that the user is leaving the original website
  - In relation to presentations held in the UK not to use “MERCK” other than as Merck Sharp and Dohme or as part of a firm name or corporate name with words which identify geographically with the US.
59. The offer to adopt this approach (in preference to a policy of “geo-targeting” to which I will come) did not constitute an admission that earlier acts not in accordance with the proposed approach constituted either breaches of contract or infringements under the general law. It was useful as indicating the areas

where it was acknowledged that conflict existed and it shaped the argument at trial.

60. I therefore turn to consider whether there have been breaches of contract or infringements under the general law.

*What is the correct approach to understanding the scope and meaning of the 1970 Agreement?*

61. Prof Bornkamm and Prof Ohly were in substantial agreement as to the relevant principles of German law to be derived ultimately from sections 133 and 157 of the German Civil Code. I discern the following principles:-

- a) The words of an agreement are not to be construed in isolation but in the context of the agreement as a whole.
- b) Contracts are to be interpreted and applied with reference to principles of “good faith” taking into consideration customary practice: see section 157 of the Bürgerliches Gesetzbuch (“BGB”).
- c) The German Court will seek to ascertain objectively the true intention of the parties, not considering itself bound to adhere to the literal meaning of the words in which the agreement is expressed: see section 133 of the BGB. The idea is that, in order to find out the meaning of the contract, the Court goes back to the individual behaviour or statement that led to the incorporation of the term in the contract. (This is not the same as starting with the words of the contract and using the factual matrix as an aid to construing unclear expressions: German courts are much more ready than English courts to go beyond the wording of a contract).
- d) When assessing “intention” it is the viewpoint of the recipient of any statement which is the important viewpoint for interpretation: how was the matter reasonably understood by the person to whom the statement was made?
- e) As part of that process the German Court will consider what led to the agreement (Prof Bornkamm referred to this in his written evidence as “the function of the contract”, and addressing the particular circumstances of this case in oral evidence called it “the conflict which led to the agreement”).
- f) The German Court can also consider the subsequent behaviour of those who negotiated the bargain to see what light it sheds on their objectives when negotiating the contract; but (i) nothing that happened afterwards can change the objective content of the contract when agreed: and (ii) the more distant the subsequent behaviour from the negotiation of the bargain the

less light is likely to be shed (that being a question of assessment for the judge).

- g) Once the objective intention of the parties at the time of the bargain is ascertained then the meaning of the words must go according to that intention: the meaning is not elastic.
- h) Once the objective intention of the parties at the time of the bargain is ascertained then both parties are under an obligation to support the purpose of the contract and to desist from all activities that might endanger its achievement. Thus each party must respect and act in consideration of the other party's interests under a contract.
- i) In the instant case a German Court would be likely to take the view (i) that the parties wanted to get rid of the conflicts which existed; (ii) that (obviously) their interests in these conflicts were not mutually consistent; (iii) that they sought a coexistence agreement to build a framework for the future so that they could organise themselves to grow their businesses and to prosper; (iv) that as part of that coexistence they might have had to give in or withdraw from certain activities even if that was not in their basic economic interest.
- j) It may be that an agreement is not sufficiently explicit to cover a particular situation: the German Court would use the foregoing interpretive tools to see whether the contract may be read as covering the particular situation.
- k) If the agreement cannot be read as addressing the particular situation, then there may be an "unintentional gap". The German Court then enquires by way of supplementary construction ("ergänzende Vertragsauslegung") what the parties would reasonably have agreed upon had they thought of the situation. Without changing the meaning of the original agreement its terms may by analogy be carried over to cover the unintentional gap. So when a new technology comes along the Court analogises from what was the agreed position to what is now the position. For example, the advent of CDs would be covered by an earlier agreement about vinyl records. But this technique cannot be used to contradict the intentions of the parties as interpreted by the court and must not "extend the obligations of the parties".
- l) If there is a subsequent agreement (such as the 1975 Protocol) relating to an earlier agreement (such as the 1970 Agreement), then the later agreement affects the operation of the earlier agreement going forward but does not of itself alter the meaning of the original agreement (unless it fairly falls into the category of subsequent behaviour which sheds light on the original intention).

- m) The principle of approaching interpretation from the standpoint of the recipient of the statement would incline a German judge not to confine references to “trademarks” to such marks according to either German or American law then current, but such a judge might well find assistance in relevant international conventions.
62. Applying those principles I find that the approach of a German Court to the 1970 Agreement would be as follows.
63. First, the 1970 Agreement was intended both to settle current disputes and to provide for the unlimited future (subject to any further agreement) what uses might be made of the respective corporate names of the parties and of the mark “Merck” throughout the world. It covered the use of the word “Merck” as all or part of a trade name, and as a trade mark.
64. Second, the 1970 Agreement was essentially a formal restatement of the 1955 Agreement, which itself had evolved from revocation of the 1932 Treaty by the 1945 Order (though it was not a restatement of those original terms). The context of these agreements was that Merck Global was the senior enterprise which had secured trademark registrations in many jurisdictions which afforded it certain rights to complain of the activities of Merck US in those territories, and that Merck US was struggling to establish a presence outside the USA, Canada and associated territories. All these agreements secured for Merck US permissions to do things which it might not otherwise have established a right to do, by restricting Merck Global’s right to complain (which is why the American judge, having heard Merck US’s presentation of the position, agreed that they had “the long end” of the bargain). A key purpose of the 1970 Agreement was to grant Merck US those defined permissions: the purpose was not to recognise the existence of a “free-for-all” determined by economic muscle power (save for narrow disputes settled by the 1970 Agreement).
65. Third, it does not necessarily follow from the fact that the 1970 Agreement grants permission to do certain things that what is not permitted is therefore forbidden: one would need to look at the whole agreement correctly interpreted to see what restrictions are expressed, and to see what restrictions upon one party are implicit in the permissions granted to the other party (given the obligation to desist from all activities that might endanger the achievement of the purpose of the contract). The 1970 Agreement did not explicitly grant Merck US permission to use the word “Merck” as a contraction of its expressly permitted corporate names and as a stand-alone identifier. It was implicit in the 1970 Agreement (and did not need to be spelt out) (i) that Merck US could seek to trade outside the US and Canada under firm or corporate names other than “Merck Sharp & Dohme” and “Merck & Co Inc” and there to use a mark other than “Merck”, and (ii) that whether it would be permitted to do so would be the subject of discussion as to whether the proposed new uses were equally as well distinguished from Merck Global’s expressly recognised names and marks as those Merck US was granted permission to use in the 1970 Agreement. But this flexibility was not

obviously such as to permit Merck US to use the simple word “Merck” as a contraction of its permitted names and as a stand-alone identifier.

66. Fourth, although forward-looking the 1970 Agreement did not seek to establish a regime for everything. The 1970 Agreement did not impose any restrictions as to what names or marks Merck US might adopt in the future: that was an intentional gap. But the existence of this intentional gap is not an indicator that the 1970 Agreement was not otherwise intended to be comprehensive. Its purpose was to govern as between the parties to the Agreement the use of the word “Merck” as all or part of a name or mark throughout the world.
67. Fifth, Merck Global recognised that in all countries other than those (US, Canada and associated territories and Germany) where specific arrangements were made (“the rest of the world”) Merck US could use “Merck Sharp & Dohme” as a trade mark or name. Merck US has in practice contracted that name to “MSD” for branding purposes and Merck Global has not objected to that. That does not establish any principle that contractions are acceptable.
68. Sixth, in the rest of the world Merck US could use as all or part of the firm name or corporate name the term “Merck & Co Inc” provided that it was given a geographical identifier of equal prominence. This implicitly restricted the use of the word “Merck” alone as a contraction of the firm name or corporate name of Merck US since the purpose of the contract was to ensure that when Merck US used a trade name or corporate name including the word “Merck” (but which was not “Merck Sharp & Dohme”) it had to be clear to the reader that the entity so referred to was located in the USA: and Merck US was obliged to desist from anything that might endanger the achievement of the purpose of clauses 6 and 7 of the 1970 Agreement.
69. Seventh, what had to be done to satisfy the requirement of “equal prominence” was in part determined by the 1975 Protocol. But the 1975 Protocol did not specifically address the problem that had arisen in 1964 in relation to “An ihren Früchten ...”, namely where the geographical identifier was not used on every single occasion, but was covered by an explanatory note at the front of the document. The German Court is likely to require substantial though not a literal compliance with the requirement to use a geographical identifier of equal prominence when Merck US uses a name including the word “Merck”. Substantial compliance would be achieved by the placement of the requisite designation in positions of prominence where it is likely to be seen (the number of which will vary with the nature and length of the document) coupled with sufficient internal reference to it within the document itself to draw it to the attention of those who may otherwise have overlooked it. The objective of the 1970 Agreement (as clarified by the 1975 Agreement) was that every reference to a Merck US corporate name incorporating the word “Merck” should have a geographical identifier: and that is what must be substantially achieved by any alternative arrangement.
70. Eighth, by clause 6 of the 1970 Agreement, in the rest of the world Merck Global was entitled to use the word “Merck” alone or in combination as a trade mark or name. By clause 7 Merck US was obliged to “discontinue” all

use of the trade mark “Merck”. The word “discontinue” required Merck US not only to cease doing what it was then doing, but not to start doing it in the future.

71. Ninth, the 1975 Protocol governs the position as regards stationery and visiting cards going forward, but also sheds light on how strictly the parties to the 1970 Agreement read its terms, and what (absent the 1975 Protocol) compliance with the 1970 Agreement might be thought to require. Correspondence, visiting cards or advertisements originating in one territory but received and having effect in another territory were, under the 1970 Agreement, to be assessed by reference to the contractual provisions applicable in the country of receipt (not in the country of generation). The 1975 Agreement permits departure from those rules in defined circumstances. In times of changed methods of communication it is permissible to ask both whether the ground rules apply to the new means and whether the exceptions may be applied to the new means.
72. When I circulated this judgment in draft Merck US objected that my sixth and seventh findings relate to matters that were not in contention in the proceedings and that Merck Global’s pleaded case related only to breaches of clause 7 of the 1970 Agreement. But it is in my judgment necessary to record these findings (a) because the argument at trial ranged wider (presumably to some purpose) and in particular addressed both the significance of Merck US’s 1955 refusal to trade only under the name “Merck Sharp and Dohme” and the “An ihren Fruchten..” point: (b) because Mr Hobbs QC began his closing speech by explaining that his clients did not in 2015 know where they were in relation to the 1970 Agreement or where the interface between contract and infringement was (asking amongst other things: “Can we have a website and web address “merck.com”? Can we use “Merck” and “Merck Sharp & Dohme?”): and (c) because the intended operation of agreement has to be seen as a whole, and understanding the operation of clause 6 in the context of this dispute informs the approach to the operation of clause 7.

*Does the 1970 Agreement apply to Internet use?*

73. In my judgment under German law the 1970 Agreement governs the use of the word “Merck” as all or part of a trade name or trade mark on the Internet. There are two routes to that conclusion.
74. The first is through use of interpretative tools. Prof Bornkamm is of the opinion that a German Court would (on the footing that the 1970 Agreement had as its purpose the establishment of an all-encompassing co-existence model and was negotiated by parties who were aware that technology evolved) regard the use of the word “Merck” on a website as “fall[ing] easily under para.4 to 7 of [the] 1970 Agreement” without the need for a supplementary construction. I think this must be because applying the provisions of the 1970 Agreement (which was a long term contract) would serve the objective interests of both parties in ensuring that the same rules for trade mark use apply consistently and concurrently in the context of the Internet as well as other media.

75. Prof Bornkamm's evidence in cross examination contained this explanation:-

“In many cases the Internet is something new, but still it is a classic means of advertising. So you find something in the analogue world which is very similar and where there are rules in the contracts which do apply and then you would not talk of intention, of a gap, because you can just by interpreting what the reasonable parties meant by that that it is not only to be applied to the paper world, which existed at that time, but also to development which starts from there and goes on, which one did not foresee, but still the function of this is similar and does the same thing as done in the analogue world before.”

76. The second route (favoured by Prof Ohly) is through supplementary construction. On this analysis the parties to the 1970 Agreement did not have in mind potential developments such as the Internet or social media. Gaps are filled by what reasonable parties would have agreed on i.e. what they did agree has to be applied to facts which were not foreseen at the time of the negotiation. The fact that they have in subsequent conduct each treated the 1970 Agreement as applicable to the Internet does not shed any light on the objective meaning of the 1970 Agreement when entered. Developments since the 1970 Agreement have meant that there is an unintentional gap in the agreement. The German Court would seek to discern what the parties would reasonably have agreed had they thought about the position, and would proceed by way of analogy.

77. Prof Ohly stated in his expert report:-

“The Agreements can be applied to the Internet. Its purpose is not restricted to the offline world. The parties have constantly intended to settle disputes arising from new developments in the spirit expressed in the Agreements...In the course of supplementary interpretation gaps are filled by what reasonable parties would have agreed on. It is the task of the court to “think” the Agreements “to their end” and to give effect to their purpose....”

78. It is not easy for an English judge to understand the nuances of these rival analyses: but they lead to the same conclusion. The experts are agreed that a German Court would be likely to find that the 1970 Agreement applies to the Internet: and I so find.

*Does the 1970 Agreement cover use for services?*

79. As I have recorded above, Merck Global do not in this action allege that any of Merck US's products have been sold or offered for sale in the UK under the sign “Merck” or that any business transacted in the UK has in any material way been conducted under the sign “Merck”. The principal complaint is about the use of “Merck” in promotional and information-providing material and connected commercial activity, such as the recruitment of suppliers and employees and establishing connections with innovators. An example of

information-providing material is the page appearing under the “MERCK Be Well” logo which contains Prescription Products and Prescribing Information collected by reference to therapeutic area e.g cardiovascular, endocrinology, oncology, and urology. There is a specific complaint about the use of the sign “Merck” in connection with some product categories (such as “vaccines” or “animal health”) and some specific products within those categories. Examples within the “vaccines” category are “BCG Vaccine”, “MMR II”, “ProQuad”, “Recombivax HB” “Vaqta” and “Zostovax”, all of which appear under the “MERCK Be Well” logo and alongside the “MerckVaccines.com” hyperlink which takes one to the online ordering facility.

