



Neutral Citation Number: [2020] EWHC 1273 (Ch)

Case No: HC-2013-000089

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
INTELLECTUAL PROPERTY LIST (ChD)

The Rolls Building
Fetter Lane
London EC4A 1NL

Date: 20/05/2020

Before:

SIR ALASTAIR NORRIS

Between:

MERCK KGaA

Claimant

- and -

- (1) MERCK SHARP & DOHME CORP**
(2) MERCK & CO INC
(3) MERCK SHARP & DOHME LIMITED
(4) INTERVET UK LIMITED
(5) INTERVET INTERNATIONAL BV

Defendants

Adrian Speck QC and Benet Brandreth QC (instructed by Bird & Bird LLP) for the
Claimant

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

Hearing dates: July 2-4 July 2018.

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.

This Judgment was handed down by circulation to the parties' representatives by email and by release to Bailii. It was not handed down in court due to the present COVID19/coronavirus pandemic. The deemed time for hand-down is 2.00pm on 20 May 2020.

Sir Alastair Norris:

1. This judgment is supplemental to that given at trial, the neutral citation to which is [2016] EWHC 49 (Pat) (“the trial judgment”) following the remittal by the Court of Appeal (whose judgment has the neutral citation [2017] EWCA Civ 1834 (“the appeal judgment”)) of five matters for redetermination. I shall adopt the same definitions as were used in the trial judgment.
2. The remitted matters are: -
 - i) Further consideration of partial revocation of Merck Global’s registered marks;
 - ii) Whether the impugned activities of Merck US constituted use in the UK in the course of trade in relation to any relevant goods or services;
 - iii) Whether any uses of the kind identified in ii) fall to be regarded as *de minimis*;
 - iv) The form of relief to be granted by way of final order in respect of the claim for breach of contract and the claim for infringement;
 - v) Questions of interest arising from the setting aside of orders for interim payments.
3. The remitted matters fall to be decided on the evidence adduced at trial and supplemental evidence filed in accordance with the Order of Arnold J (as he then was) dated 9 February 2018.

Partial revocation

4. The context in which the issues for determination arise may be shortly stated. Merck Global was the proprietor: -
 - i) Of UK registered trade mark ‘545’ for the word mark MERCK for goods in (amongst other classes) class 5 “Pharmaceutical substances and preparations”;
 - ii) Of UK registered trade mark ‘154’ for the word mark MERCK for goods in (amongst other classes) class 5 “pharmaceutical, veterinary and sanitary preparations and substances...reagents for medical and veterinary purposes...”;
 - iii) Of international registered trade mark ‘038’ for the device mark MERCK for goods in (amongst others) class 5 “pharmaceutical, veterinary and sanitary preparations; medical products (included in [that] class) ...” and for goods in class 10 “surgical, medical, dental and veterinary apparatus...” and services in class 42 “medical... care; veterinary...services; scientific and industrial research”;
 - iv) Of international registered trade mark ‘116’ for the device mark MERCK for the same goods and services as ‘038’.

These (“Merck Global’s Marks”) were more fully set out in paragraph 7 of Merck Global’s statement of case: but the summary I have given is sufficient for present purposes.

5. Merck US’s Re-Amended Defence and Counterclaim asserted in paragraph 5 that Merck Global’s Marks should be wholly or partially revoked for lack of genuine use “in relation to many if not all of the goods or services for which they were registered” (save for some limited admitted genuine use). In paragraph 1 of and Schedule 1 to my Order of 3 March 2016 I held that there should be partial revocation of each of Merck Global’s Marks. That part of my Order survived the appeal process. What has been remitted is consideration of whether there should be any *further* revocation.
6. At the very end of the submissions on behalf of Merck US a dispute emerged as to what I was to consider. Paragraph 3 of the Order of the Court of Appeal of 24 November 2017 remitted “the issues identified in paragraph [320] of the judgment delivered on 24 November 2017”. Paragraph [320] referred to “the issue of partial revocation of the registered trade marks”. “The issue of partial revocation” had been discussed by Kitchin LJ (as he then was) in paragraphs [241] to [260] of the appeal judgment. The Court identified as “the battleground” the retention, within the specifications, of those registrations of “pharmaceutical substances and preparations”. It was common ground that this was a broad category of products that would include within it a number of subcategories. In identifying the sub-categories I held (and the Court of Appeal agreed) that the intended use of a pharmaceutical preparation was a strong factor in the definition: Kitchin LJ said (at [255]) that it was “of particular importance in identifying the relevant subcategory to which [the preparation] belongs”.
7. Merck US contended at trial, on appeal and in argument at the hearing of the remitted matters that Merck Global had used Merck Global’s Marks for the treatment of cancer, multiple sclerosis, infertility, endocrine disorders, cardiovascular diseases, peripheral vascular disorders, alcohol dependence, asthma, depression, parasitic worm infections, endometriosis and intestinal disorders; and in relation to cod liver oil. It argued that Merck Global’s Marks should be revoked to restrict the specification to pharmaceutical substances for those indications. Following trial, I thought these indications had been expressed too narrowly: that is a view with which the Court of Appeal agreed (*per* Kitchin LJ at [256]). My resolution of the issue for decision was that (i) since Merck Global was a major pharmaceutical business which had within the relevant period sold products for each of the indications listed, which constituted a broad range; and (ii) since no satisfactory scheme of sub-categories had been proposed that could usefully be used to limit the specification to particular sub-categories then (iii) there should be no further partial revocation and that a registration for “pharmaceutical substances and preparations” should stand.
8. At paragraph [258] of the appeal judgment the error in this resolution is identified. The Court of Appeal held that the specification of goods for Merck Global’s registrations should be limited to the sub-categories for which it had used the Merck Global Mark, in which connection (i) the proven actual uses are distinct; and (ii) there may be many indications for which no products at all have been sold. In identifying this as the exercise to be undertaken Kitchin LJ said (at [258])

“...I do not for one moment suggest that it can never be appropriate to secure and retain a registration for all “pharmaceutical substances and preparations”. For example, a proprietor may have sold trade-marked products falling in all or substantially all of the subcategories which this broad category contains....”

going on to pose the question whether such was the case here or whether, substantial as the business of Merck Global was, it had not involved the sale of trade-marked products in all or most of those sub-categories. Kitchin LJ (with the agreement of the other members of the Court) therefore decided to “remit this issue to the High Court for re-assessment”.

9. Two points arose as to what “this issue” was.
10. First, as I have noted, Merck Global’s Marks relate not only to “pharmaceutical substances and preparations” but also to “medical products included in [Class 5]”. Merck Global argued that the only “issue” remitted was partial revocation of the specification of “pharmaceutical substances and preparations”; that was what the Court of Appeal identified as “the battleground”. Merck US argued that since at trial the position of Merck Global had been that “medical products (included in this class)” included everything in “pharmaceutical substances and preparations” and it had adduced no evidence of use specific to “medical products”, the “issue” remitted must have included partial revocation of the specification of “medical products”.
11. In my judgment the argument of Merck US is right. No discrete questions arise in relation to “medical products”. “Medical products (included in this class)” is a broad category of the same nature as “pharmaceutical substances and preparations”. If the evidence adduced does not sustain a specification across the whole spectrum of “pharmaceutical substances and preparations” it cannot do so across the whole spectrum of “medical products”. The terms of the order remitting “the issue” do not exclude “medical products” from consideration.
12. The second point was that Merck US argued that any further revocation would entail a reconsideration and re-analysis of *all* infringement issues. I do not accept this submission. The Court of Appeal made quite clear that in its view the partial revocation issues “could have no effect upon the outcome of the claim for breach of contract or infringement” (per Kitchin LJ at [260]): as a general statement that is good enough for me.
13. So, to the issue itself. Both sides maintained the positions which they adopted at trial - Merck Global that it had a sufficient range of proven uses to justify protection across the spectrum of “pharmaceutical substances and preparations” so that any attempt at restriction was “unfair”; Merck US that the specification must be tightly limited to the specific therapeutic indications given. Whilst the appeal judgment is not to be construed as if it were a statute, neither position seems consistent with the observations of the Court of Appeal. As to Merck Global’s position, whilst it is true that Kitchin LJ referred (at [258]) to the theoretical possibility of Merck Global demonstrating that it had sold trade-marked goods in all or substantially all of the of the sub-categories which the broad category of “pharmaceutical substances and preparations” contains (which would justify the limited partial revocations I ordered),

he also made clear (at [298]) that Merck US was right to submit that this revocation did not go far enough. As to the position of Merck US, Kitchin LJ noted (at [256]) my concern that the categories deriving entirely from specific therapeutic indications were expressed too narrowly and said that he shared it (Patten and Floyd LJJ agreeing).