80. Merck US argues that since the 1970 Agreement derives from the 1955 Agreement, the term “mark” or “trademark” is for the purposes of the 1970 Agreement to bear the meaning it would have been understood by the legally qualified negotiators to have had in 1955. It is submitted that if one assumes that the negotiators knew the legislation and the judicial principles in force at that time then they must be taken to have known that under German law in 1955 trade marks were well-defined, and a narrow concept covering use in relation to goods alone, service marks not being introduced until much later. It is said to follow that the 1970 Agreement cannot relate to the use of the mark “Merck” in relation to the provision of services.
81. In my judgment read according to German law the 1970 Agreement *does* cover use of the word “Merck” in relation to the provision of services. This conclusion seems to follow from the requirements not to construe a word in isolation but in the context of the agreement as a whole, to have regard to what led to the agreement as a whole (namely what was “the function” of the contract), to look at the meaning that would have been conveyed to the addressees of the relevant provisions, and to give weight to subsequent conduct where (as a matter of judicial assessment) that is a reliable guide to the intention of the parties at the time of the contract.
82. The object of the 1955 Agreement and of the 1970 Agreement was to address who was entitled to use the word “Merck” as part of their corporate name or as a trade mark in the US/Canada, Germany, *and the rest of the world*, and to dispose of litigation then current in India, Hong Kong, Ceylon, Italy, Australia and Thailand. The concept of the “mark” was not anchored in any single system of law, let alone German law. Since the Agreement was forward-looking (as well as settling all those current disputes) it was not anchored to any particular time: if the meaning and content of the word “mark” or “trademark” changed in any particular jurisdiction or across a number of jurisdictions (by being extended to new classes of goods or by being extended to services) the obligation not to use the word “Merck” as a trade mark continued. This is the way the parties treated the 1970 Agreement as operating. They did not launch in one another’s territories campaigns to use the “Merck” mark in areas which fell outside the strict limits of protection as it stood in 1932 or 1955, whether those limits were set by national law or by operative international conventions: nor did they change that approach when the scope of protection altered. In fact, by the time of the 1970 Agreement the scope of protection had been enlarged to incorporate services (by the Paris



Convention of 1958): there is simply no ground for thinking that in 1970 the parties intended to confine their agreement only to the scope it would have had in 1955 if the strict limits of protection then in place were observed and not to extend it to the scope it actually had in 1970.

*Are the activities of Merck US in breach of the 1970 Agreement?*

83. This question falls to be answered under German law (since the 1970 Agreement and the 1975 Protocol pre-date the Rome Convention and the Rome I Regulation): Harding v Wealands [2007] 2AC 1. In my judgment according to German law
- a) the use in the UK of the word “Merck” alone by Merck US as a contraction of the full trade name and without a geographical identifier is a breach of the 1970 Agreement;
  - b) the use in the UK of the word “Merck” by Merck US as a trade mark is a breach of the 1970 Agreement.
84. Before addressing issues of breach, I should address an argument advanced by Merck US that the complaints of Merck Global are to be dismissed at the threshold.
85. This is the *de minimis* argument: Merck US suggests that Merck Global’s complaints relate to a few pages in Merck US’s huge web presence, to a small number of presentations, to 3 press releases, to 2 agency briefs and to 7 e-mails. Evidence was adduced to show that the percentage of sessions on the merck.com website with IP addresses connected to the UK averaged 3% p.a. over the past 5 years, and that in 2014 the number of visitors to the “msd-uk” site who then went to the global website via links on the page was again about 3.5% . It was submitted that given the volume of material generated by Merck US and the number of website visitors this is simply too small a number of possible breaches to sustain the relief sought from the Court. Merck US referred to the recent decision of the Supreme Court in Fish & Fish v Sea Shepherd UK [2015] UKSC 10, which considered how significant a contribution had to be in order to fix the actor with accessory liability in tort. The decision was that acts of minimal importance or which were negligible or trivial would not suffice for that purpose. This case did not assist me to decide whether an actionable breach of the 1970 Agreement had occurred: it addressed a different question.
86. I accept that the *de minimis* principle is a relevant consideration when considering enforcement of an agreement governed by German law. I was referred to (and accept as providing sound guidance) the decision of the Federal Court of Justice in the Maritim case (GRUR 2005, 431). A Danish bed-and-breakfast hotel in Copenhagen maintained a domain “[www.hotel-maritime.dk](http://www.hotel-maritime.dk)”, and also offered a written hotel prospectus in German which was sent on request. The claimant operated a 40 hotel chain in Germany under the “Maritim” brand and mark, and sought relief from the court for infringement by the Danish entity of its German mark. The evidence established that the commercial effect on the activities of the claimant in

Germany caused by the advertising and offer of services by the defendant for its hotel in Copenhagen were only slight, so that the court concluded that “[the claimant’s] interests must be subordinate in the context of an overall assessment”. In the particular context there were competing rights under the general law to use nationally registered marks across national boundaries: but the idea of subordinating the strict right to enforce legal interests where there is only a slight infringement of those interests would in my view be capable of application in relation to contractual rights.

87. I do not accept that the matters of complaint may properly be regarded as *de minimis*. First, the evidence suggested that the instances referred to in the Particulars of Claim were not the *only* instances that occurred. One of the points made by Merck US was that a targeted search of its Zinc database (in lieu of disclosure) had produced a total of 359 “hits” out of a total of 180,630 documents. The difficulty is that these “hits” did not include any of the uses at the lectures and presentations about which evidence was given at trial. Second, some of the arguments used to diminish the impact of what was proved are not sound. Figures of 3% or 3.5% as being the proportion of total web traffic emanating from the UK sound diminutive. But if you eliminate traffic generated in the US and Canada (where Merck US has rights to use the “Merck” mark) an average of 26% of relevant web traffic was generated by the rest of the world (where Merck US does not have rights to use the Merck mark), and the proportion of that which was generated in the UK is far from *de minimis*. Third, the context here is that of an agreement – in particular a specific agreement not to do something. In that context (using my own judicial skills to evaluate the German law evidence adduced) the argument that “[the claimant’s] interests must be subordinate in the context of an overall assessment” has lesser weight: the *de minimis* threshold below which breaches of an agreement will not be enforced is low. Fourth, the parties themselves seem to have regarded the compliance requirements as strict: hence the acknowledged need to deal with letterheads and visiting cards addressed by the 1975 Protocol. In this context again the scope for a *de minimis* argument is limited.
88. Having addressed the threshold argument I can examine the alleged breaches.
89. I deal first with use of the word “Merck” in the UK as a description of Merck US, whether employed in the course of presentations or on webpages (“Merck’s scientific scouts are stationed around the globe...” and “Merck is active in dealmaking..”), and whether used as a description of a speaker’s or contact’s employer (“Merck EVP and CIO”) or as the producer of information or research (as in Mr Rowley’s lectures). I agree with Mr Hobbs QC that such use would not be use “as a mark” but is descriptive of an entity. Right from the time of the 1945 Order the parties had recognised that a distinction was to be drawn between “using [the] Merck name as a firm” and “the use of this name in a trademark sense”. I shall therefore focus on using the Merck name as a corporate name. (I can for present purposes treat as falling within that category those cases where the Merck name is so closely associated with a product or a service that it might be regarded as use “as a mark”).

90. The use of the Merck name alone as a firm or corporate name is not a use that is permitted by the 1955 or the 1970 Agreements. These Agreements addressed in detail the use of the corporate or firm names of Merck US, identifying them and specifying that they could only be used with geographical identifiers of equal prominence. Using the word “Merck” on its own as a contraction of the full name is not such use.
91. By clause 6 of the 1970 Agreement Merck US agreed that Merck Global was entitled to use the word “Merck” as a name in the rest of the world (provided only that it was not used in a way confusingly similar to “Merck Sharp & Dohme” or to “Merck & Co Inc” plus geographical identifier). Having regard to the function of the contract and the obligation upon Merck US to desist from all activity that might endanger the purpose of the contract, the German law reading of the 1970 Agreement compels the conclusion that the contraction of Merck US’s corporate name to “Merck” is not only not permitted, but is also forbidden.
92. No credible argument can be advanced that “Merck” on its own as a trade name is simply a new name for which the 1955 and 1970 Agreements did not provide and which was to be the subject of further discussion. What Merck US sought to preserve at the time of the 1955 and 1970 Agreements was the possibility of “...using other names and marks containing (*sic*) “Merck”....”: and the provision it sought to include (but which was deliberately omitted, thereby leaving an intentional gap) was the right to use future names or marks that were equally well distinguished from Merck Global’s names and marks as was “Merck Sharp & Dohme” itself. A German Court looking at “the function” of the contract would say that it was directed to governing the use of the critical word “Merck” and that neither party understood that the use of the word “Merck” as a standalone description of Merck US remained “up for grabs”.
93. Nor do I think that any credible argument can be advanced that the use of the word “Merck” as a description of Merck US or as a contraction of its corporate name is permitted if the technique employed in “An ihren Fruchten...” is by analogy applied. The 1970 Agreement (which post-dates that publication) required any mention of the Merck US corporate name to be accompanied by a geographical identifier of equal prominence. The 1975 Protocol clarified that an identical font size was not required, but only a font size in reasonable proportion to (and in close proximity to) the corporate name when used. In its publication “An Ihren Fruchten...” Merck US pushed the boundaries of the 1955 Agreement (to which Merck Global did not expressly assent) by incorporating a single general statement of the geographical identifier at the beginning of the publication accompanied by a number of clear internal references compliant with the full obligation.
94. The suggestion that by analogy a single reference on the website in the easily avoidable “Terms of Use” which defines “Merck” as “Merck Sharp & Dohme” should be treated as compliant with the contractual obligation is not maintainable. I am satisfied that a German Court would not regard that as compliant with the contractual obligation having regard to the function of the 1970 Agreement (as interpreted by the 1975 Protocol). In no sense is the

identifier given “equal prominence” and it is plainly not in “close proximity”. It has actively to be sought out amongst footnote links and is only to be found in an unusual location. The “Terms of Use” is not the obvious place to look for the identity of the web-page proprietor. A comparison may be made with the approach of the German Court (the Senate) in Peek & Cloppenburg 738 GRUR 2010 to which I later refer.

95. In my judgment the use of the term “Merck” as a name to identify Merck US outside the USA, Canada and associated territories is a breach of the 1970 Agreement.
96. I now address the use of the word “Merck” in a trade mark sense, as a brand identity, as in the “MERCK Be Well” logo and the simple “Merck” logo that appears on slide presentations. This appears on sundry web pages and is a very prominent piece of “branding”.
97. The branding is plainly deployed to link the Merck brand to the products and services provided by Merck US. It can serve no other purpose. It is linked on the merck.com website to research, product development, business development and the provision of pharmaceutical services. It is linked to a considerable number of specific products. As Ms Ambrose explained in respect of the informational web pages:-

“You want to connect the perception of a life saving vaccine to Merck.”

Merck US is, of course entitled to deploy the Merck brand and mark in the USA and Canada: but equally it is obliged to desist from using it in the rest of the world.

98. In my judgment this is use of “Merck” as a mark. To adopt language deriving from the decision in the Celine Case C-17/06 this is not use to identify a company or to designate a business which is being carried on, but rather it is use in relation to goods or services because it is seeking to establish a link between the “Merck” sign and the goods or services provided by Merck US. In the 1970 Agreement Merck US agreed not to do that in “the rest of the world”. So this use is in breach of the 1970 Agreement.
99. Merck US advanced three arguments against this conclusion. The first argument was that German courts would recognise some flexibility in long-term co-existence agreements to cope with radically changed circumstances. Reference was made to the decision in Peek & Cloppenburg 738 GRUR 2010. There were two legally and economically independent companies sharing the same name which co-existed under a delimitation agreement entered into in 1972 governing territorial co-existence within Germany: each had thereby acquired protection-worthy ownership of their company names in an honest way. Once the Internet became a feature of commercial life one company acquired and started to use the domain names “peek-und-cloppenburg.de” and “peek-und-cloppenburg.com” and the e-mail address “@peek-und-cloppenburg.de”. The other company sought injunctive relief to prevent this use, but was unsuccessful. The decision appears to rest upon the general law

(not upon the terms of the delimitation agreement), and to be particularly concerned with domain names and e-mail addresses (where it seems to me a special approach might apply); so it is not of great assistance in supporting an argument that a German court would not in the first instance give effect to an agreement according to its terms. However, I do note that a key consideration was whether the company acquiring and using the web presence was prepared clearly to highlight on the first Internet page that opened (in a clearly recognisable and easily readable note that was obvious following a mere glance at the screen [paragraph [37]]) (i) that the website operator was not the other company [paragraph [36(a)]] and (ii) that the website operator itself had a geographically limited sphere of activity (paragraph [25]); and further that the website operator in general had done everything possible that could reasonably be expected to counteract an increase in the likelihood of confusion or to reduce it to an acceptable extent (paragraphs [21] and [37]), for example by ensuring that any printable pdfs contained a similar note. By contrast Merck US does not (and does not propose to) have on any of its landing pages a statement to the effect (for example)

“This is not the web-page of E. Merck (or “Merck KGaA”) of Darmstadt which has exclusive rights to use the “Merck” mark in the rest of the world other than the US and Canada.”

Absent such a feature I see no reason to think that the German Court would take an indulgent attitude to what appear to be breaches of contract. I do not accept this argument.