14. To identify the relevant sub-category to which a pharmaceutical product belongs, regard must be had to its therapeutic indication and the perception of the average consumer as to what are the products in relation to which the mark has been used, with the ultimate object of arriving at a fair specification.
15. At the hearing of the remitted matters both sides referred to the British National Formulary (“BNF”). This is a joint publication of the British Medical Association and the Royal Pharmaceutical Association which aims to provide healthcare professionals (including prescribers) with up-to-date information about the use of medicines. In it, pharmaceutical preparations are divided into classes by the uses for which they are intended by reference to major body systems or to diseases. There are 15 categories. The unchallenged evidence of Dr Wilfin was that it was widely used by doctors in the UK for the purpose of deciding what drugs to use in treatment. Merck Global offers (under its general Merck “house brand” and specific sub-brands (such as “Nutrizym”)) products in 9 of the 15 categories.
16. Merck Global submitted (as I have indicated) that because the MERCK mark is not associated with any particular treatment indication it should maintain its registration of “pharmaceutical substances and preparations” without any restriction notwithstanding the absence of proof of use in relation to major categories such as (i) obstetrics, gynaecology and urinary tract disorders (ii) eye (iii) ear, nose and oropharynx (iv) skin conditions (v) immunological products and vaccines and (vi) anaesthesia. I do not accept that submission. The BNF categories in relation to which Merck Global’s Marks have *not* been used are significant in nature and number. It is true that there is a great spread of treatments across a wide spectrum, all using “the housebrand”: but there are notable gaps such that an average reasonably informed and circumspect consumer of the sort who would use the BNF would see Merck Global as using its marks in relation to identifiable areas and not across the entire spectrum of pharmaceutical substances.
17. But what identifiable areas? Merck US continue to say, “only those referenced by specific therapeutic indications”: the point made (time and again) was that it was not possible “to find any single case in which the cut-down was not a cut-down to a pharmaceutical product with the specified therapeutic indication”. I must take that to be so. But that does not avoid the need to apply the correct principles to the facts of this case: and I remain of the view that the Merck US approach produces a specification that is too narrow and unfair.
18. As the appeal judgment re-affirms, the purpose and intended use of a pharmaceutical product are of particular importance in identifying categories, in which connection regard must be had to therapeutic indication and to the perception of “the average consumer”. Mr Hobbs QC submitted that the Court would take leave of its senses if it were to treat the relevant “average consumer” as one who would act without knowledge of or in disregard of the principles laid down in law for testing the extent of partial revocation, so that the question was in essence a purely legal one: and since

the decisions of the General Court establish a “cutdown” in the specification to the therapeutic indication there was no room for substituting “some generalised popular form of terminology”. It must be beyond controversy that the average consumer must be taken to know the purpose of the description he or she is being invited to consider viz. that there will be absolute protection for the use of the mark for any goods within the description. But I do not think Mr Hobbs QC’s approach captures the subtlety of the test. The perception of “the average consumer” is the tool that helps one decide whether the proven use justifies protection for uses which, although not strictly identical, are not in essence different and belong to a single group that cannot be divided other than in an arbitrary manner. The aim should be (to quote some words of Mr Hobbs QC himself sitting as a Deputy High Court Judge in Daimler AG v Sanly Group [2009] EWHC 1003 (Ch) cited by Arnold J (as he then was) in The BDO Case [2013] EWHC 418 at [57]-[58])

“to arrive at a fair specification by identifying and defining not the particular examples of goods for which there has been genuine use but the particular categories of goods they should realistically be taken to exemplify.”

19. Merck US continued to submit that applying that approach led one to the generalised categories identified by therapeutic indications: Merck Global (if it could not maintain the specification for the entirety of “pharmaceutical preparations and substances”) argued for specifications defined by reference to those 9 BNF categories in which they have at least one product (as set out in a letter dated 9 March 2018).
20. The BNF provides a convenient and recognised scheme of categorisation for pharmaceutical preparations and substances. I adopt it as a framework. The question in each case is whether the “average consumer” (of whom the general practitioner is a typical example, but in relation to whose views I have no specific evidence) would view the product in relation to which Merck Global’s Marks have been used as an exemplification of the BNF category into which it falls having regard to the constitution of that category.
21. The constitution of the relevant BNF category was a matter of controversy. A schedule produced by Merck US listed the BNF category, and then provided a column listing (in a non-exhaustive way) some of the conditions falling within the relevant BNF category. (I call these listed conditions “sub-categories”). The source of this information was not identified on the schedule. Merck Global submitted that I should ignore this information and focus only on the BNF category and upon the question whether Merck Global produced a trade-marked product in the category. If it produced one product in a BNF category, then that should be taken as an exemplification of all therapeutic indications (or sub-categories) within that category. I have found it impossible to work within that constraint and have found it essential to give some thought to the extent and variety of the conditions falling within each broad BNF category i.e. to take into account the material contained on the Defendants’ schedule.
22. I would hold that the following specifications of “Pharmaceutical substances for the treatment of...” are fair: -

- i) “The gastro-intestinal system (other than food allergies, liver disorders, obesity and haemorrhoids)”. This specification more or less aligns with what Merck US in its proposal calls “intestinal disorders”. The excepted indications would not, I think, appear to the average consumer naturally to do so.
- ii) “The cardio-vascular system (other than bleeding disorders, blood clots, and cardiac arrest)”. Here Merck Global offers 4 products within 3 of the 7 sub-categories and I think the average consumer would regard them as exemplifications of the broad category: but bleeding disorders, blood clots and cardiac arrest would, I think, strike the average consumer as distinctively different and not plainly forming part of a coherent group.
- iii) “Asthma and bronchitis”. I do not think that the specification by reference to “the respiratory system” (the next BNF category) sought by Merck Global would be fair. The only therapeutic indication for a Merck Global product is for “asthma and bronchitis” whereas the range of conditions covered by “airways disease” and “allergic conditions” (other sub-categories in the BNF category) is very large and is not covered by any Merck Global product.
- iv) “Depression and alcohol dependence”. Although Merck Global urged a specification by reference to “the central nervous system” (the next BNF category) I do not think that would be fair given the large number of very disparate sub-categories included in this category. Merck Global produces two products with therapeutic indications for depression and one for alcohol dependence. I do not think the average consumer would see them as exemplifications of an entire category including “cerebral palsy”, “pain”, “Parkinson’s disease” and “sciatica”. They and “depression” do not seem to me to form part of a single coherent class.
- v) “Worms (including tapeworm infections)”. Once again Merck Global urged a specification by reference to “infections”: but (as with the preceding class) “amoebic infections”, “bacterial infections”, “fungal infection” and “viral infection” are very extensive sub-categories in which Merck Global has not demonstrated any presence; and I do not think the average consumer would perceive a treatment for tapeworm as having any substantial affinity with them in the sense of being an exemplification of the entire sub-category.
- vi) “The endocrine system”. Here I think Merck Global is certainly right to claim a specification for the whole category (even if its product “Nutrizym” does not address a pancreatic disorder). In its own proposed scheme Merck US acknowledged that a specification that included infertility, endocrine disorders and endometriosis was justified.
- vii) “Cancer and multiple sclerosis”. Here Merck Global sought a specification by reference to the whole BNF category of “malignant disease and immunosuppression”: but I do not think the average consumer would perceive the two sub-categories in which it produces trade-marked products (significant as they themselves undoubtedly are) as exemplifications of an entire category that included “organ rejection” and “gout”.

- viii) “Vitamin deficiency and genetic metabolic disorders”. The BNF category of “Nutrition and blood” covers iron deficiency, porphyria, vitamin C and vitamin D deficiency and phenylketonuria. Merck Global produces pharmaceutical cod liver oil (which addresses vitamin deficiency) and “Kuvan” (for the rare disorder known as phenylketonuria). The average consumer would not think that these two products warranted a description that covered the entire range of nutrition and blood indications. I acknowledge that “genetic metabolic disorders” is not a sub-category identified in the BNF list before me: but I have sought to provide a description of the class of product within which the particular product (“Kuvan”) may fairly be said to fall. (I should note that in its scheme of general categorisation Merck US had treated “Kuvan” as a product addressing endocrine disorders and described it accordingly, but Merck Global said that this was not correct, and it was re-assigned on an amended schedule prepared by the parties during the hearing: it is therefore necessary to identify a description).
- ix) “Joint stiffness and aches”. This is one example falling within the BNF category of “Musculoskeletal and joint diseases”, which general category Merck Global sought as its specification. The average consumer could not, I think, regard that description as “fair” given the great breadth of the word “musculoskeletal” and the huge range of conditions it covers and something more aligned with the therapeutic indication is required.

Infringement

23. The Court of Appeal has remitted for further consideration whether the impugned activities of Merck US constituted use in the UK in the course of trade in relation to any relevant goods or services. The context in which this issue has been remitted is as follows.
24. Merck US operated a suite of global websites (some with UK specific content) to support and promote its business. These included “merck.com”, “merckformothers.com”, “merckresponsibility.com”, “merckmanuals.com”, “merck-animal-health.com”, “msd-animal-health.com”, “msd-uk.com” and “msd-animal-health.co.uk”. It also undertook social media activities (some with UK specific content) accessible from those websites, which media activities quite deliberately did not take advantage of available country specific limitations that would have restricted access from the UK. The websites and social media were “targeted” (in the relevant sense) at the UK. In the websites and on social media the word “Merck” is constantly deployed. Some detail is given in paragraphs [58] to [70] of the appeal judgment. These are findings made at trial that withstood challenge on appeal.
25. Merck Global also made complaint of the use by Merck US of Merck Global’s Marks in conferences and at Advisory Board meetings of Merck US in the UK, in press releases distributed in the UK, in agency briefs distributed in the UK and in emails sent to the UK.
26. The issues that fall to be determined are difficult and turn on matters both of detail and of broad context. It was no doubt because this was well understood (both as a matter of legal theory and as a matter of bitter experience) that as between the principal actors clause 7 of the 1970 Agreement was negotiated to cover the position:

that clause, construed in context and according to German law, contained an acceptance by Merck US that (in relation to the UK, amongst other places) it would not use the word “Merck” as a trade mark nor would it use the word “Merck” alone as a contraction of its corporate name or as a trade or business name when furthering or promoting its business.

27. It is not in dispute that the only use of which Merck Global can complain *by way of trade mark infringement* is use by Merck US of the sign “Merck” in the UK in the course of trade in relation to goods or services. Nor (in these proceedings) is it in dispute that Merck US has never sold or supplied goods or services in the UK under or by reference to the sign MERCK. Goods or services are sold or supplied by MSD. The use of which complaint is made is of the use by MSD and by Merck US of MERCK in promotional and informational material and in the course of general commercial activities.
28. The question that has been remitted for reconsideration is whether that use on the websites (and such other use as may be proved in relation to the off-line material) constitutes “use in the course of trade”. As to that the appeal judgment reinforced two points (at [171]- [172]): -

“First, the expression “using in the course of trade any sign.... in relation to” goods or services in EU trade mark law means use for the purpose of distinguishing those goods or services from those of other suppliers.... Secondly, and equally importantly, the expression also means use such as to create the impression that there is a material link in the course of trade between the goods or services concerned and the undertaking from which those goods or services originate...”.

The focus in this case is upon the second of those meanings. Even if a sign is not affixed to goods or services that are marketed there is use “in relation to” goods or services if that sign is used in such a way as to establish in the mind of the average consumer a link between the sign constituting the company or trade name and the products or services provided by the third party. (I have summarised part of the passage from Celine Case C-17/06 quoted by Kitchin LJ immediately after the two points cited above). Just to dwell on the point a little: what has to be established here is a link between (a) the sign constituting the company or business name of the defendant and (b) the goods or services marketed by the defendant: and if that link is established then there is not simply “use” of the mark but “use in the course of trade in relation to goods or services”. The sign is not just the name of the business undertaking the supply but is also an indicator of origin of the goods or services supplied.

29. Thus, the unauthorised use by a third party of a sign which is identical to the registered mark in relation to goods or services which are identical to those for which the mark is registered must still be shown to affect the essential function of the registered mark, i.e. of guaranteeing to consumers or end users the origin of the goods or services. But

“...where the sign is used by the third party in relation to 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...the use of the sign is liable to imperil the essential function of the mark, since, for the trade mark to be able to fulfil its essential role in the system of undistorted competition which the EC Treaty seeks to establish and maintain, it must offer a guarantee that all goods or services bearing it have been manufactured or supplied under the control of a single undertaking which is responsible for their quality..."

(The quotation is from Celine at [27]).

30. Merck Global's core submission was that the use of the sign MERCK on the websites, in social media and in off-line presentations, conferences and advisory board meeting was intended to link the sign MERCK to the goods and services of *Merck US* (and thereby to imperil its function as a mark denoting in the UK Merck Global as the origin of such goods and services): and as such that use constituted an infringement. In the evidence this concern was encapsulated in a passage in the evidence of Jonas Koelle;

"...there is a concern held within [Merck Global] ...that [Merck US's] activities are diluting [Merck Global's] identity in territories reserved to it under the 1970 Agreement, including the UK. We have the sense that [Merck Global's] hold on the MERCK brand in those territories is being weakened by MSD's activities, especially in the on-line context".

31. Counsel for Merck Global submitted: -

"What my Lord should be focusing on is: does the use of the trade name "Merck" in the context that we have here, the interrelated websites, for instance, in relation to a pharmaceutical business offering a large range of pharmaceuticals in the United Kingdom, related services such as scientific research or the provision of medical information or health initiatives, such as "Merck for mothers" activity, does all of that link the name Merck with their goods and services?.....Does that kind of activity adversely affect the ability of my client's mark to act as an exclusive indicator of origin for its pharmaceuticals and related services?"

32. Mr Hobbs QC submitted that the focus lay elsewhere. He submitted that the establishment of "link" was but just one part of a composite process and that in the present case the key issue was not the nature of the link but whether there was use in the course of trade in the UK. As Kitchin LJ had put it in paragraph [275] of the appeal judgment: -

"The question must always be whether the activity complained of constituted *use of the offending sign in the UK* and in such a way that consumers were liable to interpret it as designating the origin of the goods or services in question." (Emphasis supplied).

The argument of Merck US was that *it* never had any trade here, no customers buying goods and no services being consumed: and so its use of the MERCK mark in the specific context and manner in which it had actually been used was not capable of being “use in the course of trade in relation to goods or services in the UK” because if you do not have goods hypothecated for marketing within the UK you do not have “use in the course of trade” for the purposes of the composite test. For this proposition Mr Hobbs QC took me to Blomqvist v Rolex (Case C-115/02), Rioglass (Case C-98/13), Class International (Case C-405/03), L’Oreal (Case C-324/09) and Philips v Nokia (Case C-446/09). As he put it: -

“Each of these cases has made it clear that where you do not have use in commerce in the UK in that way, that is goods hypothecated for marketing within this territory, you do not have use in the course of trade in the United Kingdom for the purposes of the composite test. You simply do not have it.”

33. These cases concerned goods imported into the EU, goods in transit through the EU and offers for sale of trade-marked products located in a third state targeted at consumers in the EU; and it is unsurprising that the resolution of the questions raised should turn on whether there were goods hypothecated for marketing within the EU.
34. But I do not think that it follows that the hypothecation of goods by the user of the sign is an integral part of the “use in the course of trade” element of the composite test. Were that the rule the Court of Appeal would not have remitted the infringement issue for reconsideration. It would simply have allowed the appeal of Merck US on the ground (i) that hypothecation of goods was a necessary component of “use in the course of trade in the UK” and (ii) that it was common ground that Merck US had not sold or offered for sale its products under the sign MERCK in the UK. In remitting the issue the Court of Appeal was, in my judgment, leaving open the possibility that “use in the course of trade in the UK” was not confined to situations where Merck US or MSD was selling or offering for sale hypothecated goods bearing the MERCK mark, but also covered situations in which they were indulging in some other material and relevant commercial activity with a view to gain (what was called in Philips v Nokia Case C-446/09 at [57] “a commercial act directed at European Union consumers”). Such an approach would be consistent with the Court’s upholding (at [197] of the appeal judgment) of my finding that the Merck US websites and social media activities of which complaint was made were “targeted” at users in the UK (implicit in which is an acceptance that Merck US envisaged “doing business” in the UK).
35. An example that I put to Mr Hobbs QC in argument was this. Suppose all goods were sold under the MSD name, but there is packaging or advertising that says, “MSD made by Merck”. Mr Hobbs QC acknowledged that that would be a classic trade mark use. Now suppose that the goods are sold under the MSD name but MSD and Merck US are anxious (not by labelling on the box, but by other means) to establish in the mind of the relevant consumer that MSD goods are made by or under the control of “Merck.” Would that constitute use in the course of trade in the UK? In principle I think it is capable of doing so. It might be that MSD and Merck US decide upon a business model that has the consequence that MSD (which has the vendable products or services) is associated at every opportunity with “MERCK” so that a link is formed in the mind of the average consumer between MSD and the business carried on by

Merck US under the MERCK mark as the originator of those products: and that might have the effect of undermining the function of the MERCK mark in the UK as denoting Merck Global alone as the originator of such products or services bearing that mark.

36. Mr Hobbs QC submitted that such narrative communication of ideas and information was simply an exercise of freedom of commercial expression. Of course, such freedom must in general be respected. But the question here is whether such commercial expression is being deployed in the context of products and services being provided by Merck US/MSD and in a manner where such deployment has an effect upon Merck Global's Marks.
37. Each side selected 16 samples in relation to which the remitted issues concerning use in the course of trade in relation to relevant goods and services were to be determined, including webpages where the word "Merck" appeared multiple times. Merck Global acknowledged that each usage had to be considered separately by reference to the question whether it was use in the course of trade in relation to goods or services. But to assist in that process it applied four labels to "signpost" types of use of which it complained. These labels had no foundation in the authorities and simply denoted the arguments that could be advanced in relation to each usage. The categories were: -
- i) "Direct Use": the thrust of the case advanced was that the sign MERCK was used directly in relation to specific products or services;
 - ii) "Closely Linked Use": the thrust of the case is that a relevant link arises because the use is closely linked to specific products or services;
 - iii) "Linked Activity Use": the thrust of the case is that a relevant link arises because the use is in the context of the kind of thing that Merck US would like to be known for such as the promotion of health or well-being or trustworthiness;
 - iv) "Linked Business Use": the thrust of the case is that a relevant link arises because whilst the word "Merck" identifies an entity operating a business, the context is use in a suite of integrated web sites the object of which is the promotion of a pharmaceutical business offering products and services.
38. This process resulted in identifying a very high proportion of the use of the word "Merck" by Merck US in the contentious material as an infringement of Merck Global's Marks. Mr Hobbs QC submitted that this "sheer molecularity" made the case unwieldy and unmanageable: and it most certainly makes it very difficult.
39. The question of the existence of a relevant "link" and whether it arises in relation to goods or services in the course of trade must, of course, be assessed by reference to the impression created in the mind of the reasonably informed, reasonably observant and circumspect consumer. Mr Hobbs QC characterised such a consumer as principally a healthcare professional, patient or care giver. I consider this characterisation is broadly correct (provided that "healthcare professional" is not confined to those undertaking the prescribing function but includes regulators and health policymakers). In fact, "Patients and Caregivers" and "Healthcare

professionals” are amongst the groups of people directly addressed by the “merck.com” homepage.