100. The second argument was “the overspill argument”. This was to the effect that these websites were really targeted at the US and Canada where the “Merck” logo was legitimately used by Merck US, and their accessibility from the UK is simply unfortunate and unpreventable “overspill” which the parties to the 1970 Agreement cannot be taken to have thought would be a breach of its terms. I reject this argument.
101. First, the evidence clearly established that the websites (merck.com, merckformothers.com, merck-animal-health.com, mercknewsroom.com, merckresponsibility.com and merckmanuals.com) were global websites: indeed they so proclaimed until very shortly before trial and they continued to be so described from time to time by Ms Tillett, the External Affairs Director of Merck US, in the course of her evidence, and acknowledged to be so by Ms Ambrose, the Global Communications Director of Merck US in the course of hers. The suite of sites targets scientists and inventors in the UK, it seeks to recruit people with UK qualifications to jobs based in the UK, it solicits UK suppliers, it sets out purchase order terms and conditions, linking material on one site with that on another by tabs labelled “Global Links”.
102. Merck US witnesses said that these labels should really be read as “Headquarters’ Links” so that an enquirer could find out what the US headquarters was telling US residents the organisation was doing around the world. But I consider that they were accurate labels: they were intended to give information to a global audience and to draw in users from the rest of the world (including the UK) to use pages branded in a way that was only

permitted in the USA, Canada and associated territories. As Ms Tillett explained:-

“My website, the msd-uk.com website, is aimed at UK audiences. Then we link to the US website for further information about the global programmes that are particularly of corporate and a corporate responsibility nature that we are involved in”

And

“Our local MSD website is updated every three years. If we want to provide up-to-date relevant information to users on our website, I need to find a way to do that that is economical and manageable for my organisation. The decision we have made here is to link to the appropriate information, tell people that they are moving away from the UK site so that it is quite clear that they are doing that, which we have to do for regulatory purposes anyway in the UK, so that is the step that we have taken, so they know that they are going to the Merck website to receive that information.”

But if MSD had published a series of flyers telling people in the UK that for information they should buy a book available in the UK which contained the “Merck” branding, was decorated within the Merck logo, and did not state on all relevant occasions that references to “Merck” were references to Merck Sharp & Dohme or Merck & Co Inc of Rahway, New Jersey, then that would seem to me to be a plain breach of the 1970 Agreement. This is simply a digital equivalent: compare the approach of the Court of Appeal in Lucasfilm Ltd v Ainsworth [2009] EWCA Civ 1328 at [193].

103. These websites are correctly described as integrated global websites with some national elements, in particular a specific UK element.
104. Second, the *very architecture* of the sites is constructed so as to direct users of the “msd-uk” domain to the merck.com website, replete with its references to the entity “Merck” and the “Merck” branding and with its hyperlinks to other sites. The same is true if a UK enquirer (knowing of “MSD” or “Merck Sharp & Dohme of Rahway, NJ”) searched on a browser for (for example) “MSD for Mothers”: such an enquirer would be directed to the Merck US website with those same features, at one time actually described within the website as “the Merck.com global site”.
105. Third, the site visitor numbers (themselves confidential) demonstrated very substantial visitor traffic from the “rest of the world” (between a quarter and a third of all traffic). Such a volume cannot be accounted for by “strays”: these must be non-US residents in search of something who have been directed to or have otherwise been drawn to a website which is not simply targeted at US residents but also addresses their requirements.

106. Fourth, no redemption is to be found in the “Terms of Use”. The statement therein that the site “is intended for use by residents of the US” is a fig leaf, contradicted by the very content of the site and the ready access that global users are afforded without having to see this statement of intention.
107. Fifth, no redemption is to be found in the treatment of advertisements in domestic journals by the 1975 Protocol. It is one thing to acknowledge that advertisements in a limited circulation journal whose distribution is outside the control of the advertiser ought not to be the subject of complaint. It is quite another to say that brand promotion generated by and under the control of the advertiser and apparently targeted at a global audience cannot (by analogy) be the subject of complaint.
108. Sixth, targeting the global audience is in my view a conscious policy. Means do exist in some social media to restrict access. For Facebook it is possible to impose territorial restrictions (so that Merck branded material intended for US residents should be seen only by US residents). There could be a “Merck” Facebook page for the US and Canada: and an MSD Facebook page for the rest of the world. Ms Ambrose explained
- “...we very clearly on Facebook indicate that this is approved and coming out of and directed at stakeholders in the USA and Canada, but we do not block other users from subscribing, so to speak, to our Facebook account, if they want to from another country...”
109. Likewise a technique called “geo-targeting” is available to restrict access to some websites for enquirers from particular locations. Merck Global uses that technique. Its site at “merckgroup.com” is intended for and only accessible by users located in countries other than the US and Canada. It operates a separate website at “emdgroup.com” intended for use by users in the US and Canada. (Merck Global trades as “Emmanuel Merck Darmstadt” or “EMD” in those countries). If US or Canadian users seek to access the “merckgroup.com” website then they are redirected to the “emdgroup.com” website. The content of the “emdgroup.com” US/Canada website is a cloned version of the material on the “merckgroup.com” “rest of the world” website but (shortly put) replacing references to “Merck” with references to “EMD” or to “Merck KGaA, Darmstadt, Germany” and replacing the Merck logo that Merck Global is entitled to use in the rest of the world with the logo which it must use in the US and Canada. The sites operate as “mirror” sites, alterations to the “rest of the world” site appearing minutes later on the parallel US/Canadian site. The redirection system is not perfect. The geo-IP database on which it depends can get out of date: and the system can be fooled by the use of proxy-servers which disguise the true location of the enquirer (so that someone located in the US but employed by a European company and using his employer’s Virtual Private Network with a European IP address might not be redirected). But I think it can fairly be said to do everything possible that could be reasonably expected to combat the likelihood of confusion.
110. So far as downloadable documents are concerned, two techniques are employed. First, historic documents which predate the implementation of the

“geo-targeting policy” do remain in their original form as published on the “rest of the world” site, but the pdfs can only be downloaded via a page which contains a disclaimer which states that the publication is produced by Merck KGaA, Darmstadt, Germany and that in the US and Canada its subsidiaries operate under the umbrella brand “EMD”. Second, current documents are intended to be published in site specific forms: though it must be noted (a) there has been some laxity in approach which requires to be addressed and (b) there are some regulatory hurdles to be overcome in relation to the publication of financial information in different versions. Nonetheless I am satisfied that Merck Global is implementing the spirit of the 1970 Agreement. It has done so at modest cost (under 50,000 euros plus some internal costs to establish, and about 20,000 euros per annum to maintain).

111. But Merck US deliberately does not arrange matters in that way because of a policy decision that the internet is to be treated as an “open space” in which user choice is not to be restricted. As Ms Ambrose explained:-

“The internet ... is meant to help to enable people to access information that they want. While we would not be opposed to information that says, you know, you are now entering a site that is focused on the US and Canada, making that clearer in some cases we are against the notion of entirely blocking because we believe that removes the choice from our stakeholders”

But Merck US accepts that some measures must be taken to comply with its contractual obligations, and relies on the “Terms of Use” and notices which inform users of redirection from MSD to merck.com websites. But these measures seem to me only to emphasise that Merck US is determined that enquirers from the rest of the world shall be drawn to, and shall have unrestricted access to, “Merck” or “Merck/MSD” branded sites operated by Merck US.

112. Merck US characterises these events as an adjustment by Merck Global of the performance standards to be expected under the 1970 Agreement, and submits that the mere fact that Merck Global has adopted geo-targeting cannot impose on Merck US the obligation to do so. I agree that an alteration in Merck Global’s behaviour cannot of itself impose an additional contractual obligation of Merck US. But that is not, on a true analysis, what is going on. Using the “Merck” name and logo outside the US and Canada is prima facie a breach of the 1970 Agreement. The explanation for such conduct is said to be “accidental overspill” not amounting to an actionable breach. But it is not “accidental” because the means exist to stop it, and by deliberate policy choice those means are not adopted by Merck US.
113. The third argument was “the 1975 Protocol argument”. This was that the use of the “MERCK” mark on informational pages on a website was really analogous to advertisements in journals which clause 5 of the 1975 Protocol said could not be the subject of complaint if appearing in journals which emanated from countries where the advertiser had the right to use the mark. In my judgment a German court simply would not accept this argument. As I



have already said, there is a qualitative difference between agreeing to tolerate advertisements in limited circulation journals whose distribution is not under the control of the advertiser and agreeing to tolerate the liberal use of the mark in web pages directed (at least in part) at an audience in the counterparty's exclusive territory, the extent and frequency of that use being entirely under the control of the "advertiser". Such a reading would be wholly out of line with the purpose of the 1970 Agreement, and turn a limited exception into the general rule. What Merck US promised was (a) to recognise that Merck Global was entitled to use "Merck" as a trade mark in the rest of the world and (b) itself to discontinue all use of the mark "Merck" in the rest of the world.

114. I am therefore satisfied that Merck US is in breach of its obligations under the 1970 Agreement to recognise that Merck Global was entitled to use the sign "Merck" as a trade mark in the rest of the world.
115. The use of the word "merck" in a domain name or e-mail address stands upon a slightly different footing. In each case this use in part serves a function as the address of an entity; in part it constitutes branding, providing a link between brand and product or service.
116. I think the German Court would first analogise domain names and e-mail addresses to a company trading name; secondly, having regard to the function of the contract, would take as its starting point that the 1970 Agreement was designed to govern the use of the critical word "Merck" throughout the world whether in the name and address of an entity or as a trade mark; and finally would pursue the analogy and would treat Internet names and addresses in the same way. So the deployment of the word "merck" in a domain name or an e-mail address in a territory in which the user is forbidden to use it as a company name *prima facie* amounts to a breach of the 1970 Agreement. But that would only be a starting point, because for about two decades Merck US has used the "merck.com" domain name and the "@merck.com" e-mail address outside the USA, Canada and associated territories (alongside Merck Global's own use of its "merckgroup.com" domain name) and Merck Global has taken no action to restrict such use. It is therefore necessary to examine whether this apparently concurrent use is material in any way.

*Is any principle of honest concurrent use relevant?*

117. When applying general trade mark law the German Courts recognise a principle of "Recht der Gleichnamigen" or honest concurrent use (literally "the law of business entities having the same name"). There are two aspects to the principle. First, disputes between two parties who have coexisted under identical or similar signs for some time (giving rise to "equilibrium") will not be resolved on the basis of priority. Second, each party has the right to continue to use its respective sign, but the more recent user (or alternatively the party whose act has disturbed the pre-existing balance) must take all reasonable steps to prevent confusion.
118. The principle has been applied by the German Court to resolve disputes under the general trade mark law over domain names, and it is in that particular context that I consider the principles. I was referred to the decisions in Vossius

& Partner BGH GRUR 2002, 706; Peek & Cloppenburg (*supra* and at other references) and Hotel Maritim (*supra*). The question which arises is whether the principle has any application where the respective rights of the parties arise not under the general law but under a contract between them (a “coexistence agreement”).

119. Prof Ohly says that they do: although there is no authoritative final decision applying the principle he considers that a German court would seek to preserve an “equilibrium” that has developed between the parties under a co-existence Agreement in a similar way to how it has approached honest concurrent use in trade mark cases. He draws attention to a decision of the Court of Appeal in Berlin in Ring deutscher Makler KG GRUR-RR 2011 67 where the principle was applied in a contractual context at an interlocutory stage when granting injunctive relief.
120. Prof Bornkamm was in his written evidence more hesitant about the likelihood of the German court applying the principle in the present context, in part because the principle governed concurrent use within one territory whereas the 1970 agreement divided up the world into areas of exclusive use. But in his written evidence he expressed the view that he could not rule it out: and in his oral evidence said that he thought it was possible that “a German judge would jump on that concept”.
121. In my judgment it is likely that the German Court would draw upon the principles of honest concurrent use in dealing with the friction that arose from the application of the 1970 Agreement in the real world of Internet presence. The principle would not be applied so as to modify the contract originally entered into: that seems to me to be a wholly different matter. But in deciding whether to grant relief and if so what, the German court is likely to take into account how the parties have in fact adjusted their respective rights and claims under the contract over the years.
122. In my judgment there was a state of equilibrium in relation to the use of the particular domain names and e-mail addresses “merck.com” and “@merck.com”. A domain name or an e-mail address may be analogised most closely to a company name. The 1970 Agreement governs the use of company names: in what precise form they may be used and with what identifiers and where. The domain names and the e-mail addresses actually used by Merck US outside its territory do not accord with the terms of the 1970 Agreement strictly read. But use of “merck.com” and “@merck.com” has been tolerated: in the same way as Merck US tolerated the use by Merck Global of the “merckgroup.com” website address in the US from 2007 to 2012. As Prof Bornkamm commented in relation to the Peek & Cloppenburg cases:-

“It is one of those things when you have a situation of concurrent use. Both have to be able to live and do business in the normal way and it is part of doing business in the ordinary normal way that you have an e-mail address, that you have a website and that this website can be found under your name.”

And later:-

“If the parties have agreed or if there is a situation where they honestly use the same name and trade mark, in that situation they have a responsibility not to disturb that harmony, so to speak, and of course there is always a danger ... they will change the use of the name in a way which brings it closer to the other side...”

123. Of course the present state of affairs as of the date of the trial does not necessarily represent the “equilibrium” that has been established over the years, because one party may be pushing the boundaries. Again to quote Prof Bornkamm:-

“..very often...there is some kind of agreement in the first place. They could not have existed with the same name otherwise. It would not have been possible had they not agreed to a certain extent. ...I could think of cases where...one party pushes the border further and further. Well, it is a question, the other party should go to court in that case and stop them from pushing. If they are too late in doing so, then that might be disadvantageous for them.”