40. Such a person would not, I think, consider each phrase and each sentence on a webpage and seek to analyse what role the word “MERCK” played in it on a standalone basis. Rather the unit of consideration is likely to be the page as a whole (or a material section of the page), and the process of consideration is likely to include such matters as all uses of the word “Merck” in that context (including the route to the page).
41. The first selected sample was a screenshot of a page reached via the “merck.com” domain name by clicking on a tab labelled “Products”. It deals with the development of breakthrough biomedical innovations to extend and improve the lives of people with cancer. It lists pharmaceutical preparations sold in the UK by MSD (but not through this website) under trade-marked names, giving prescribing information, patient product information and so forth for each. The page bears the “MERCK Be Well” logo, affords access both to “Merck Oncology Clinical Trials” and “Merck’s Investigational Medicines Access Policy”; it also explains that the trade-marked names were “owned, licensed to, promoted or distributed by Merck”.
42. The relevant reasonable consumer faced with this page would consider that these oncology products and the associated service activities (the product information and the conduct and dissemination of information about clinical trials) were all linked with “Merck” as their originator and were so linked in the clear commercial context of promoting confidence in the thoroughness with which the specified products had been developed and made available. This is so even though vendable products would only be supplied under the product sub-brand and the MSD name and could not be ordered from the website. Merck Global’s Marks include the registration of the “MERCK” mark for oncological pharmaceutical preparations and for the planning and evaluating of medical and pharmaceutical studies and the drawing up of pharmaceutical reports and information. In the light of this Merck Global submitted (and I accept) that all uses on this page were Direct Use of the “MERCK” mark - save for the appearance of “Merck” (i) in the search bar and (ii) in the declaration of ownership of the trade marks on the products. But in the context of the page as a whole these references to the entity Merck reinforce the link between the products and the sign MERCK and would not be discretely analysed by the relevant reader: in context they are what Merck Global calls “dual use”.
43. The second sample is another screen shot of a page (and a linked page) accessed through the “merck.com” website: it is about the role of “Merck Clinical Trials” in developing new drugs. The specified trials include trials relating to asthma, cancer, and hypercholesterolemia. The page identifies enrolling locations in the UK for the trials. The sign “MERCK” is prominent on both pages. The sign is not to be considered stripped of its context. The reasonable reader of the pages would regard the sign “MERCK” as plainly being used in a trade-mark sense (as designating the origin of the research being undertaken and the new drugs being developed): the entity known by the sign “MERCK” is undertaking research in the UK into, and is developing new drugs for, asthma, cancer and high cholesterol. The use of the Merck US sign is in relation to goods or services in the course of trade because the whole object of the page is to promote confidence in the products currently associated with the Merck US sign: were that not so, and were the pages simply designed to inform

the world of the current work of Merck & Co Inc and of Merck Sharp and Dohme Corp and their subsidiaries then the MERCK sign would not have appeared and it would have been clear to the reasonable reader that the word “Merck” was simply identifying an entity that was soliciting help for its clinical trial programme. When making the assessment that the function of including the “MERCK” sign was to promote confidence in the products associated with that sign I have not lost sight of the fact that it is common ground that MERCK US does not offer for sale in the UK products bearing the “Merck” label. My view is that these pages are part of a suite of sites one function of which is to associate in the mind of the reasonable consumer (i) goods sold and services provided by MSD in the UK with (ii) the “MERCK” sign.

44. I have more difficulty with the simple use of the word “Merck” in the rubric “Merck Clinical Trials” and in the sentence “Learn more about Merck’s policies...”. These are references to an entity called Merck which undertakes an activity: but they do serve to reinforce the link between the products under trial and the sign MERCK and would not be discretely analysed by the relevant reader. On balance I think that in context both are examples of what Merck Global calls “dual use” both as an entity/business name and as a designation of origin for the clinical trials.
45. Merck Global’s Marks include the registration of the MERCK mark for scientific research and for the planning, performing and evaluation of pharmaceutical studies and for pharmaceutical substances for the treatment of asthma, cancer and cardiovascular conditions. The use by Merck US of its MERCK sign affects the function of the MERCK mark as denoting in the UK Merck Global as the origin of such services and goods i.e. to the trials, to the development of new drugs and to the specific products listed on the linked page. The reasonable user would be able only with difficulty to ascertain whether the research, evaluation and developed product originate from Merck Global (or some economically linked undertaking) or from a third party like Merck US. It is in my judgment infringing.
46. I would also apply this analysis to the seventh and eighth samples, which deal with the impact of cancer but contain prominent examples of the “MERCK” logo or the “MERCK Be Well” strapline. Each of the selected pages displays the Merck US logo in the “MERCK Be Well” strapline (sample seven) or with the “MERCK” word mark (sample eight). “MERCK” there is being used in a trade mark sense because it is denoting the originator of the activities and matters referred to on the page (from which access can be gained to other pages). That is the whole point of the “MERCK Be Well” strapline: as Ms Ambrose said in evidence, it communicates the “brand idea” for Merck US to lead the world forward in healthcare. It is used in relation to trade because its use is designed to associate in the mind of the reasonable consumer (i) goods sold and services provided by MSD in the UK with (ii) the “MERCK” sign and to promote that business by establishing appealing “brand values”: and objectively it has that effect.
47. The third sample consists of 3 screenshots from the “merck.com” website. They are part of a group of screenshots which at trial I considered to be non-infringing (against which finding there was no appeal). I did so because (in the absence of detailed submissions) I considered that there was a sufficient number of prominent occasions upon which the word “Merck” was plainly describing an entity which announced financial results or promoted a share buy-back programme or was active in deal-making that the hypothetical reasonable user of the site would tend to regard that

usage as establishing a context. I thought Mr Hobbs QC was right to submit that viewed as a page (i.e. as an individual unit of consideration) the “Terms of Use” are not themselves infringing. Of themselves they do not demonstrate use in commerce in relation to any goods or services in the UK.

48. Were I to revisit that unappealed finding (which I do not think I am entitled to do) I would, in the light of the detailed submissions now made, have been inclined to alter that view, and to give greater weight to the “MERCK Be Well” strapline reinforced by other references on the page such as: -
- a) “Merck for mothers. Committed to saving lives. Because no woman should die giving life”;
 - b) “At Merck we believe nobody should go without access to medicine...Learn more at merckhelps.com” (a reference to the Merck US trade-marked sign “Merck Helps”, as the first entry under “Patients and Caregivers” on the homepage makes clear);
 - c) “At Merck corporate responsibility is our daily commitment.... MerckResponsibility.com”;
 - d) “Merck is committed to discovering smart sustainable ways to expand global access to healthcare”.

I can see that in context these can be taken as examples of reference both to an entity (and the business carried on by that entity) and to that entity or business as the origin of products or services accessed through authorised distributors or the subject of clinical trials referred to on the page. They do not make direct reference to specific MSD products or services (although there is a direct reference to a pharmaceutical product in the report of the FOSAMAX US Federal Bellwether trial): but they are undoubtedly directed at the promotion of the products and services of a business carried out under the sign “Merck” which is associated with MSD. That would affect the function in the UK of Merck Global’s Marks.

49. When I circulated this judgment in draft for the identification of typographical errors or errata Merck Global asked me to change paragraphs [47] and [48] and to hold that the third sample was infringing. But I do not wish to do so. I should explain why.
50. At trial I had recognised that there was not a clear-cut distinction between entity (or trade-name) use of the sign “MERCK” and trade-mark use of the sign “MERCK”: see paragraph [167] of the trial judgment. I applied that approach in identifying some instances of non-infringement. Merck Global did not appeal those holdings of non-infringement. The Court of Appeal noted (for example at paragraphs [280] and [282] of the appeal judgement) the absence of any appeal. Instead, Merck Global argued on appeal that there may be occasions on which an entity name or a trade name (such as “merck.com” as a domain name or as part of an e-mail address) is used as a trade mark: a proposition that the Court of Appeal accepted “when stated at that level of generality”. At the hearing of the remitted matters Mr Hobbs QC took the point that the samples included matters which I had held to be non-infringing and against which there had been no appeal. Counsel for Merck US went on to argue that any findings of infringement to be made at the hearing of the remitted matters had to be consistent

with the unappealed findings of non-infringement. In my judgment that extra step pushed the point too far: my task was to re-assess the infringements I had found but in respect of which the Court had allowed the appeal of Merck US, and (so far as necessary) the non-infringements I had found in relation to “merck.com”. But I thought the point about not re-assessing unappealed findings of non-infringement was a fair one: which is why paragraph [48] takes the form it does.

51. The fourth screenshot is of a webpage accessed through the merck.com website and dealing with Merck Vaccines (and drawing attention to a website called “MerckVaccines.com”, a trade mark of Merck US, through which US customers can purchase products). Although at trial I considered this a strong example of direct infringement, having reviewed the partial revocation arguments and reached the conclusion the Merck Global cannot maintain a registration for all “pharmaceutical substances and preparations” it now seems to me that Merck Global does not have a registered specification which includes “vaccines”. It produced no products in the BNF category “Immunological products and vaccines” and the effect of the partial revocation ordered excludes that category from protection under s.10(1) TMA. In my judgment the usage does however fall within s.10(2) TMA. It is use of an identical mark in relation to a similar product, and there is a likelihood of confusion (or association) with Merck Global’s Marks. It was the recognition of this commercial reality that lay behind the contractual arrangements into which Merck Global and Merck US entered.
52. The fifth tab is a screenshot of a page on the merck.com website relating to access to investigational medicines; its focus is Merck US’s Expanded Access Program (“EAP”). The latest EAP only applies to territories outside the US. The page makes general reference to Merck US’s clinical trials (access to which is gained from the page) and specific reference to this treatment for advanced melanoma (which is also the subject of a separate link). It bears the “MERCK Be Well” strapline, is signed by “Chief Medical Officer, Merck”, and contains references to “Merck” as the originator of medicines and of specific products.
53. Merck US submit that this page is simply the provision of information and is not use in commerce in relation to any goods or services in the UK. But in my view the relevant reasonable consumer navigating to this page would consider that the advanced melanoma product and the associated EAP (together with other EAP instances) were linked with “Merck” as their originator and were so linked in the clear commercial context of promoting confidence in the thoroughness with which the described products had been developed and were to be made available. This is so even though there are no vendable products available for purchase from this page. Merck Global’s Marks include the registration of the “MERCK” mark for oncological pharmaceutical preparations and for the planning and evaluating of medical and pharmaceutical studies and the drawing up of pharmaceutical reports and information. In the light of this Merck Global submitted (and I accept) that the possessive “Merck’s” in phrases such as “Merck’s clinical trials” or “Merck’s expanded access program” or “Merck’s anti-PD-1 antibody” indicate the origin of the product or service and are directed at the promotion of the products and services of a business carried out under the sign “Merck” which is associated with MSD. This affects the function of the MERCK mark in the UK as designating Merck Global as the origin of products and services bearing that mark.

54. The sixth sample is accessed via a tab labelled “Health Tips and Resources” which explains that from developing new therapies that treat and prevent disease to helping people in need “Merck” are guided by a rich legacy and a shared vision. Under the “MERCK Be Well” strapline there is displayed material about the “Merck Manual”. There is a physical publication of longstanding bearing this name: Merck Global do not object to the use of this title in relation to physical hard copies of the publication. The precise ground of non-objection is not clear. Merck Global *does* object to the use of this name on electronic copies of the manual. The guide is provided as a service to the community to enable consumers to assess when to worry and when to wait: it is part of the effort to bring out the best in medicine and scientific research. Would a reasonable consumer regard that use as in the course of trade in relation to goods? I did not find it necessary to adjudicate upon this in my judgment after trial because the evidence of Mr DeFerrari on behalf of Merck US was that the use was about to terminate and to be replaced by a global “MSDManuals” site (which I considered “a wise move”). But the issue is again presented for consideration: Merck Global say it is use of the sign “MERCK” directly in relation to products or services and is also closely linked use because it is intended to reinforce a link with pharmaceuticals. I agree.
55. This is use as a trade mark because it draws upon the “MERCK Be Well” strapline which is the headline. The business that uses the sign “MERCK” is the origin of the Manual. The sign is used in relation to goods or services because the usages are linked with “Merck” as the originator of the new therapies and are so linked in the clear commercial context of promoting confidence in the thoroughness with which the new therapies have been developed and are deployed. It is right that no specific products are identified and that no vendable products may be purchased from this page: the impact of the page on the reasonable user (who has undertaken a journey to this page and is invited to travel on to look at “The Impact of Cancer” - see [44] above) is that it promotes confidence in the products associated with the “MERCK” mark. But in the UK the “MERCK” mark designates Merck Global as the originator of new therapies in the specified areas for which its mark is registered, and Merck US’s promotion of its own mark generally in relation to new therapies affects the function of Merck Global’s mark.
56. Merck Global also complain of infringements in the use of “MERCK” as an identifier of the subject of “Our History” and of the maker of an announcement about an appointment of an Executive Vice-President. I do not regard these as infringing uses: they are pure “entity use” as would be appreciated by a reasonable consumer, even one who had absorbed other trade mark use on the journey to this page and on this page itself.
57. I would assess the ninth example (which gives news about the publication of the “Merck Manual” in downloadable form) in the same way as [55] above. Here the “MERCK Be Well” is replaced by the sign “MERCK” but it is still plainly used as a trademark (designating origin) as in its fuller form on other pages. The online “Merck Manual” is again using “Merck” as the origin of the Manual. Although it is in itself a “not-for-profit” service, it is used in the course of commercial activity promoting the products that are sold by Merck US /MSD in the UK referred to elsewhere in the suite of websites (although not specifically identified on this page): so, it is used in

commerce in relation to goods or services in the UK. That is the way the reasonable user of the page would see matters.

58. The connection between Merck US and MSD is explicitly made. Merck Global complains that in the phrase “Merck (NYSE:MRK) known as MSD outside the United States and Canada” and in the phrase “Merck is known as MSD outside the United States and Canada” the word “Merck” is also being used in a trade mark sense. The word is there describing an entity: the question is whether it is an example of “dual use”. In the particular context of this page I do not think that the reasonable user would so view it, notwithstanding the journey he or she has made to reach that page. Unlike the first sample, early prominence is given to the expression “Merck (NYSE:MRK)” which is plainly a reference to an entity: this early reference remains uncoloured by the subsequent references to “Merck Manual” (where user is as an indicator of origin and picks up the “Merck” strapline).
59. The tenth sample is a page providing information on the global giving work of “Merck for Mothers”. The website address is “merckformothers”. It has a headline “**MERCK** for mothers: committed to saving lives”. It has the “**MERCK** Be Well” strapline. It gives details of the corporate grant programmes provided through Merck’s country offices (including that provided through MSD’s UK office to the British Pregnancy Advisory Service for research into barriers for the scheduling of antenatal appointments). Merck Global argues that this is direct use of the Merck mark in relation to the sponsoring of research and the provision of grants (both of which fall within the Class 42 specification of Merck Global’s Marks) which adversely affect the ability of those marks to act as an exclusive indicator of origin for those services. Merck US submits that the intention of this page is to provide information to US audiences about the full scope of its grant giving programme: but notwithstanding this it has now created a new “msdformothers” website.
60. The question is not how the site would be viewed through the eyes of its creators but how it would be assessed by a reasonable user of the site. Such a user would identify “Merck” as the origin of the grant making and research sponsoring activities recounted and would understand (from the “**MERCK** Be Well” strapline) that although the activities described are not themselves directly linked to the sale of vendable products or services in the UK they have the effect of promoting such products and services. Such a user would know that if Merck US was simply concerned to do good, it would do so. The user would appreciate that the fact that Merck US trumpets to a world-wide audience (including a UK audience) that it does so using the “**MERCK**” sign demonstrates that it gets something in return. That “something” is a favourable view of the products it sells and the service it provides. It is promoting its products and services. It is perfectly entitled to do so: but not by using the “**MERCK**” mark in the UK.
61. The same is true of the eleventh example (the homepage of “Merck for mothers” and the page explaining “Who we are”). The second page makes specific reference to Merck US’s research into new ways to treat and prevent cancer, cardiovascular disease and asthma (all within Merck Global’s specification for Merck Global’s Marks in the UK). Merck Global submits (and I agree) that this is direct use of the **MERCK** mark in relation to products or services where Merck Global has the exclusive right to use the mark in the UK in relation thereto.

62. The twelfth example relates to a webpage for “merckresponsibility.com” relating specifically to vaccines and to work with the Zambian government (and, less prominently, four other countries in Africa). This is a good example of use of the “MERCK Be Well” mark in relation to vaccines. However, as with the fourth example I no longer consider that Merck Global can maintain a specification that includes vaccines: this means that s.10(1) does not avail Merck Global. But I again consider that the use constitutes infringement under s. 10(2): the marks are identical, the products or services similar, and the likelihood of confusion readily apparent.
63. The thirteenth example relates to a “merckresponsibility.com” webpage bearing the “MERCK Be Well” strapline and dealing with resources for healthcare professionals. It describes an online medical information resource from “Merck/MSD” called “Univadis/Merck Medicus”. “Univadis” is being used as a mark of origin, and “Merck Medicus” performs the same function, aligning with the use of “MERCK Be Well” as an indicator of origin (identified as “Merck/MSD”, a designation that even Merck US regards as inappropriate according to its internal brand guidelines). On this page the reasonable user would appreciate that “Merck” is being used in a trade mark sense (as a designation of origin) and is being so used directly in relation to a service (the provision of high quality trusted medical information and accredited education courses). It is not a commercial service in the sense that a charge is paid by users. But enhancing the corporate responsibility profile of a pharmaceutical company is at bottom the promotion of the products it sells, the services it provides and the overall success of the company.
64. Merck US led evidence that this webpage was simply a report chronicling commitment to corporate responsibility which, to be approved by US regulatory authorities had to be “non-promotional” and was not meant to refer to products or promotional activities. That may well be the intention. But I have to evaluate not the intention of the creators of the site but the impact of the site material upon the reasonable user of the site: and that is the assessment I have set out above.
65. The fourteenth example is subject to the same analysis. It is a message from the CEO about Merck’s social responsibility. It displays the “MERCK Be Well” strapline (surely a promotional tool) and identifies Merck as the developer and provider of products and services (including investigational drugs for cancer and hepatitis). In the context of the page as a whole phrases such as “At Merck, corporate responsibility is at the heart of the company’s mission” would be seen by the reasonable user to refer to the entity but also to the business carried out under the sign “MERCK” which is the originator of the drugs to which the page refers. In so doing it interferes with the function of Merck Global’s Marks in the UK.
66. I analyse the fifteenth and sixteenth examples in the same way. Both are pages on the “merckresponsibility.com” website and both have the “MERCK Be Well” strapline. The former refers to “Merck Medical Outreach” and “Merck Animal Health”, the latter to Merck’s Research and Development programme addressing medical needs through innovative methods and to investigational drugs in (amongst other fields) oncology. Each would be seen by the reasonable user as identifying the originator of these programmes and products. But Merck Global’s Marks give Merck Global that exclusive right in the UK.