124. Applying these principles of German law in my judgment the matter stands thus: Merck US started using its e-mail address “@merck.com” in 1993. The registration of a domain name or the establishment of an e-mail address is a single act, although one having long term effects. Merck US began to push the boundaries beyond use of “merck.com”. For example in 2000 it sought to register the domain “merck.co.uk”. This was strenuously resisted by Merck Global, and the position conceded by Merck US. Again in 2004 Merck US attempted to register the domain name “merck-uk.com”. This was again strenuously resisted and the position again conceded. In 2010 Merck US sought to register the domain name “merck-academy.eu”. This was resisted by Merck Global and the position conceded by Merck US. But according to Mr Matukaitis (when cross-examined on behalf of Merck Global) it was not until February 2005 that Merck Global made real complaint about the “merck.com” domain name and e-mail address itself. From February 2005 onwards Merck US realised that there was an issue about that use and about the use of domain names (although Merck US itself thought the usage not to be prohibited by the 1970 Agreement). But the issues were never resolved: the parties simply continued to be under the shared obligation to perform their contractual obligations according to the requirements of good faith, taking customary, common and honest practice into consideration. The use of “merck.com” and “@merck.com” was in my judgment honest (in that it was not consciously in contravention of the 1970 Agreement, and there was, both before and after 2005, room for a reasonable measure of disagreement about the precise application of the 1970 Agreement to Internet usage). It was plainly concurrent in that in the rest of the world (including the UK) both Merck US and Merck Global were circulating website addresses and e-mail addresses incorporating the word “merck”. Both had to live and do business in the normal way, and it was ordinary for each to have a website and e-mail address that could be found under its name. As regards the “merck.com” domain name

and the “@merck.com” e-mail address they did so from about 1993, though as the significance of the Internet grew the occasions of conflict increased only some of which were resolved by 2005. If Merck Global thought that Merck US was pushing the boundaries too far by continuing its use (then over a decade old) of “merck.com” as a domain name or e-mail address then it could have taken the issue before the Court, with the risk that it would suffer disadvantage if it did not. It did not do so, and over the period since 1993 a state of equilibrium was established in relation to “merck.com” and “@merck.com”. The way matters at present stand does not necessarily reflect that equilibrium both because (a) following the enlargement of the Merck US business (in consequence of the merger with Schering-Plough and a much enlarged web-presence seeking to attract a global audience to Merck US websites) the “merck.com” domain name and the “@merck.com” are much more aggressively promoted and (b) because there are now additional variants such as “merckformothers.com” and “merckresponsibility.com”. Moreover, the use has extended to YouTube, Twitter and Facebook. This has disturbed the equilibrium that existed and the onus is on Merck US to ensure that any increase in confusion is avoided. As it was put in the Peek & Cloppenburg Case (at paragraphs [21 and [22]])

“It is therefore of importance for a legal assessment only whether the defendant has increased the likelihood of confusion by means of the disputed use of the commercial name, and has thus interfered with the equilibrium position existing between the parties and whether she can – possibly – refer to a protection worthy-interest in the disputed use of the company name, and has also done everything possible that can reasonably be expected of her to counteract an increase in the likelihood of confusion...[22] The equilibrium position that exists with regard to the entitlement to use a company name that can be confused is interfered with by increasing the likelihood of confusion”.

125. Merck US does not have a protection-worthy interest in its recent variations such as the “merckformothers” (October 2011) and “merckresponsibility” (October 2011) domain names when deployed in the UK. Whether “merck” is there used as a company name or as a trade mark, the 1970 Agreement governs the use of the critical word “merck”: and the evidence does not point to use for a sufficient length of time to bring the principle of “honest concurrent use” into play. Having promised not to do something Merck US must simply perform its bargain. It must stop using such domain names in material directed at the UK (though if it employed “geo-targeting” that would sufficiently discharge the obligation). It must, for example, maintain its “MSD for mothers” website in the UK with content cloned from the “merckformothers.com” site (but avoiding the “MERCK Be Well” branding and the frequent references to “Merck”), rather than simply using it (as in essence it now does) as a portal for its “merckformothers.com” and “merck.com” websites. It must use the MSD logo or “Merck Sharp & Dohme” and if it refers to “Merck” or “Merck & Co Inc” must utilise a geographic identifier of sufficient substantial prominence (whilst not necessarily adhering

to literal compliance with the 1970 Agreement and 1975 Protocol). The complexity of site architecture means that it is not realistic to exclude all links to other sites, but any link to material elsewhere must I think generate a “pop-up” which, before landing on a Merck US web-page, states that the landing page is not a web page of Merck KGaA of Darmstadt which has the exclusive rights to use the Merck mark in the rest of the world other than the US and Canada. That is the line that Merck US promised to observe.

126. As regards “merck.com” and “@merck.com” in relation to which an equilibrium exists deriving from use since 1993, which equilibrium has been disturbed by more extensive use, doing everything possible that can be reasonably expected to counteract an increase in the likelihood of confusion will involve either desisting from use on YouTube, Twitter and Facebook or the acceptance of geo-targeting (or its equivalent): and in relation to the enlarged use of the established “merck.com” domain and associated e-mail address the adoption of localised national e-mail addresses for non-US based staff where that does not occasion unreasonable expense or disruption. So strict compliance with the 1970 Agreement as to co-existence has in this limited regard been replaced by an obligation to comply with such orders as the Court might make designed to avoid any increase in confusion arising from the e-mail addresses and domain names beyond that established under the earlier equilibrium.
127. A similar argument ranged around the use of the “merckmanuals.com” website which made available in “on-line” form the content of the well-established “Merck Manual of Diagnosis and Therapy” which had been published in paper form by Merck US for decades and which had been the subject of request for alteration (but not complaint) by Merck Global since shortly after the 1970 Agreement and shortly before the 1975 Protocol; but which were the subject of complaint when the “merckmanuals.com” website was established in 2009. But it is unnecessary to lengthen this judgment further by an analysis of the issue since Mr DeFerrari disclosed in an answer in cross-examination (though this had not been canvassed in correspondence or in the written evidence) that Merck US had decided to exploit the content of the Merck Manuals by launching a new website for users outside the US and Canada at “msdmanuals.com” using the title “MSD Manuals”. That is, I think, a wise move.

*Has Merck Global lost its right to complain of breach of contract?*

128. I have held that Merck US is in breach of the 1970 Agreement (a) by using the term “Merck” as a name to identify Merck US outside the USA, Canada and associated territories; (b) by using the sign “Merck” as a trade mark outside the USA Canada and associated territories; (c) by using some domain names incorporating the word “merck” (wherein the word is used as the equivalent of the company name) outside the USA, Canada and associated territories; (d) by using the domain name “merck.com” and the e-mail address “@merck.com” outside the USA, Canada and associated territories (but that in relation to such use “the law of business entities having the same name” when applied to domain names and Internet addresses shapes the relief that the German Courts would grant). The question arises whether the German law doctrine of

“forfeiture” (which bears some resemblance to equitable estoppel) means that no complaint can be made of the breaches I have identified. Although sharing some features with the doctrine of “honest concurrent use” in relation to the use of business names, the doctrines appear distinct.

129. The forfeiture doctrine derives ultimately from section 242 of the BGB, and is an aspect of performance in good faith taking honest practice into consideration. Its elements are:-

- a) A failure over rather a long time, despite being in a position to do so, to take steps to restrain the act complained of;
- b) A reasonably grounded belief by the actor that the act was tolerated and would be tolerated in the future;
- c) Reliance on that belief by making “dispositions of economic importance” to build up a position of economic value (per Prof Ohly) or the building up in good faith of a position of vested rights (per Prof Bornkamm).

130. I was referred in this connection to the decisions of the BGH in The Honda Grauimport Case GRUR 2012, 928 and in the Hard Rock Cafe Case GRUR 2013, 1161. These cases concerned not the use of business names but the use of trade marks.

131. In the Honda case the defendant alleged that Honda’s trade mark rights had been forfeited because it had been openly importing Honda motorcycles from the USA, Singapore and Hong Kong for 25 years. That argument was rejected because each import of a Honda motorcycle represented a separate violation and required a new claim which mentioned that the relevant period for assessing the moment of forfeiture was restarted. The court said (at para.[23]):-

“Even extended inactivity by the trademark holder in relation to specific similar infringing acts cannot justify any faith on the part of the dealer that the trademark holder will also tolerate its behaviour in future and will not take action against any (new) infringements. The plea of forfeiture, which is based on protected acquired rights created due to trusting in entitlement to utilisation, must not lead to the user being granted an additional legal position, and the rights of the infringer, which are only worthy of protection according to good faith in exceptional circumstances and within confined limitations, be extended beyond these limitations.”

132. In the Hard Rock Café case it was held (a) that the registration of a domain name was a one-time act that had lasting effects so that for the purposes of the application of the doctrine of forfeiture the element of time that was relevant began with the registration of the domain name concerned: but (b) that in respect of abuse of a logo each repeated breach of the same kind gave rise to a new request for injunctive relief, so that prolonged inactivity on the part of the

trade mark owner in the face of specific breaches of the same kind gave no grounds to suppose that the trade mark owner would continue to tolerate such breaches in the future or that he would not take action against new breaches. Thus even if a logo designed in a specific way was used multiple times, it was the beginning of each new usage that was relevant.

133. So understood the doctrine of forfeiture has no application in the instant case to the breaches of contract occasioned by misuse in the rest of the world (including the UK) of the Merck name without an appropriate identifier and misuse of the MERCK mark. First, I accept the submission on behalf of Merck Global that Merck US does not even allege that it has built up a position of vested rights in the legitimate and genuine belief that Merck Global would not exercise the relevant rights under the 1970 Agreement (see paragraph 118A of the Defence). Second, the evidence adduced by Merck US itself (in particular that of Ms Ambrose) establishes that it has *not* sought to build up goodwill in the MERCK mark outside the US, Canada and associated territories. Third, Merck US has known since 2005 that (at the least) any extension in the then current use by Merck US of the “Merck” name and mark was contentious: it had no reasonable grounds for the belief that any extended use was tolerated. Fourth, the use of the “MERCK” mark outside the USA and Canada is a fresh breach on each occasion of use, as is the use outside those territories of the name “Merck” to describe Merck US. Prof Ohly faintly suggested otherwise in his evidence: but the parts of the judgment in the Hard Rock case which I have summarised above seem clear.
134. I therefore find and hold that Merck Sharp & Dohme Corp (which is the contractual counterparty) is in breach of the 1970 Agreement as indicated above. I will (as sought in paragraph 4 of the prayer for relief) declare that Merck US has breached its contractual obligations contained in the 1970 Agreement and the 1975 Protocol. The precise form of injunctive relief must be considered after this judgment is handed down. I hope it is clear that I consider Merck Global to be entitled to an order restraining Merck US from describing itself in any printed or digital material addressed to the UK as “Merck”, but only as “MSD” or as “Merck Sharp & Dohme” or as “Merck & Co Inc” accompanied by a geographical identifier of equal prominence in accordance with the 1975 Protocol (though I would look for substantial not literal compliance with that obligation). I think Merck Global is also entitled to an injunction to restrain the use by Merck US in any such material of the mark “MERCK”. I consider that Merck US must cease to use “merckformothers” and “merckresponsibility” (and similar recent variations) as domain names deployed in the UK (though if it implemented “geo-targeting” that would be a sufficient performance of the obligation). If it establishes and maintains MSD branded UK-specific websites with links to US websites then using the link must generate a suitably worded “pop-up” not simply saying that the user is leaving the UK site but (to avoid confusion) drawing attention to Merck Global’s right to the Merck name outside the US and Canada. In relation to the established “merck.com” and “@merck.com” addresses which are now more extensively used, expanded use on YouTube, Twitter and Facebook must cease (though “geo-targeting” or its equivalent would be a sufficient performance): and given the expansion of use

of the domain name and e-mail addresses the adoption of localised e-mail addresses for non-US based staff.

135. Merck US submitted anything beyond declaratory relief would amount to an order for specific performance which would require constant supervision by the court, contrary to principle. I do not agree. I consider it perfectly possible to frame a prohibitory injunction in appropriate terms but to provide that the injunction shall be treated as observed if identified measures were put in place.
136. This is sufficient to dispose of the case against the principal defendant: but I must go onto consider briefly the arguments under the general law. The general law may, of course, provide different answers and require matters to be considered by reference to different criteria. But that is precisely why parties enter into contracts, to ensure that their relationship is governed by their own agreed rules, not by imposed rules of general application.
137. The reason why that course must be taken is that (technically) contractual relief can only be granted against Merck Sharp & Dohme Corp. The case against the Second Defendants and Third Defendants was presented as one of joint tortfeasance i.e was dependent upon establishing (i) infringement by Merck Sharp & Dohme Corp. and (ii) joint tortfeasance liability. This point was taken in the written opening of Counsel for Merck US, did not feature significantly in evidence or argument, and then re-emerged in closing. So I must address it.

*Do Merck Global's trade mark registrations have a reputation in the UK?*

138. Although originally in issue on the statements of case it is now accepted that Merck Global's registered marks have an extensive reputation in the United Kingdom (which was in 2012 supported by marketing expenditure of £61 million) and (subject to one point) in respect of the goods and services to which I made reference above when recording the registrations.

*To what extent are Merck Global's UK trade mark registrations liable to revocation for non-use?*

139. Merck US claims partial revocation of Merck Global's marks to the extent that they have not been put to genuine use in the UK. By section 100 of the TMA 1994 if the question arises as to the use to which a registered mark has been put then it is for the proprietor to show what use has been made of it. Merck Global sought to discharge that burden by serving "notices to admit" upon Merck US. As a result of the responses to those notices it is clear that the dispute is in truth as to the extent of the specifications which Merck Global can legitimately claim the right to retain on the basis of such evidence as it has adduced.
140. This involves three steps. First, eliminating those categories where the wording fails to define a distinct category of goods or services with the required clarity and precision. Second, construing the specification to identify the category for which protection is claimed. Third, proving genuine use of the



mark as a guarantee to the consumer of the identity or the origin of the goods or services in that category.