67. The seventeenth and eighteenth samples may be taken together because they refer extensively to the Merck Manuals. As I have noted, Merck Global makes no complaint of the continued long-established use of the title for printed material, but it does object to the recent publication of the Manuals and their contents electronically via Facebook, Twitter and mobile app. The registration of Merck Global's Marks under Class 42 gives it the right to use the "MERCK" mark in the UK in the provision of information and counselling in healthcare and the publication of guides. I apply the same analysis to this example as is set out in paragraph [55] above.
68. Samples nineteen and twenty may be taken together. Sample twenty is the homepage for "merck-animal-health.com". It and the selected page accessed through it have a "MERCK Animal Health" strapline at the top. There are references to "Merck Animal Health" throughout. The homepage makes reference to the online "Merck Manual for Pet Health" and to the "Merck Veterinary Manual" app. The homepage tells the reader that Merck Animal Health offers the widest range of veterinary pharmaceuticals and health management solutions, and the selected page lists a number of key products. "Merck Animal Health" is not an entity. It is the trading name of a business unit whose function is to identify the origin of the products and services referred to. It is trade mark use. Although it is not possible to purchase any of the goods and services through the web site itself (so that they are not offered through this page) the use is in relation to goods and services because both the object and the effect of the homepage and the selected page is to associate the products and services mentioned with the "MERCK" sign and thereby to promote the business of the Animal Health business unit. That is the impact the material would have on the reasonable user of the site. This affects the function of Merck Global's Marks in relation to healthcare information.
69. I note that at the hearing of the remitted matters I was informed that this homepage no longer existed and that the site was now designated MSD Animal Health and used "Merck" only in permitted ways. That may have a bearing upon questions of relief: but it does not assist with infringement issues.
70. Samples twenty-one and twenty-three may be taken together. The last is the msd-uk.com homepage with links to the merck.com global site, to "Merck Newsroom" and to Merck Manuals. The homepage explains that the company is known as Merck in the US and Canada, but that everywhere else it was known as MSD. One selected page (sample 21) contains contact details for UK-based functions, all with "merck.com" addresses. The other selected page (sample 22) informs healthcare professionals that
- "Of Merck's most popular medicines eight have been discovered and 18 are manufactured by MSD in the UK."
71. At trial I did not consider that the clip of pages (of which the homepage and sample 21 formed part) were in context infringing. There was no appeal against that finding. It seemed to me that a reasonable user, landing on the homepage and working through to the other pages (all of which are "branded" "MSD Be Well"), but otherwise stopping there, would see them as promoting the business of MSD and be inclined to view the references to "Merck" to be references to an entity ("the company is known as Merck", "Merck employees", "Merck Research Laboratories", "Merck groups", "Merck Manufacturing Division") rather than trade mark use. The pages are

essentially about MSD not (save for the tab affording access to the “Merck Manuals”) about Merck as the origin of products or services. I do not feel at liberty to revisit this conclusion.

72. At trial I considered sample 22 was infringing. It is the reference to “Merck’s most popular medicines” that causes the trouble. It goes beyond a mere reference to an entity and points to Merck US as the origin of medicines (including in key therapeutic areas such as cardiovascular disease, respiratory disease and oncology which fall within the specification of Merck Global’s Marks). That is trade mark use, and use in relations to products (which although not named are described). As such it would affect the function of Merck Global’s Marks in the UK in identifying Merck Global as the origin of such products. That assessment was made treating sample 22 as a “standalone page”. In all the welter of material I do not think that I had appreciated that 1E/56 was really part of 1A (1)/25. But even allowing for that different context I stand by the assessment made at trial.
73. Evidence produced at the hearing of the remitted matters indicates that changes have been made so that the site now links (save in respect of some financial information) to MSD branded websites (including “msdmanuals.com”).
74. With sample twenty-four we turn to social media and to a screenshot from Facebook. This shows the Merck US logo alongside the heading “**Merck** Health/Medical/Pharmaceuticals” on a page accessed via a “MerckBeWell” tab. Although the page states that it is intended for use by residents of US and Canada, because of the choice of Merck US not to implement location settings, it is accessible globally and deals with Merck US’s commitment to improving health and well-being around the world. Counsel for Merck Global submits that the heading is a straightforward case of direct use in relation to pharmaceuticals (and indeed that that is the whole rationale of the pages). He draws attention to the focus on investigational medicines and the emphasis on Merck US’s “working hard to develop our medicines safely” as indicating the desire to establish in the mind of the reader that business of Merck US is the origin of products and service offered under the “MERCK” mark. By way of contrast Counsel for Merck US submits that this is a paradigm example of the communication of information and ideas of the kind protected by rights securing freedom of expression. I do not think that considering the generalities of “freedom of expression” helps. Trade mark law restricts free expression in relation to registered signs in order to preserve their exclusivity. The question is: does the Facebook page deploy “Merck” in the UK in a trade-mark way and in relation to goods or services?
75. In my judgment it does *not* when it refers to “Merck’s strong capabilities” or to Mr Frazier being the Chairman and CEO of Merck or to Merck being based in Whitehouse Station, New Jersey: but it does when it puts the Merck logo alongside “**Merck** Health/Medicals/Pharmaceuticals” or refers to “Merck for Mothers” or says that “we” (i.e. “**Merck** Health/Medicals/Pharmaceuticals”) work hard to develop our medicines. The reasonable consumer would take those to be references not simply to a corporate entity but also to a “brand” i.e. a business which is the origin of products and services: and even though those products and services cannot be purchased from the Facebook page itself, the page explains that the medicines, vaccines, biologic therapies and consumer care and animal health products are available in 140 countries. “Merck” is being used as a sign in the UK in relation to goods and services. It is fair to note that in a side-bar the information is conveyed that “Merck is known as

MSD outside the United States and Canada”: but this serves only to communicate the message to all users who read it that MSD *is* Merck (which affects the function of Merck Global’s Marks in the UK whose exclusivity is thereby compromised).

76. Sample twenty-five consists of pages from YouTube displaying a number of icons for videos about various medical conditions, with all the videos described as being “by Merck”. The Merck US logo appears on its own, as part of the merck.com address and as part of a “Merck” sign. The content of the YouTube videos is not in evidence: but Counsel for Merck Global submitted that it was the provision of healthcare information or the diffusion of scientific research and that the repeated use of “merck” was direct use in the UK of Merck Global’s Marks. As to this, Counsel for Merck US (Mr Hobbs QC) submitted that it was not possible to assess this page without doing what he called “the iceberg exercise”, that is to say, looking not at the sample pages themselves, but treating the pages as the tip of an iceberg and actually making a judgment based upon what is “below the waterline”. In this I think Mr Hobbs QC was right. The pages have to be looked at as they present themselves to the eye of the reasonably well informed and reasonably circumspect user (able to set the pages in the context of the journey he or she has undertaken to land on the relevant page). So viewed, I am not convinced that these pages are infringing. Whilst the line is a fine one, unlike the references to Merck Manuals (where one can glean their purpose and content from the descriptions given) icons affording access to cooking videos or individual “stories” seem at one remove from product promotion.
77. Sample twenty-six is a screenshot of a Merck US’s Twitter page showing Merck US’s official Twitter handle (“@Merck”) (which the page states is intended for US residents only) together with multiple uses of the Merck US logo alongside the word “Merck”, and occasional uses of combinations such as “#MerckOncology” or “MerckEngage” “#MaternalMortality” adjacent to the logo/Merck combination. There is one use of the word “Merck” which clearly references an entity (rather than an originator of products and services): it refers to “Today’s agreement for Merck to acquire Cubist” and may be ignored for present purposes. The reasonable consumer would take the other references to be not simply to a corporate entity but also to a “brand” i.e. a business which is the origin of products and services relating (amongst other things) to cancer, clinical research and animal health. This impression, gathered from an accretion of references across the page, is sufficient to establish a link between the sign “Merck” and the goods and services referred to. It does not matter that those goods or services cannot be purchased through this page: the object and effect of the page is to promote Merck US as a provider of them and in so doing to affect the function of the “Merck” mark in the UK as denoting the products and services of Merck Global. I accept Merck Global’s argument that this page infringes.
78. Example twenty-seven contains slides from a conference concerning “Univadis: a service from MSD”. I held that this slide set did not infringe, and there was no appeal from that finding. I do not consider that it is open to me to revisit that conclusion: and in any event, I am still of the view expressed at trial. Complaint is made by Merck Global that the slide set says on the opening slide that it is presented by Shona Davies of “Merck Customer Centricity, Merck & Co Inc”. That is a straightforward identifier. It states by whom the presenter is employed and cannot be characterised as trade mark use. Complaint is also made of the description of the service as an information delivery service from “Merck/MSD”, of disclosure that the service is called “Merck

Medicus” in the USA, of the claim that “Merck” has taken customer service to a new level, and of the claim that Univadis is “Merck’s engagement advantage in the digital environment”. These *are* prima facie “trade mark” uses. But they have to be seen in the context (i) that the pages on which they appear are plainly marked “a service from MSD” and (ii) that there was evidence that at the presentation at which they were used the audience was told that the service was provided by MSD. If the reasonable consumer’s unit of consideration was the slide presentation as a whole, I was not and (on a finer balance) am not persuaded that she or he would have picked up any trade mark use.

79. Sample twenty-eight was a confidential presentation to the UK Hepatitis C National Advisory Board consisting of 12 healthcare professionals/educators. For the most part it bears the sign “MSD Virology”: but one stack of slides (relating to a 30 minute “slot”) bears the Merck US logo and the sign “MERCK”. This part of the presentation was by employees of Merck US and was actually undertaken from the USA via WebEx. It gave very detailed information about clinical trials concerning three formulations. I made no specific finding at the trial on this item. Being invited now to do so I do not consider that it amounts to infringement. I do not consider that on the evidence adduced it is established that these particular slides were being used in commerce in relation to a product: they were being used to convey technical information to a small audience (in confidence) upon the basis of which advice would be tendered to MSD.
80. Sample twenty-nine is a Press Release relating to a Phase 1 study of a formulation for the treatment of a particular variant of lung cancer. It was provided to MSD Ltd by Merck US and issued by MSD Ltd in largely unaltered form. In consequence it is prominently headed “MERCK” and bears the Merck US logo stating that “Merck” is making the announcement. The “Merck” referred to is “Merck (NYSE: MRK) known as MSD outside the United States...”. There is a paragraph in the Press Release about MSD. The release contains some “boilerplate” dealing with forward-looking statements by “Merck”. I made no specific finding at trial on this item. But being invited to do so now I do not consider that this Press Release infringes. The references to “Merck” would strike the reasonable consumer looking at the document as a whole (and not dwelling upon particular usage) as referring principally to an entity and not to an originator of products or services. The products (prescription medicines, vaccines, biologic therapies, and consumer care and animal products) and services (access to healthcare and so on) are explicitly linked to the name “MSD” not “Merck”. Whilst the impression is undoubtedly conveyed that an entity called “Merck” is associated with the originator of products and services called “MSD” I do not think that overall this press release affects the function of Merck Global’ Marks in the UK. I accept Merck US’s submission that there is here no use of the “Merck” sign in commerce in relation to any goods or services in the UK.
81. Sample thirty is an agency brief issued by MSD Ltd which is marked “Restricted: Confidential: Limited Access”. It bears the MSD logo and sign. Its purpose was to provide information to four consultancies in order that they might bid for a contract to advise MSD how to develop education programmes in relation to two types of cancer and how to develop relationships with NHS stakeholders. It gives the address of the New Products Manager (which is a “merck.com” address). Part of the pack provides information on slides which refer to “Merck’s PD-1” and are endorsed as “Merck”

internal documents. Some slides bear the Merck US logo and “MERCK” sign; some also bear “Merck Oncology” branding. A number of pages record US financial market analysts’ comments on the prospects for one product following its designation as a “breakthrough” therapy by the US Food and Drug Administration, often comparing the prospects with those of the products of rivals (briefly described as “Bristol” or “Roche”). The document is not seeking to promote the business of Merck US: it specifically instructs the recipients to promote the business of MSD. It is not targeted at consumers of products or users of services falling within the specification of Merck Global’s Marks: it is addressed to professional consultants who will help MSD target such consumers. The quotation of financial commentary simply records the analysts’ shorthand rather than itself seeking to identify Merck US as an originator. I agree with Mr Hobbs QC that this is not an “outward facing” document and it does not perform any trade mark function for any consumers in the UK.

82. Sample thirty-one is a chain of e-mails arising out of an enquiry from a doctor about the wisdom of prescribing an MSD product called Ezetrol. The enquiry was made to “Dear MSD” at medicalinformationuk@merck.com. (This e-mail address is not contentious). It was responded to by the pharmacovigilance unit with the address pv.uk@merck.com. The response referred to an apparent adverse event “following exposure to a possible Merck Product”. MSD is referring to a specific product as a “Merck” product (although Merck Global has the exclusive right to do so in the UK). Thereafter the enquirer ceased to address MSD and began addressing her letters “Dear Merck”. Mr Speck QC says that she has now linked the sign “merck” with the product produced by MSD: and this demonstrates how the average consumer has in fact understood who is responsible for the product in question. Mr Hobbs QC says that this is private e-mail correspondence (not outward-facing promotional material) and simply cannot be described as use in the course of trade in relation to this product. But this is direct dealing with a consumer in the marketplace in which an employee or agent of MSD calls its relevant product a “Merck” product; Merck Global has the exclusive right to use that mark in relation to products of that type in the UK. Such conduct is bound to affect the function of Merck Global’s Marks in the UK. The use in that e-mail is in my view infringing use.
83. The last sample is another e-mail chain. The South Korean Embassy wished to improve links between UK and Korean pharmaceutical companies. Its representative sent an e-mail to the External Affairs mailbox at MSD (which had a “merck.com” address). The response suggested that if a relationship was to be formed with “Merck (known as MSD in the UK)” it would be better to contact the US head office. Mr Speck QC submitted that the Korean Embassy was evidently trying to contact Merck Global (known as “Merck” in the UK) but had mistakenly contacted Merck US (known as “MSD” in the UK). Mr Hobbs QC submitted that this exchange was simply the provision of information at a very high level of generality and was not outward facing use in commerce, nor was it related to any identified goods or services. I accept this latter submission and agree that this is not “trade mark” use. The substance of the matter is the identification of the right entity with whom to conduct a conversation. I note in passing that this is one of 245 such examples in the pleaded materials.
84. There is one matter with which I should deal separately. In very many of the samples objection is taken by Merck Global to the use by Merck US of “merck.com” e-mail

addresses. That is something which I have held to be in breach of contract, and a remedy must be fashioned to deal with it. But the complaint must also be considered in the context of infringement. In that context I have already found (as is recorded in paragraph [276] of the appeal judgment) that the use of “merck.com” as an e-mail address is use of the word “Merck” as a trade name and not as a trade mark. On appeal Merck Global established that it would be possible for any given use to be use both as a trade name and as a trade mark.

85. In the selected samples every e-mail address was then identified as a “dual use” case. But I did not receive any detailed argument as why (in each such case) what might ordinarily be regarded as trade name use was in fact trade mark use. It would not, for example, be possible to complain of the use of a “merck.com” e-mail address by a US-based employee of Merck US (as, for example, was done on the Univadis slide set); any more than it would be possible to complain of the appearance of the word “Merck” in a letter sent by or a business card presented by an employee from the US.
86. So I think the potential “dual use” cases must be confined to the use by employees of a business carried on under the MSD trade name of e-mail addresses including “merck.com”, establishing in the minds of those who deal in the course of commercial activities with MSD a link between it and Merck US as the originator of the products or services related to such commercial activities i.e. the creation of an impression that there is a material link in the course of trade between the goods or services concerned and the undertaking from which those goods or services originate. In this context the “merck.com” element of the e-mail address links the disparate MSD products and services (often marketed under sub-brands) with the “Merck” master brand. Examples are “licensingandbusinessdevelopment@merck.com”, “externalaffairsuk@merck.com”, “medicalinformationuk@merck.com” and “customerservicemsduk@merck.com”.
87. I am therefore satisfied that there are infringements of Merck Global’s Marks (as well as breaches of contract). I should note that the contest was about the existence of infringements, not the identity of the infringers. Both draft forms of order contemplated that in the event that I found infringements then relief could be granted against “the Defendants and each of them”.

De Minimis

88. In relation to the contractual claim I have held that the breaches of the agreements were not *de minimis*. A different assessment (by reference to infringements not breaches of contract and according to English law) is called for here. But a number of factors carry over. First, I retain the impression that the instances of infringement relied on at trial were not the only instances that had occurred): and this is certainly the case in relation to the selected samples. Second, it remains the case that my view is that the occurrences were not (save for a couple explained in the evidence) accidental but were rather the consequence of the way Merck US decided to organise its affairs. Third, the argument based on an analysis of website traffic has no more weight in this context than it has in the contractual context.
89. Mr Hobbs QC (for Merck US) again addressed me on the vast quantities of material that Merck US produced and how small is the proportion of that material that is in issue in this action. But that is not the comparison to be made. The question is

whether the infringements that have taken place are negligible or insignificant: and that question is not answered by calculating what proportion of the total output is infringing. The answer to the question involves looking not only at what numerical proportion of the output targeted at the UK is infringing, but also at the content and significance of that material and its likely individual and cumulative impact. Even looking at the selected samples I do not think they can be dismissed as negligible: overall, the examples before the Court cannot be dismissed as *de minimis*. My evaluation is that they are the exemplification of a policy to bring before the market in the UK the sign “Merck” in relation to the products of Merck US at every opportunity (with the consequence that the impact of Merck Global’s exclusive use of the “Merck” mark in the UK was diluted).

Relief

90. When turning to the question of relief it is important to take a step back. The remitted matters have focused on the trade mark strand of the whole case: and the “trade mark” questions were relevant to the relief that might be granted in respect of the Defendants other than Merck US itself. The principal relief will be shaped by the strand of the case that concerns breach of contract (to which the remitted matters so far considered do not relate).
91. In the course of the hearing of the remitted matters the parties produced rival forms of order based upon that which I made after trial; and I propose to consider those. I have reminded myself of the criticisms of my original order made by Mr Hobbs QC and which seemed to the Court of Appeal to have considerable force. I have also reminded myself of the General Obligation that the enforcement of intellectual property rights must be effective, proportionate and dissuasive (whilst avoiding the creation of barriers to legitimate trade and guarding against abuse): see paragraph [307] of the appeal judgment. That does not differ from the approach I originally adopted.
92. The position of Merck US was that I should grant Merck Global no relief at all on its claim, but that I should grant Merck US the relief which it sought on its counterclaim. Such an order would not, in my judgment, fairly reflect the outcome of the action.
93. First, the question of a declaration. This lies within my discretion, but it is a discretion to be exercised along principled lines. Whilst it is correct (as Merck US submitted) that where a reasoned judgment has determined the scope of the parties’ rights there is often no need for the superimposition of a declaration, this is not such a case. A whole raft of detailed issues has been the subject of a reasoned judgment after trial, a lengthy and closely reasoned judgment on appeal and this further judgment: over 200 pages in all. The same issues are being litigated in other jurisdictions. It would in my judgment be right and proper for there to be a declaration which sets out in simple terms what is the ultimate result of all this analysis.
94. If I am to make a declaration, then it should be simple. Plainly it should record that the First Defendant has breached clause 7 of the 1970 Agreement as varied or clarified by the letter dated 24 November 1975. The difference between the parties is whether it should identify in what respects. Merck Global submits that the declaration should say that the breach has occurred through the use of the word “Merck” alone as a corporate, trade or business name; and through the use of the word “Merck” as a

trade mark in relation to its goods and services. Merck US submits that the declaration should say only that the breach consists of the use of the trade mark “Merck”.