141. As to the first step, the relevant wording must define a distinct category of goods or services which allows the question “Are these other goods or services identical or similar to those specified?” to be answered.
142. As to the second step, this in essence involves balancing two competing considerations: (a) a proprietor cannot be allowed to monopolise the use of a mark in relation to a general category of goods or services simply because he used it in relation to a few items in that category; but (b) the proprietor cannot be expected to use his mark in relation to all possible variations of the goods or services in that category. Clear guidance on this question was given by Kitchin LJ in Roger Maier v ASOS plc [2015] EWCA Civ 220 at [63] ff:-

“The task of the court is to arrive, in the end, at a fair specification and this in turn involves ascertaining how the average consumer would describe the goods or services in relation to which the mark has been used, and considering the purpose and intended use of those goods or services....[T]he court must form a value judgment as to the appropriate specification having regard to the use which has been made...The court must identify the goods or services in relation to which the mark has been used in the relevant period and consider how the average consumer would fairly describe them. In carrying out that exercise the Court must have regard to the categories of goods or services for which the mark is registered and the extent to which those categories are described in general terms. If those categories are described in terms which are sufficiently broad so as to allow the identification within them of various sub-categories which are capable of being viewed independently then proof of use in relation to only one or more of those sub-categories will not constitute use of the mark in relation to all the other sub-categories.... It follows that protection must not be cut down to those precise goods or services in relation to which the mark has been used... But, conversely, if the average consumer would consider that the goods or services for which the mark has been used form a series of coherent categories or sub-categories then the registration must be limited accordingly.”

143. As to the third step, the requirements for “genuine use” were helpfully collected by Arnold J in Stichting BDO v BDO Unibank Inc [2013] EWHC 418 (Ch) at [51]. In short, there must be real commercial exploitation of the mark on the market for the relevant goods or services, exploitation that is aimed at maintaining or creating an outlet for the goods or services or a share in that market, though not necessarily to a quantitatively significant extent. In the instant case these requirements must be met by reference to a period between 1 August 2008 and 31 July 2013.

144. The numerous disputes were set out on Merck US's substantial schedule covering 21 pages (countered by a 30 page schedule prepared by Merck Global). It is unnecessary to resolve most of them for the purpose of disposing of the real issues in this action: they do not feature in the web-page content or presentations which Merck Global says constitute the infringing acts. Most of the complaints are really tactical "pinpricks" which, absent the claim for breach of the 1970 Agreement, are unlikely ever to have seen the light of day. No rational pharmaceutical multi-national would, in the circumstances which exist in the real world, have commenced a claim to determine whether Merck Global's registration of a mark in relation to "pigments and dyes (not for laundry or toilet use)" should be partially revoked because genuine use has only been established in relation to (a) pigments and (b) dyes for use in science.
145. The challenge made involved the collection and collation of a great body of detailed evidence. It would not have been possible to address the issues without the assistance of the analysis and cross referencing undertaken by the respective legal teams in the preparation of their respective schedules: I am grateful for the way the work was undertaken and presented. I was nonetheless left to consider this body of detailed material without the assistance of much in the way of written or oral argument.
146. In some cases claims for genuine use were withdrawn by Merck Global. In some cases genuine use was admitted by Merck US. Where non-use is admitted there will be partial revocation.
147. I am not satisfied that there is genuine use of the mark in the relevant period in relation to the following categories:-
- a) "mordants" (where it did not appear that any goods were advertised or sold as mordants);
  - b) "adhesives used in industry" (where it was said that sticky labels bearing the registered mark constituted real commercial exploitation of the market in relation to adhesives used in industry beyond the admitted highly specific use of a Merck Global adhesive as a sealant used in Organic Light Emitting Diodes);
  - c) "soaps; cosmetics, hair lotions" (where there was clearly established genuine use (i) in relation to ingredient parts of what might ultimately be produced as soaps, cosmetics or hair lotions and (ii) in connection with the provision of formulations incorporating those ingredients, sometimes supported by promotional samples; but there was no evidence of genuine use in relation to the goods themselves as opposed to the raw materials that might be incorporated into them);
  - d) "paints, varnishes, lacquers, preservatives against rust and against deterioration of wood" (where I think the same considerations apply);

- e) “apparatus for recording, transmission or reproduction of sound or images...calculating machines...” (where there was the clearest evidence of real commercial exploitation of the mark in relation to scientific, surveying, electric, optical, measuring etc apparatus, but I was not persuaded that the mere fact that this apparatus sometimes recorded, transmitted or reproduced sound or images in the course of performing its function and sometimes undertook calculations constituted genuine use of goods fairly falling within these sub-categories);
- f) “preserved, dried and cooked fruits and vegetables” ( where the incorporation of vegetable or fruit extract in goods falling within other categories did not seem to me to make this a fair description of the use);
- g) “paper, cardboard and goods made from these materials” (where it seems to me that this description lacks the degree of clarity and precision which would enable the scope of protection to be determined, as is confirmed by the IPO’s Manual of Trademarks Practice p.242) so that further definition is required by reference to the actual use evidenced;
- h) “advertising;...; business administration; office functions”, “providing of food and drink; temporary accommodation”, “legal services” and “computer programming” (where I was not in any such case satisfied of real commercial exploitation aimed at creating an outlet for such independent services but viewed the descriptions as relating to ancillary activities of Merck Global itself).

148. These are I think “pinpricks”. The fact that these small revocations might have to be made does not affect the obligations of Merck US to stand by its contractual promises. Nor do they have any real bearing on what Merck US has been doing and what of such activities Merck Global complains about.
149. For the rest (save for the matter of “pharmaceutical preparations”) I had hoped to be able to deal with issues at a length and level of detail commensurate with the way in which the issues were dealt with at trial. But in the light of observations made when I circulated my draft judgment last term I have decided to express my conclusions and reasoning at greater length: and do so in the annexure to this main judgment.
150. I must deal separately with one issue on which there was significant argument (though the argument turned out not to be material in the event). Merck Global’s registrations in Class 5 cover “pharmaceutical preparations”. As the Court of First Instance said in GlaxoSmithKline and others v OHIM Case T-493/07 at [36]

“The concept of pharmaceutical preparation covers goods which are sufficiently different in their intended purpose and end consumers, according to their specific therapeutic

indications, and in their channels of distribution, depending on whether they are available on medical prescription or over the counter, for it to be possible to identify within it various subcategories... [37] In addition the criterion of the purpose or intended use of the product or service in question is of fundamental importance in the definition of a sub-category of goods or services, and the purpose and intended use of a therapeutic preparation are expressed in its therapeutic indication...”

151. Merck US submits that the specifications for “pharmaceutical substances and preparations” should be restricted and defined by reference to the therapeutic indications for the treatment of which the preparation was used in the relevant period. Merck US admits such use in relation to cancer, multiple sclerosis, infertility, endocrine disorders, cardiovascular diseases, peripheral vascular disorders, alcohol dependence, asthma, depression, parasitic worm infections, endometriosis, intestinal disorders and pharmaceutical cod-liver oil: but no more. I enquired whether this approach could hold good in the case of a very large pharmaceutical company which produced a whole range of products and continued to develop a whole range of products. The response of Mr Hobbs QC was that since the question was one of genuine use of the registered mark for the relevant period there could be no element of futurity, no reasonable margin for adaptation or for the development of the business in the future (notwithstanding what Sales LJ had appeared to countenance in Maier v ASOS [2015] EWCA Civ 220 at [229] and [235]) and no justification for affording “absolute” protection to a mark under section 10(1) TMA except where it had actually been used. Given (as appears well established in the authorities) that “pharmaceutical preparations” is a term sufficiently broad for it to be possible to identify within it a number of sub-categories, the only question according to Mr Hobbs QC was what those sub-categories were.
152. Merck Global argued that the Maier v ASOS approach must not be applied in a “pernickety” way (because that is not the approach of the average consumer) and must ultimately result in a “fair” description: and that as soon as one listed the widely different categories of treatment area where Merck US admits use of the mark one can see that the attempt to reduce the specification is “unfair”. Thus, given the long established and wide use of the mark in relation to pharmaceutical preparations, the attempt to confine the specification to the particular drugs that have been produced in the five-year window was said to be unfair.
153. In this connection reliance was placed on Thomas Pink v Victoria’s Secret [2014] EWHC 2631. Thomas Pink had registered a mark in respect of “clothing”: Victoria’s Secret said that since there had been genuine use of that mark in relation to selected items of clothing the specification should be likewise restricted. The judge found that the range of goods (both as regards kind and style) in relation to which the mark had been put to genuine use justified the maintenance of “clothing” as a specification; but not “footwear” (where the only use was in relation to Wellington boots which were a specific category of item from the point of view of the average consumer).

154. Reliance was also placed on the decision of the Court of First Instance in the Aladin Case T-126/03. The mark which was opposed by Reckitt Benkiser (“RB”) was the word mark “Aladin” for goods in Class 3 viz “cleaning, polishing, scouring and abrasive preparations”. RB said that it had an earlier mark (“Aladdin”) registered in relation to “polish for metals”. It established actual use in relation to a specific product (cotton impregnated with a polishing agent, sometimes called “magic cotton”). The issue was whether the “Aladdin” mark should be considered as registered for “polish for metals” or for “magic cotton”. The Court said (at paragraph [42]) that the requirement of “genuine use” was not so much to determine precisely the extent of the protection afforded by reference to actual use at a given time but rather to ensure that the mark was actually used for the goods or services in respect of which it was registered. It said (at [48]) that “polish for metals” was already a precise and narrowly defined sub-category of “cleaning, polishing, scouring and abrasive preparations” and that actual use in relation to “magic cotton” established actual use for the whole sub-category. Merck Global relied on this passage (at [51]):-

“The provisions...allowing an earlier trade mark to be deemed to be registered only in relation to the part of the goods or services in respect of which genuine use of the mark has been established (i) are a limitation on the rights which the proprietor of the earlier mark gains from his registration...and (ii) must be reconciled with the legitimate interest of the proprietor in being able in the future to extend his range of goods or services, within the confines of the terms describing the goods or services for which the trade mark was registered, by using the protection which the registration of the trade mark confers on him. That is particularly so when, as here, the goods and services for which the trade mark has been registered form a sufficiently narrowly-defined category...”.

155. It was this passage that was applied by Kitchin LJ in Maier v ASOS [2015] EWCA Civ 220 at [64].
156. In my judgment the question is (as Mr Hobbs QC submitted) one of definition of the relevant sub-categories. The purpose and intended use of a pharmaceutical preparation (as expressed in its therapeutic indications) is a strong factor in the definition, provided that one can be confident that the therapeutic indications definitively list the treatment uses of the drug. But the application of the principle cannot produce an “unfair” result, and in particular must be reconciled with the legitimate interest of Merck Global in being able in the future to extend its range of goods, within the confines of the terms describing the goods for which the trade mark was registered. The Court is not concerned to define the sub-categories in the narrowest way possible having regard to actual use. The Court is concerned to identify what uses the average consumer would consider belonged to the same group or category as those for which actual use had been proved and which were not substantially different from those proven uses. That would produce the same result as if a narrower specification had been originally adopted (“polish”) but only use of part within

that category (“magic cotton”) proved. For a major pharmaceutical company with a large product line and an established reputation (including for research) the sub-categories cannot be confined to the precise therapeutic indications for the treatment of which a specific drug is used in the relevant period. My view is that (for example) the specification might fairly be “preparations for neuro-degenerative diseases” rather than “multiple sclerosis” or for “preparations for respiratory diseases and conditions” rather than for “asthma”. But this form of categorisation was not the subject of argument and I was left with what was effectively a binary choice between accepting no categorisation at all or accepting Merck US’s detailed categorisation. Had it been relevant (and it is not because whatever specification is adopted in fact Merck US’s challenged uses fall within it) I would have called for further argument to see where the balance between fair specification and exorbitant protection (see Maier at [195] per Underhill LJ) lay. I was not persuaded that Merck US’s suggested sub-categories were fair, particularly in the light of the way their own web-pages identify the subcategories within their own product ranges.

*Is Merck US’s Internet activity directed at the UK?*

157. The questions whether by its web presence in the UK Merck US has, for the purposes of the 1970 Agreement (a) failed to recognise the right of Merck Global to the use of the word “Merck” as a mark in the rest of the world (including the UK) and (b) failed to discontinue all use of the mark “Merck” in the rest of the world (including the UK) are not identical with the question whether under the general laws of the UK Merck US has infringed Merck Global’s rights in the UK. So I must briefly address this issue.
158. It is common ground that the mere fact that a website belonging to Merck US is accessible from the UK (where Merck Global has registered marks) is not a sufficient basis for concluding that the goods and services offered on it are targeted at UK consumers: see Pammer [2010] ECR I-0000 and L’Oreal [2011] ECR I-0000 at [64]. Not each and every use of a sign on the Internet is to be treated as taking place in each state in which it is accessible. The website must be directed at some commercial activity in the UK: the use must have some commercial effect.
159. I have found of particular assistance the summary of the position by Kitchin J in Dearlove v Combs [2007] EWHC 375 at [25]:-
- “...it is clear from the authorities that placing a mark on the Internet from a location outside the UK can constitute use of that mark in the UK. The Internet is now a powerful means of advertising and promoting goods and services within the UK even though the provider himself is based abroad. The fundamental question is whether or not the average consumer of the goods or services in issue within the UK would regard the advertisement and site as being aimed and directed at him. All material circumstances must be considered and these will include the nature of the goods and services, the appearance of the website, whether it is possible to buy goods or services from the website, whether or not the advertiser has in fact sold

goods or services in the UK through the website or otherwise, and any other evidence of the advertiser's intention.”

160. I am satisfied that the Merck US websites are so directed at commercial activity in the UK. They are undoubtedly global websites (that is the way they described themselves until shortly before the trial began) *with UK specific content* directed at UK based job-applicants, suppliers, scientists, innovators and developers, seekers after information about corporate responsibility and enquirers about MSD products generally and specifically. Those who seek information about MSD and its products are simply redirected to the Merck US website and receive the information under the “Merck” (not the “MSD”) branding and logos. The Merck US witnesses acknowledged that this was so. This in my judgment is sufficient.
161. Merck US sought to argue that in addition to being “directed at commercial activity” the websites had to meet the criteria necessary to establish “goodwill” for the purposes of a claim in passing off, and those criteria included a requirement for actual customers. Counsel relied upon Plentyoffish Media Inc v Plenty More LLP [2011] EWHC 2568 at [34] and [35] and Starbucks (HK) Ltd v BSB [2015] UKSC 31 as establishing that there is a distinction between “reputation” and “goodwill” and that the latter requires the presence of customers in the jurisdiction. From this base it was submitted that from a marketing perspective there must be both “pushing and pulling” of goods or services into a territory in order to establish that there is Internet trading activity by Merck US directed to the UK.
162. I do not accept this submission. The elements of infringement and passing off are different. When considering “passing off” the Court is concerned to see what is the basis for the claimant’s assertion of some property right in the name or mark, what constitutes the claimed “goodwill”. When considering issues of infringement the Court is concerned to address the question of whether the claimant’s mark has been used with commercial effect by a defendant, infringing acts not being limited to sales or offers for sale, but including (under s.10(4) TMA) use of a sign on business papers or in advertising. The essential question to be answered is whether the mark has been used in the course of a commercial activity with a view to gain. Plainly the “MERCK” mark was being so used by Merck US on its websites and those websites specifically solicited users in the UK to interact in a commercial context with Merck US in the course of its commercial activities.

*Is Merck US’s Internet activity use in connection with goods and/or services?*

163. Merck US complain that in advancing its infringement case Merck Global suggests that every single use of the designation “Merck” everywhere and anywhere on each website constitutes use “in relation to” each and everything characterisable as a product or service which may be identified or referred to or appear anywhere else on that website. If that is a fair summary, then Merck Global goes too far as regards its claims under the general law.
164. The only use of which Merck Global can complain is use by Merck US of Merck Global’s marks so as to create an impression that there is a material

link in the course of trade between the relevant goods or service provided by Merck US and Merck Global. But as I have pointed out above this requirement is satisfied if Merck US uses the “MERCK” sign

“in such a way that a link is established between the sign which constitutes the company, trade or shop name of the third party and the goods marketed or the services provided by the third party...That is the situation where the sign is used by the third party in relation to his goods or services in such a way that consumers are liable to interpret it as designating the origin of the goods or services in question” (Celine (*op.cit*)).

165. In my judgment the evidence establishes use of the MERCK mark by Merck US on its websites (and in relation specifically to the UK) in relation to research and product development, licensing and business development, and in relation to healthcare and pharmaceuticals (where there is a clear desire to link use of the “MERCK” mark to Merck US’s various vaccines and drugs for diabetes, cardiovascular conditions and cancer which are otherwise available in the UK under the same product name but with MSD branding). That use would create in the mind of the average consumer a link between the product (and the MSD brand) and the “Merck” mark which Merck Global alone has the right to use as a mark in the UK. The function of Merck Global’s “MERCK” mark is adversely affected because the sort of user in the Court’s contemplation would be able only with difficulty to ascertain whether the goods and services to which reference is made on the relevant pages originate from Merck Global (or some economically linked undertaking) (which owns the “MERCK” mark) or from a third party like Merck US.

*Is there any infringement under section 10(1) of the TMA?*

166. I can take the matters required to be proved in order to establish breach of this provision as comprehensively stated in Interflora III [2014] EWCA Civ 1403 at [67] and need not repeat them.
167. I here focus on use of the sign “MERCK” (which is identical with the registered mark aurally, conceptually and, ignoring minor stylised additions, visually) when used on-line or off-line in the UK as a logo or as part of a branding such as “MERCK Be Well” or “Merck: a global healthcare leader”. In the context of considering infringement under the general law I would include within the concept of “branding” instances where the word “Merck” is closely identified with the provision of identified goods and services, as in “Merck produces vaccines” or a list of “Merck’s products” because there the word is in substance used as a mark, a link being established between the abbreviated name of Merck US (which is identical to Merck Global’s mark) and the goods marketed or the services provided. The difference between a list of “Merck Products” and a list of “Merck’s Products” is illusory.
168. I ignore instances where the word “Merck” is used in a phrase or sentence which in context describes an entity which is engaged in some activity other than the straightforward provision of goods and services. Examples are “Merck is active in dealmaking”, “At Merck, corporate responsibility is a



cornerstone....”. Further examples of the description of an entity are (in this case, I say nothing of others) the established uses of “merck.com” as a domain name and “@merck.com” as an e-mail address. If the effect of the 1970 Agreement is to disentitle Merck Global from complaining of such use I do not consider that such use can be regarded as tortious. Merck US submit (and I accept) that these instances are not uses of “Merck” as a mark but as a trading name. Misuse *does* amount to a breach of the 1970 Agreement by Merck Sharp & Dohme Corp and may amount to “passing off” by others: but not infringement. Merck US is not in such instances using the term “Merck” as a sign or mark for the purpose of distinguishing the goods or services in question: that function is performed by the “MERCK: Be Well” logo and similar branding.

169. Focusing then on use of the sign “MERCK” when used on-line or off-line in the UK as a logo or as part of a branding, in my judgment there are clear infringements by the use of the sign “MERCK” by Merck US for identical goods and services to those for which the word marks are registered by Merck Global. That use affects, or is liable adversely to affect the function of the mark “MERCK” as guaranteeing to consumers the origin of the relevant goods or services.
170. The identical goods and services in relation to which the “MERCK” mark is used by Merck US are
- (1) in respect of UK trade mark registration Nos. 1 123 545 and 1558 154
- (a) chemical products included for use in industry, science, manufacturing and in film processing;
  - (b) pharmaceutical substances and preparations;
- (2) in respect of International trade mark registration Nos. 770 038 and 770 116
- (a) chemicals used in industry, science and photography;
  - (b) pharmaceutical preparations;
  - (c) medical products;
  - (d) medical care;
  - (e) scientific research;
  - (f) providing information and counselling in healthcare;
  - (g) drawing up of medical and pharmaceutical expert reports, documents and information;

- (h) planning, performing and evaluating medical and pharmaceutical studies;
  - (i) counselling and services with regard to ensuring drug safety;
  - (j) services rendered in the medical and pharmaceutical areas.
171. The infringements consist of use by Merck US of the “MERCK” mark on web pages
- (a) listing prescription medicines and vaccines;
  - (b) addressing research, development and the sale and supply of such medicines and vaccines;
  - (c) dealing with research and development in the field of maternal health;
  - (d) detailing services rendered in the medical and pharmaceutical areas;
  - (e) providing information and advice about drug safety and other healthcare issues.
172. Merck US submit that they are entitled to be known for and to get credit for what they do, and that the alleged infringing uses relate only to the conveying of information about Merck US initiatives or aspects of Merck US’s global business activities and do not constitute the use of a sign as a trade mark in the course of trade in relation to goods or services in the UK. But it strikes me that the uses are clearly in the course of trade and in relation to the products and services which Merck US (under the trading name “MSD”) offers in the UK. The whole point of the endeavour is to link the “Merck” sign to the MSD identity and product range by using the “MERCK” mark.
173. Merck US also argued that there was no evidence of any change in economic behaviour on the part of relevant consumers in consequence of the acts complained of. But the fact that co-existence agreements were entered and continuously policed (with the expenditure of considerable effort) to my mind demonstrates that both Merck US and Merck Global accept the reality that deployment the “MERCK” mark has a significant impact on market behaviour.
174. I heed the warning in Reed Executive plc v Reed Business Information [2004] EWCA Civ 159 at [14] to [15]. But for present purposes (a consideration of whether Merck Sharp & Dohme Corp is a tortfeasor as well as a contract breaker) I can succinctly state I consider the vast majority of the infringements to have been proved on the basis of the material in Bundle 1E and 1A(2)[27]. I was not persuaded by the material in Bundle 1A(1) [5], [24] or [25] or

1A(2)[28] (where the references were not to Merck as a mark but to Merck as an entity).

*Is there any infringement under section 10(2) of the TMA?*

175. I can take the matters required to be proved in order to establish breach of this provision as comprehensively stated in Interflora III (*supra*) at [68].
176. If it had been necessary to address these questions I would have found infringement under section 10(2). In so far as the additional requirement of the likelihood of confusion calls for proof I think it is obvious that if different entities use the same mark in relation to the same products and services in the same territory the average consumer will be confused; they are likely to believe that the goods or services come from the same or from economically undertakings. It was the very realisation of that fact that led Merck US and Merck Global to enter into the Treaty in the first place, and the evidence demonstrates that they were right to do so.
177. Merck US made two points about “confusion”. First, that some confusion was inevitable given the common heritage of the parties and their respective entitlements to use the word “Merck” concurrently in various ways. I agree. I also accept that the existence of such inherent confusion does not make Merck US subject to any more onerous duty to avoid confusion (Enterprise Holdings Inc v Europcar Group UK Ltd [2015] EWHC 17 at [207]). But the fact that there may be inherent confusion does not entitle Merck US to exploit it or to cause more. Given an inevitable degree of confusion misuse of a mark becomes if anything more (not less) significant when looking at the likelihood of confusion for the purposes of section 10(2).
178. The second point made was that the quality of the specific evidence on “confusion” was not high, and mostly suggested the simple making of mistakes. There is force in this criticism. But direct evidence of confusion always has its limitations: and it forms only part of the Court’s assessment. It was no doubt with those difficulties in mind that the negotiators of the Treaty, the 1955 Agreement, the 1970 Agreement and the 1975 Protocol were at such pains to delineate what might and what might not be done in order to avoid confusion, and why Merck US built up its MSD brand in the UK. Even if for some reason the 1970 Agreement does not bite in respect of the acts of which Merck Global complains, the mere fact of its existence demonstrates a realisation of the likelihood of confusion which the parties to it knew had to be addressed.

*Is there any infringement under section 10(3) of the TMA?*

179. I can take the matters required to be proved in order to establish breach of this provision as comprehensively stated in Interflora III (*supra*) at [69].
180. I must address the distinctive matters requiring proof under this head. I am satisfied (for reasons given above) that the use of the sign “MERCK Be Well” and similar branding gives rise to the requisite “link” in the mind of the addressee of the type the Court must contemplate. I am also satisfied that such

use has the effect of diluting the effect of the “MERCK” mark as used by Merck Global in the UK and takes unfair advantage of the repute which Merck Global has built up. It is plain on the evidence (and not really in issue at trial) that the “MERCK” mark has a strongly distinctive character and reputation wherever it is used: that is precisely why it is so jealously guarded within the respective territories of Merck Global and Merck US. I am satisfied that the use by Merck US is without due cause: it is a deliberate and transparent attempt to push the boundaries of a long established co-existence arrangement and to promote Merck US’s connection with the “MERCK” brand outside the area within which it has the exclusive right to use it and into the territory in which (by agreement) Merck Global has that right.

*Is Merck US able to avail itself of the “own name” defence under section 11(2)(b) of the TMA?*

181. The “MERCK” mark would not be infringed by the use by Merck US of its own name (being the name by which it was known or called by its customers in the UK) as a sign provided that the use was in accordance with honest practices in industrial and commercial matters.

182. In relation to this last element the court is required to assess whether Merck US was acting fairly in relation to the legitimate interests of Merck Global as trademark proprietor. As it was put in Maier v ASOS (at paragraph [148]):-

“...it will be relevant to consider, among other things, whether there exists a likelihood of confusion; whether the trade mark has a reputation; whether use of the sign complained of takes advantage of or is detrimental to the distinctive character or repute of the trademark; and whether the possibility of conflict was something of which the defendant was or ought to have been aware. The national court must carry out an overall assessment of all the circumstances and determine whether the defendant is competing unfairly.”

183. The name by which Merck US is known or called by its customers in the UK is “MSD” or “Merck Sharp & Dohme”. If it wishes to use the mark “MERCK” in the UK it is not using its own name. There can be no denying the character and repute of the “MERCK” mark in the UK: although originally in issue it was not contested at trial. The likelihood of confusion is self evident: and the possibility of conflict something of which Merck US has been aware since the time of the Treaty (or at the very latest the time of the 1970 Agreement). I reject the submission that the usages of Merck US’s name as a mark on its websites and in presentations is in accordance with honest practices in industrial and commercial matters and is fair having regard to the legitimate interests of Merck Global as proprietor of the mark.

184. I would accordingly find that Merck US has infringed the “MERCK” mark of which Merck Global is the registered proprietor under section 10(1) TMA or alternatively section 10(2) TMA or alternatively s.10(3) TMA. So as well as acting in breach of contract Merck Sharp & Dohme Corp is a tortfeasor.

185. Is Merck & Co Inc a joint tortfeasor? In answering that question I draw upon the guidance given by Arnold J in L’Oreal SA v eBay International [2009] EWHC 1094 at [347] following.
186. Merck & Co Inc is the holding company of Merck Sharp & Dohme Corp: it has no employees. Its human agents are its board (whose composition differs from that of its subsidiary, though there is some overlap e.g. Mr Golestani) and those to whom that board delegates any operations (Merck & Co Inc having no employees). I would accept that the “merck.com” website was effectively the joint communications platform for both Merck Sharp & Dohme Corp and Merck & Co Inc. That was the tenor of the oral evidence. It is supported both by the fact that it is Merck & Co Inc that is the administrative contact for the merck.com website, and by the fact that Merck & Co Inc publically states that the “merck.com” website is its own. It is further supported by the fact that Senior Executives (who must be employees of Merck Sharp & Dohme Corp) present themselves as responsible for the communications policy of Merck & Co Inc: thus Shona Davies (when presenting a service called Univadis) described herself as “Global Communications & Programme Leader, Associate Director, Merck Customer Centricity, Merck & Co Inc”. I accept the evidence of Ms Ambrose that decisions about trademark issues are taken by Merck Sharp & Dohme Corp. But that is simply because Merck & Co Inc has in effect delegated to Merck Sharp & Dohme Corp the task of determining what goes on the joint platform which is what Merck & Co Inc describes as its own website. The reality is that a single united front is presented on-line and off-line.
187. I therefore find and hold that as regards the infringements I have identified Merck & Co Inc is a joint tortfeasor. Merck & Co Inc must not use “MERCK” as a sign or mark in any site or presentation branding.
188. I would make explicit that I regard the Third Defendant Merck Sharp & Dohme Limited (a UK subsidiary of Merck Sharp & Dohme Corp) in exactly the same light as Merck & Co Inc. It operates under the MSD branding in the UK with a UK specific website utilising links to the Merck US websites and deploying the MERCK mark in the same way as the joint platform of Merck Sharp & Dohme Corp and Merck & Co Inc. The copyright in the site content belongs to Merck Sharp & Dohme Corp. As with the joint platform, the UK site often refers to the business entity to whose affairs the site relates as “Merck”. It appears to operate in accordance with the policies adopted on the joint platform and to take in relation to its off-line activities the same approach as that adopted by Merck Sharp & Dohme Corp.
189. The position of Intervet UK Limited was not addressed with a similar level of detail. It is another subsidiary of Merck Sharp & Dohme Corp. It operates an MSD Animal Health website in relation to which I have identified above an infringing use of the “MERCK Be Well” logo and an infringing use of “Merck Animal Health” (found in File 1A(2) [27]). I indicated in the draft judgment that I circulated that I did not feel able to make any further finding. Counsel for Merck Global submitted that I should make a further finding that Intervet UK Ltd is liable for that infringement. On reflection I consider that submission is sound. What I remain unable to do is to make a finding that Intervet UK Ltd

is liable as joint tortfeasor for infringements by Merck US in relation to its use of the MERCK mark in relation to the animal health references on its global websites.

190. Intervet International BV has agreed to be bound by the judgement against the other Defendants.
191. Merck Global is therefore entitled to an injunction as against Merck & Co Inc Merck Sharp & Dohme Ltd Interbet UK Ltd and Intervet International BV to restrain infringement of its “MERCK” mark through its use in any logo or branding (including where “Merck” is directly linked to the supply of products or services). The terms of the injunction will need to be settled when this judgment is handed down.

### *Conclusion*

192. I therefore find and hold that the claim succeeds and that Merck Global is entitled as against Merck US to the relief indicated in paragraph [134] and against the other Defendants to the relief indicated in paragraph [190]; and the counterclaim succeeds to the extent indicated in paragraphs [146] and [146] (and where indicated in the annexure).

### Annexure to Main Judgment

1. The Counterclaim of Merck US alleged that the registration of Merck Global’s marks should be revoked in their entirety or in part to the extent and for the reasons appearing in the Amended Particulars of Objections. The Amended Particulars of Objections filed by Merck US on the 6 February 2015 alleged that :-

“Within a period of five years of the date of the completion of the registration procedure..... there was no genuine use in the United Kingdom by [Merck Global]....of the said Marks in relation to many if not all of the goods or services for which they were registered save as otherwise admitted by the Defendants’ Admissions dated 24 November 2014. Alternatively the use of the said Marks has been suspended in relation to many if not all of the goods or services for which they were registered for an interrupted period of five years preceding the date of the Counterclaim herein, save as otherwise admitted by the Defendants’ Admissions dated 24 November 2014.”

2. Merck Global’s Amended Reply admitted some non-use.
3. These spare statements of case were updated by further admissions in Schedule and Counter-schedule immediately prior to the trial (in an endeavour to fulfil the requirement of a fair and efficient approach to the determination of the issues articulated by Arnold J in the BDO Case [2013] EWHC 418 at [62]). One consequence of the late definition of the real issues is that it led to the filing of approximately 20 lever arch files of evidence in relation to use.

Some samples were included in one trial bundle. But the bulk was provided electronically and not a single reference made to it at trial (although referenced in the schedules and left for my unassisted consideration). Another was that the late emergence of construction points about the specification of Classes (and its bearing on the evidence adduced relating to the general challenge to actual use across a wide range of registrations) left me with the uneasy feeling that if the points had been raised earlier then they might have been more specifically addressed in the evidence.

4. In the Main Judgment I took account of the admissions on either side: I specifically ruled against some of the claims of Merck Global that were challenged by Merck US. This supplement to the Main Judgment addresses those issues where I rule against the challenges of Merck US, though without the benefit of oral argument directed to each of the relevant classes (and with the rival written comments being considered in the abstract and shorn of context). I refer to the marks by the last three digits of the registration number.
5. One point made at the outset by Counsel for Merck Global was that Merck Global has traded as a pharmaceutical company since 1668 producing drugs in many different fields and also a substantial range of pharmaceutical and chemical products and medical apparatus, use being made of its marks in the United Kingdom on a massive scale and across a vast range of different products. In approaching a bald assertion of “no genuine use” in relation to “many if not all of the goods or services for which they were registered” by reference to a relevant five-year period some account must be taken of this context: an average consumer would know this context and would not adopt a pernickety approach. There is real weight in this point: and I did not understand Counsel for Merck US to argue that each of the contested specifications had to be approached as if it related to the goods or services of a single product company.
6. ‘545’ Class 2. The specification is for “pigments and dyes (not for laundry or toilet use)”. It is admitted that the evidence proves use of pigments generally and in respect of dyes for use in science. The argument appears to be that “dyes for use in science” is a sub-category and that the evidence adduced should be used to determine precisely the extent of protection (rather than simply to demonstrate actual use in relation to goods in respect of which the mark is registered). The evidence illustrates use of the mark in relation to dyes and mixtures of dyes “used *mainly* in microscopy” (emphasis supplied) and in gel electrophoresis during DNA differentiation. But I do not think that that specific use would cause the average consumer of such products (and there are 10 catalogue pages listing dyes and stains) to think that such use formed a sub-category (so as to exclude, for example, the use of dyes to trace fluid flow in a non-scientific context) rather than as simply exemplifying use within a broader category. The dye is simply being used as an indicator of structure or dynamic. I do not consider the evidence of use requires the limitation to the specification suggested (and no other limitation was proposed), and to do so would not produce a fair specification.

7. '545' Class 3. The specification is for "scouring and cleaning preparations". It is admitted that the evidence proves use of cleaning preparations for use on laboratory and medical equipment and for industrial use: but it is said that the evidence of use is of cleaning preparations for particular purposes (not cleaning preparations in general). The evidence establishes that Merck Global has for many years offered a range of all-purpose cleaning agents originally developed for use in cleaning laboratory equipment and also used in industrial production facilities, having a very wide range of cleaning applications (of which examples are given in promotional material including the removal of soiling and of burnt residues and the cleaning of jewellery). These are sold under the "Extran" brand. In addition the mark has been used on a sodium hydroxide solution described as a "universal cleaning agent". I do not think that the specific applications of products of general application would cause the average consumer of such a product to think that such use formed an appropriate sub-category as opposed to the exploitation of a particular market segment for a product of general application. I do not consider the evidence of use requires the limitation to the specification suggested, and to do so would not produce a fair specification.
  
8. '545' Class 4. The specification includes "industrial oils for high vacuum processes" (which is admitted) and "lubricants" (which is not, save in relation to ionic liquid lubricants). The argument is made that use of the chemical as a lubricant ingredient of pharmaceutical tablets is already within Class 1 as a chemical product and ought not also to be in Class 4 as a lubricant. Ionic liquid lubricants are high performance mechanical lubricants. Whilst this evidence is evidence of use of a particular type of lubricant (not lubricants generally) the evidence of actual use is not adduced to limit the mark to the actual proved use but to prove that there has been actual use in relation to the fairly-specified category of goods for which the mark is registered. Use in relation to high-performance lubricants is proved. In my view an average consumer of such products would consider these to be exemplifications of use within a broad category. It would be pernicky to limit the specification to lubricants of a particular chemical composition as constituting a coherent sub-category amongst others (particularly in the absence of any argument about what those other sub-categories might be). I accept that in this case the existing specification is a fair description of use in the light of the evidence.
  
9. '154' Class 5. The specification identifies "disinfectants;... included in Class 5". It is admitted that this specification properly includes disinfectants for non-domestic use included in Class 5: but it is said that the evidence does not demonstrate use of disinfectants in general (leading to a suggested limitation, based on the Decon Case [2001] RPC 17, to "non-domestic use"). The evidence is that Extran products (originally developed for use in a laboratory context but also used in industrial production facilities and with a very wide range of applications) are also disinfectants. One obviously starts with the actual use but one has to arrive at a fair specification for the proprietor of a mark whose product range and market extends far beyond the laboratory. On balance I favour the submission of Merck Global that its evidence shows the suggested limitation (over and above the reference to Class 5) not to be warranted.



10. '154' Class 5. The specification identifies "reagents for clinical-chemical tests; ... included in Class 5". Although shown as remaining issue on the composite schedule it seems to me that this is admitted by Merck US on page 9 of Schedule 3 to its Opening Statement.
11. '154' Class 5. The specification includes "reagents for use in the laboratory;... included in Class 5". No admission is made of such use. The submission is made that only reagents for medical purposes are proper to Class 5. That is a submission about the construction of the specification (which it is not itself suggested should be revoked or partially revoked). The evidence establishes the Merck Global uses its mark in relation to reagents for use in the laboratory for diagnostic purposes. I agree that the existing specification is a fair description of use in the light of that evidence.
12. '154' Class 9. The specification is expressed in this way: "analytical apparatus and instruments for laboratory purposes; scientific, optical...and/or measuring apparatus and instruments; all included in Class 9". Merck US admits use within the specification relating to food and water analytic testing kits, spectrophotometers, assay apparatus, air sampling apparatus and instruments, and protein purification systems. But it denies other use and submits that any other use is properly included in Class 9. (As a general comment, Merck US often formulated its challenge as "no evidence of genuine use": but it was not entirely clear exactly what was meant by that challenge, whether (for example) it was being said that the mark had not been applied to relevant goods or services, or that it had been so applied but the relevant goods or services not exploited in a relevant way, or some other challenge). The evidence establishes use of the mark in relation to the Biotek range of washing apparatus for laboratory use. (There was a brief note in Merck US's Opening Statement that washing apparatus could *only* fall within Class 7: but I do not see why that should be so. It must surely depend on the nature and intended purpose of the machinery). The evidence establishes use of the mark in relation to the Elix water purification system for laboratory use. The evidence establishes use in relation to optical apparatus (e.g. the Reflectoquant, Turbiquant, Spectroquant and Luminex ranges) which are primarily for laboratory or scientific use. There is a large product range. These are examples of products showing use within the broad category identified in the specification. On this state of the evidence I do not accept that there is no proof of use within Class 9. I accept the existing specification is a fair description of use in the light of the evidence.
13. '116' and '038' Class 1. The specification includes "chemicals used.... in agriculture, horticulture and forestry". The challenge is that there is no evidence of genuine use in agriculture horticulture and forestry. The evidence establishes use by Merck Global of the mark in relation to re-agent kits and electric analytic apparatus designed to be used in agriculture and biotechnology. The Spectoquant range of photometers is designed to calculate concentrations of a particular substance and has over 150 test kits available many of which are identified in the promotional literature as suitable for use in "agriculture". Given the use to which the photometer and relevant application

kit can be put “agriculture” in this context cannot sensibly be defined to exclude horticulture or forestry; the phosphate content of soil or water is what is being measured, whether the soil or water derives from a farm, a market garden or a copse. I accept this specification is a fair description of use on the basis of the evidence.

14. ‘116’ and ‘038’ Class 1. The specification includes “tanning substances”. No one suggested at trial or in any written submission or on any schedule that this related to substances used in the production of leather. Merck US simply said there was no evidence of use of the mark: Merck Global adduced clear evidence of use of the mark in relation to substances for self-tanning (“dihydroxyacetone...for cosmetic purposes”). I accept that evidence. On that basis there should be no revocation.
15. ‘116’ and ‘038’ Class 3. The specification includes “cleaning, polishing, and scouring and abrasive preparations”. The challenge is that the evidence of use relates to cleaning preparations for particular purposes. I take the same view as in ‘545’ Class 3.
16. ‘116’ and ‘038’ Class 5. The specification includes “pharmaceutical... and sanitary preparations”. I explain in the Main Judgment the difficulties I feel as regards “pharmaceutical preparations” and my preference for subcategories which more closely resemble the categories which Merck US itself adopts on its own website, and that I would welcome further argument if it is necessary for the disposal of the case given that the alleged infringements appear to relate to sub-categories even as defined according to the preference of Merck US. As regards “sanitary preparations” I take the same view as expressed in relation to “disinfectants” within ‘154’.
17. ‘116’ and ‘038’ Class 5. The specification includes “medical products (included in this class)”. The challenge is that there is nothing appropriate to this class save for the specific constituents of other classes which Merck US elsewhere admits. As I understand the position of Merck Global it says that this class includes everything in ‘545’ “pharmaceutical substances and preparations”. I agree and explain in the Main Judgment how I would deal with it.
18. ‘116’ and ‘038’ Class 5. The specification includes “dietetic substances adapted for medical use”. Merck US admits that the specification would properly include vitamins, minerals, edible oils and supplements for medical use, but asserts that the evidence does not support other dietetic substances adapted for medical use in general. The evidence includes an excerpt from Lamberts Technical Catalogues containing 150 pages of products of this sort. These are exemplifications of use within a broad category not the creation of multiple sub-categories. I do not consider the evidence of use requires the limitation to the specification suggested, and to do so would not produce a fair specification.
19. ‘116’ and ‘038’ Class 5. The specification includes “food for babies”. It is acknowledged by Merck US that food for babies that must be eaten by them

because they are physically incapable of eating other food or because there is some medical purpose in its consumption is within this class. The challenge is that there is no evidence of the application of the mark to food for babies (but only to mineral salts used in the production of food for babies). The evidence does certainly establish the application of the mark to products for infant formulas: but it also establishes the application of the mark (“Seven Seas is a Merck Company”) to completed products formulated for purposes that may be fairly regarded as “medical” (e.g. the Haliborange products). I do not consider the evidence of use requires revocation (or partial revocation) of the mark.

20. ‘116’ and ‘038’ Class 5. The specification includes “disinfectants”. I take the same view as in relation to ‘154’.
21. ‘116’ and ‘038’ Class 9. The specification includes “scientific... surveying, electric... optical... measuring, signalling, checking (supervision), life-saving and teaching apparatus and instruments (included in this class); electric apparatus and instruments (included in this class)”. Merck US admits that the specification properly includes food and water analytic testing kits, spectrophotometers, assay apparatus, air sampling apparatus and instruments and protein purification systems and says the specification should be so limited. In respect of items common to the like specification in ‘154’ I take the same view as in relation to ‘154’. In relation to additional items in this class the evidence establishes use of the mark (“surveying...signalling, checking (supervision) and lifesaving and teaching apparatus and instruments”), in relation to (a) blood glucose monitoring systems and three ranges of auto injection devices (which track and monitor a patient’s drug intake and treatment adherence, some of which send appropriate signals to the patient); (b) an auto injection device which contains an on-screen user guide and facilitates monitoring of dosage; and (c) substantial bodies of instructional material, DVDs, training manuals and booklets. I think it is being suggested (it is hard to know, the points were not argued) that this demonstrates use for medical purposes that would support a registration for Class 10, but not for Class 9. On reflection I think that point is in part right, and (contrary to my initial view) on the evidence adduced there will have to be partial revocation in relation to “surveying...signalling, checking (supervision) and life-saving and teaching apparatus and instruments”.
22. ‘116’ and ‘038’ Class 10. The specification includes “medical... apparatus and instruments”. Merck US admits that the mark has been applied to feeding tubes and devices for the placement of feeding tubes, blood glucose analysis kits and monitoring systems, and electronic medical injection devices for the delivery, scheduling and dosage logging of pharmaceuticals: it says that the specifications should be limited to those products that have actually been produced. Whilst the category is plainly general, such is the number of product ranges and areas of application that I consider these are most fairly regarded as exemplifications of use within that broad category. I do not consider the evidence of use requires the limitation to the specification suggested, and to do so would not produce a fair specification.

23. ‘116’ and ‘038’ Class 16. The specification includes “printed matter”. Merck US admits use of the mark in relation to (a) adhesive labels for hazardous material and (b) in printed matter relating to medical conditions, pharmaceutical and medical and chemical products, pharmaceutical, medical and assay apparatus, and chemical and pharmaceutical research. It says the specification must be so limited. The evidence establishes the production of the substantial volume of printed matter which includes discussion of general trends (not simply pharmaceutical, medical and chemical products and apparatus) or addresses general topics such as human reproduction or deals with the history, achievements and attitude to corporate responsibility of Merck Global (of the importance of which Merck US is itself so conscious). No limitation that might take this into account was suggested. I do not consider the evidence of use requires the limitation to the specification suggested, and to do so would not produce a fair specification.
24. ‘116’ and ‘038’ Class 16. The specification includes “instructional and teaching material (except apparatus)”. Merck US admits use of such material relating to medical conditions, use of pharmaceutical, medical and chemical products and use of pharmaceutical, medical and assay apparatus: and submits that the specification must be so limited. The evidence establishes that the mark has been applied to information materials ( including prescription information and instruction leaflets about then-current products); to conference materials and patient guides and informational material about medical conditions (diabetes and infertility); to informational material about the human body (the reproduction cycle and female reproduction organs) as part of general medical education; to material providing general guidance and instructions as to experimental preparation, protocols and procedures (e.g. in the areas of microbiology and peptide synthesis); to newsletters discussing industry trends and providing general technical insights. Whilst the category is plainly general, and the mark has only been applied in the areas of activity in which Merck Global is concerned or with which it is connected, I do not consider the evidence of use requires the limitation to the specification suggested, and to do so would not produce a fair specification.
25. ‘116’ and ‘038’ Class 16. The specification includes “plastic materials for packaging (included in this class)”. The evidence establishes use of the mark in relation to two ranges of plastic bottles. The challenge is made the plastic bottles are not “packaging”. I consider they may be fairly regarded as packaging for liquids. I do not consider the evidence of use requires complete revocation as suggested.
26. ‘116’ and ‘038’ Class 29. The specification includes “jellies ... edible oils and fats”. The challenge is made that the evidence establishes use in relation to certain edible products for medical or dietetic purposes proper to Class 5, but not Class 29. The evidence establishes use of the mark in relation to chewable “fruit-pastille” type jellies marketed as “a confectionery-type” product (e.g. Kids Multivitamin Fruit Softies); and in relation to cod-liver and other fish oils as well as vegetable oils (including flax seed oil). Although initially of a different view, on reflection I think the point taken is sound.

27. ‘116’ and ‘038’ Class 35. The specification includes “business management”. Merck US say that there is no evidence of genuine use. It seems to me that Merck Global’s Life Sciences Division offers (and has applied the marks in relation to) a Biodevelopment and Clinical Supply Service which includes both process design (based on a Merck template) and project management of the entire project including subcontractors. The specification is a fair description of use.
28. ‘116’ and ‘038’ Class 42. The specification includes “medical, hygienic ... care”. Use is admitted in relation to nursing care relating to home administration of drugs for multiple sclerosis, infertility, endocrine disorders and alcohol dependence. It is said that the specification should be limited to those particular types of medical care in relation to post-prescription support that those particular drugs. The evidence establishes use of the mark in relation to the “MySupport” programmes which are a series of post-prescription support services offered for a number of pharmaceutical products and offering a dedicated helpline manned by trained nurses and home visits by field nurses. Whilst the category is plainly general, and the mark has only been applied in the areas of activity in which Merck Global is concerned or with which it is connected, I do not consider the evidence of use requires the limitation to the specification suggested, and to do so would not produce a fair specification.
29. ‘116’ and ‘038’ Class 42. The specification includes “scientific and industrial research”. Whilst use of the mark in relation to chemical research is admitted it is said that the registration should otherwise be revoked. The evidence establishes the use of the mark in relation to collaborative research conducted by the Merck Chilworth research teams with (a) Imperial College, and (b) various companies (both UK and international) for the development of new technologies. It appears that this work is carried under joint development or evaluation agreements under which Merck provides materials, technical development and support and is paid for that service. Even if (and the evidence does not appear to be so confined) this relates only to agreements involving chemical research I would consider those simply to be exemplars of use within the broad category. The Life Sciences division also provides a service for testing and profiling third-party therapeutic compounds. I do not consider the evidence of use requires the limitation to the specification suggested, and to do so would not produce a fair specification.
30. ‘116’ and ‘038’ Class 42. This investigation includes “providing information and counselling in healthcare”. Merck US admits use of the mark in relation to providing information relating to multiple sclerosis, infertility, endocrine disorders, alcohol dependence and skin care during cancer treatment; and in relation to providing information relating to chemical products and assay apparatus. It submits the specification should be otherwise revoked. I do not agree. The mark has also been applied to like activities in the field of oncology and gastroenterology. Merck’s Life Sciences Division also offered various services to assist its customers in developing and optimising their own manufacturing processes, and in the development of their own therapeutic compounds. It also offers advice to professionals and to patients through

various media (including a helpline staffed by nurses), both through the “MySupport” programmes and otherwise. Whilst the categories are plainly general, such is the number of areas of application that I consider these are most fairly regarded as exemplifications of use within a broad category. I do not consider the evidence of use requires the limitation to the specification suggested, and to do so would not produce a fair specification.

31. ‘116’ and ‘038’ Class 42. The specification includes “planning and executing of projects in the area of the supply of pharmaceuticals” and “discussing standards and methods for ensuring conformity with the representation of medical data”. It is said that neither of these possesses the required clarity and precision to allow the question whether any particular goods or services fall within that itemisation to be determined, though the written submission was not advanced in the context of any particular activity that Merck US wished to undertake (but simply in the abstract). I do not accept this submission. The concepts employed are sufficiently clear to form a test capable of application. There is no admission of any use. The evidence adduced shows that Merck offers a series of services to assist customers to develop potential therapeutic compounds from laboratory stage to the clinical stage, a service in relation to the optimisation of cell culture processes, and a service for the improvement of the manufacturing chain of a third party. Merck Global also sponsors and collaborates in medical studies (on such matters as fertility) and surveys (on such matters as reported outcomes to therapies) and audit programmes (for example of secondary care centres concerned in the management of MS patients) linked to therapeutic or treatment areas generally rather than to its own products specifically. It also organises advisory board meetings at which experts are invited to discuss current issues and new developments, and the results of which are then disseminated (not simply appropriated by Merck Global for its internal use). I am satisfied that the existing specification is a fair description of the use on the basis of that evidence.
32. ‘116’ and ‘038’ Class 42. The specification includes “computer services; namely providing of computer programmes for third parties; leasing of access time for computer databases containing medical terminology, medical and pharmaceutical data”. The challenge is that there is said to be no evidence of genuine use of marks in relation to such services, because the provision of software is said not to be a “service”. In my judgment the term “computer services” is defined to include “providing... computer programmes for third parties”. The evidence establishes the use of the mark in relation to various “apps” capable of being downloaded on to a patient’s smartphone and available from the principal “app” stores, and which provide information (text and video), dosing reminders about specific products and monitoring functions. The evidence proves that Merck Global supplies a range of software products and upgrades (operational and analytical) to supplement its multiplex assay instruments: and that it also provides (as part of its profiler service for third parties wishing to test their potential therapeutic compounds against a range of key drug target compounds) access to a data analysis and report tool. The evidence also establishes that Merck provides a database called “iMed” for clinicians treating patients with MS and another called Easipod relating principally to the treatment of Growth Hormone Deficiency. The point is made

that the arrangements under which access to these databases is afforded is not “leasing” of access time. In my judgment the correct approach is to consider how the average consumer of such a service would categorise it (whether that categorisation was technically correct in law or not). The specification is a fair description of use on the basis of the evidence referred to.

33. ‘116’ and ‘038’. The specification includes “scientific, medical and pharmaceutical counselling”. The challenge made is that there is no evidence of use in relation to counselling. In my judgment the evidence cited in relation to “counselling in healthcare” is of equal application here. Whether advice is being offered in the course of a service using the mark in relation to “healthcare” “medical” or “pharmaceutical” counselling must be a fine line. No particular attack was focused on “scientific counselling”. I find that there is sufficient evidence of the use to support the maintenance of the specification.
34. ‘116’ and ‘038’ Class 42. The specification includes “drawing up of scientific, medical and pharmaceutical expert reports, documents and information”. Merck US’s pleaded position is that there is no evidence of use in relation to a service being provided to third parties. The evidence establishes that the mark has been used in these respects in the course of providing various profiler services (where Merck Global’s Life Sciences division tests potential therapeutic compounds for third parties) and services relating to industrial-scale cell culture processes. It is also used in the course of offering for sale dossiers (containing information about manufacturing process and analytical certificates and stability data) to purchasers of products to assist those third parties to achieve regulatory approval for their products. The point taken is in my judgement not sound, and I see no need on that basis to order revocation.
35. ‘116’ and ‘038’ Class 42. The specification includes “planning performing and evaluating scientific medical and pharmaceutical studies”. Such use of the mark in relation to *medical* conditions and treatments is admitted but Merck US’s particularised case does not admit use in relation to scientific or pharmaceutical matters. There are many examples in the evidence of Merck Global of use of the mark in connection with the planning, performance and evaluation of studies. It is the case that examples adduced in evidence might be categorised as “medical” or as “scientific”: an example is a collaborative study in 2009 with Cardiff University into the decision-making of couples in relation to fertility treatments (examining attitudes towards and knowledge of fertility treatment). Participation in clinical trials (such as that concerning a drug for the treatment of metastatic colorectal cancer) is likewise not easy to categorise as either “medical” or “pharmaceutical”. So the logic of the admission of use in relation to one category but the denial of use in relation to two others is not apparent. I am satisfied that once it is acknowledged that the mark has been used in relation to medical studies then there is not substantial basis upon which to deny use in relation to scientific and pharmaceutical studies.
36. ‘116’ and ‘038’ Class 42. The specification includes “counselling and services with regard to ensuring drug safety”. Merck US submit that there is no

evidence of genuine use. The evidence establishes that Merck Global provides (through its various “MySupport” post-prescription services, including help-lines) advice in relation to the safe use of the relevant drugs; and provides informational materials, brochures and patient guides in relation to various drugs. This is not a standalone third party counselling service: but it is plainly use of the mark to establish Merck Global’s presence in the market as a provider of such services as part and parcel of its pharmaceutical, chemical and other product supply business.

37. ‘116’ and ‘038’ Class 42. The specification includes “services rendered in the medical, pharmaceutical, laboratory and chemical areas”. Merck US submits that there should be complete revocation on the grounds that the specification is unclear. I agree that this is a general categorisation. But it is clear on the evidence that Merck Global provided in the relevant period a vast range of services to establish its place in the market both in relation to such services and as an adjunct to its other business. The organisation of conferences, the constitution of advisory boards, the publication of guides, the funding of projects and the sponsoring of research, the making of grants and the provision of awards are all properly characterised as “services rendered” but may not find a convenient home within other classes. In these contexts again the mark is being commercially exploited, not in the sense that (for example) Merck Global is trying to build a grant giving business; but in the sense that it is using the mark to denote the source of the relevant activity and to exploit the undertaking of that activity for the benefit of its general business. The specification is so broad that on reflection I do not think the activities I have listed can be fairly regarded as exemplars of the entire class: and a fair specification would therefore be limited to the organisation of conferences, the constitution of advisory boards, the publication of guides, the funding of projects and the sponsoring of research, the making of grants and the provision of awards.
38. I have now addressed at much greater length and in far greater detail than either side did at trial the differences arising on their schedules.