95. In paragraph [139] of the appeal judgment the Court of Appeal confirmed that the scope of clause 7 was not limited to use of the word “Merck” as a trade mark but included an obligation not to use the word “Merck” as a contracted corporate name or as a trade name or as a business name: and at [198]- [200], [208], [229] and [293] has affirmed my view that there were breaches of that obligation. A declaration that refers to both types of breach therefore accords with the outcome of the case.
96. I should also declare that the Defendants have infringed Merck Global’s UK trade marks Nos 1123545 and 1558154 and International registered marks (UK) Nos 770 038 and 770 116 by the use of the sign MERCK in the course of trade in the United Kingdom.
97. Next, the question of injunctive relief arises. Here again Merck US submits that Merck Global should not be granted any relief. The first way the case is put is that a declaration is sufficient and that the parties can be left to negotiate the practical application of that declaratory relief. I do not accept that submission. Prior to 2009 the submission would have had very considerable weight, for it would have reflected the way the parties had, until the recent past, conducted themselves. But following the creation of the enlarged Merck US the use by it of “Merck” as a business name and trade mark greatly increased and did so in the teeth of objection by Merck Global. There was no negotiation about co-existence under the 1970 Agreement or under the general law: and I was told of no negotiations taking place even after the start of proceedings. All that has occurred (and that very, very late in the day) is the unilateral announcement of certain steps which Merck US intended to take (not in recognition of any legal obligation and not themselves in a form that would be legally enforceable by Merck Global). The submissions before the Court of Appeal were that this letter was a demonstration of “the spirit of co-operation” that existed between the parties. But at trial it seemed to me that the former “spirit of co-operation” had evaporated and that the letter was rather an endeavour to avoid the consideration by the Court of the legal content of its obligations under contract or the general law. A “spirit of co-operation” would have generated discussion and either a new protocol or the offer of undertakings. Subsequent events have not altered that assessment. The insistence of Merck US that the issues in this action must be litigated in multiple jurisdictions (contrary to the very object of the 1970 Agreement) does not evidence a renewed “spirit of co-operation”. Nor does the manner in which the inclusion of a geographical identifier (to be done in a manner which substantially complies with the contractual obligation to place it in close proximity to the corporate name and in a letter size which is readily legible and in reasonable proportion to the lettering of the corporate name) give me any confidence that a “spirit of co-operation” has replaced the former policy of pushing the boundaries where possible. It is in my view just and proportionate to underline (in the conventional way) that there are objective legal obligations that exist independently of the perceptions of Merck US. It is a public vindication of Merck Global’s rights.
98. The second way the case is put is that there can be no question of Merck US threatening to commit breaches of contract or the general law because both its letter of 5 April 2015 and its subsequent conduct indicate both a desire to comply and actual

compliance which it is inappropriate to subject to a threat of contempt proceedings. I do not accept this submission.

99. Since 2009 Merck US has demonstrated a determination to push the boundaries as far as it considers desirable in the interest of its business, and to set those boundaries entirely according to its own perceptions. This approach has continued after the commencement of proceedings and after adverse findings at first instance. Merck US continued to regard itself as entitled to refer to itself as “Merck” in the UK. I would reiterate (as I said after trial) that Merck US did not act dishonestly. That does not mean that the impugned acts were oversights or accidents. The impugned acts were part of a conscious policy. Merck US simply chose to act according to its own untested views of its obligations and insisted on continuing to do so even in the face of obviously reasonable complaint. So, to take a simple example, it took the view that it was entitled to say in the UK that it was “known as Merck in the US and Canada”; and it did so, although that was a breach of the 1970 Agreement as my first instance judgment held. Merck US will not engage in discussion and it will not recognise legal obligation.
100. I readily acknowledge that in consequence of this litigation Merck US has removed from its merck.com website content of which complaint was made, has created a new newsroom site (although I note it is called “mrknewsroom”), has created a standalone MSD.com website focusing on executive communications and general information about campaigns and initiatives (albeit that any UK-based MSD customer or potential customer requiring more still must visit a Merck branded website), has created new “msdformothers.com” and “msdresponsibility.com” websites, has implemented geo-blocking technology on some sites and location settings on others, and has embarked on staff training. But the evidence (of Sarah Evans, Heston Aniteye, Mark Day and Ning-Ning Li) demonstrates that these steps are not entirely effective: and the evidence also shows a determination to continue to link “MSD” with the “Merck” identity whenever possible (as in the frequent use of the phrase “MSD, known as Merck & Co Inc in the US...”). What is required is a mechanism to ensure that this belated and partial compliance continues, is maintained as circumstances change and is enhanced to full compliance. I regard an injunction as an appropriate tool to achieve that. On the basis of past behaviour, I am more confident that Merck Global will raise with Merck US for discussion any matters of complaint (and will not abuse the power to commit) than I am that (absent any injunction) Merck US would raise potentially contentious issues for discussion with Merck Global or would apply to the Court for prior clearance (akin to a declaration of non-infringement). But even so, any injunction should contain a “cooling off” mechanism under which Merck Global must inform Merck US of perceived breaches and afford a set time for compliance.
101. A third way in which Merck US resisted the grant of any injunction was to argue that, given the history of Merck Global and Merck US and their concurrent entitlements to use the word “Merck”, confusion was inevitable and must simply be recognised as a reality. Counsel for Merck US submitted that no party is entitled to be protected against confusion as such. I accept this submission. But I do not think that this inevitable degree of confusion should be exploited by improperly pushing the boundaries of the 1970 Agreement. If anything, the degree of inevitable confusion underlines the importance of holding the parties to what they themselves agreed was a sensible way of distinguishing their respective businesses. An injunction has a role to

play in achieving that. Such an injunction is not designed entirely to eliminate confusion: it is designed to restrain wrongful acts which add to the confusion and to counteract confusion generated by such acts. Such an injunction does not constrain the right of Merck US to conduct its business and exercise freedom of commercial expression, and it recognises the right of Merck US to do so in accordance with Arts 11 and 16 of the Charter of Fundamental Rights of the European Union. All it does is simply to require Merck US to do what it voluntarily promised to do: it set its own limits on its conduct.

102. The next issue relates to the form of any injunction. The Court of Appeal (at paragraphs [307] to [310] of the appeal judgment) dealt with the principles to be applied and did so in terms which I wholly accept (and indeed had sought to apply when formulating my original form of order). They underpin all that follows.
103. Where a contract contains a negative obligation, the conventional relief is to grant an injunction restraining the covenantor from doing what he promised not to do (often simply in the terms of the promise he made). The injunction is generally not framed to restrain repetition of the precise wrongs that the covenantor has in fact committed (though it may say that he must not breach the covenant in specified ways “or otherwise”) and it does not contemplate all of the myriad things that he might do and rule upon them in advance. The same is true of injunctions which flow from an infringement of intellectual property rights. Such injunctions are not viewed as failing to meet the need for precision.
104. In the instant case the form of relief generally granted seems to me to provide an appropriate template. Merck US knows what its core obligations are, and it encapsulated their legal effect and practical application in guidance contained in a “Brand & Identity Guide” and in an online manual. There will of course be factual scenarios in which the precise scope of the mutual obligations contained in clause 7 of the 1970 Agreement is open to reasonable disagreement. A covenantor who is proposing to undertake an action which falls within such a penumbral area and who is acting honestly and reasonably will (a) canvass the issue with the covenantee in advance or (b) (more usually) if complaint is made by the covenantee then enter into discussion with the covenantee to seek to resolve the difference; or (c) seek the view of the Court if he wishes to “sail close to the wind”.
105. It has been my practice over the years when granting such injunctions to endeavour to indicate (in relation to actions which it is intended should continue or which are in contemplation) what would in those particular circumstances constitute compliance with the general injunction (“It shall not be a breach of this injunction if...”). My original form of order sought to adopt that structure. It is important to understand that such a form of order does not require the covenantor to do anything: it simply indicates that, faced with a prohibitory injunction based on his promise, if he makes an honest endeavour to follow the guidelines he will not be in breach of that injunction (or if in technical breach will have strong mitigation). There may be many ways other than the use of such a “gateway” by which the covenantor might achieve his commercial objective without breaching his covenant and the injunction that enforces it, and he is entirely free to adopt them.
106. I first address the starting point. (In what follows I shall for concision avoid the usual “boilerplate”, although I shall have to make one point about it). Merck Global

suggests that the prohibitory injunction should be in the form that the First Defendant should not in the United Kingdom breach clause 7 of the 1970 Agreement. Merck US (which resists any injunction) suggests that if a prohibitory injunction is to be granted then it should be in the form that the First Defendant shall not use the trade mark Merck in the United Kingdom in breach of clause 7 of the 1970 Agreement. I am not content with either formulation. The former strikes me as unhelpfully anodyne; and the latter dealing with only one of the matters which falls within the scope of clause 7.

107. I take my starting point the convenient summary by the Court of Appeal (in paragraph [139] of the appeal judgment) of what is within the scope of clause 7 of the 1970 Agreement. Construed in context and according to German law the scope of clause 7 is not limited to the use of the word “Merck” as a trade mark but also precludes the use of the word “Merck” alone as a contraction of the Merck US corporate name, or as a trade or business name when promoting its business to third parties. The general prohibitory injunction should adopt that formulation. It should say that the First Defendant should not in the United Kingdom breach clause 7 of the 1970 Agreement by using the word “Merck” (i) as a trade mark or (ii) alone as a contraction of its corporate name or as a trade or business name in any third-party communication. That is a starting point.
108. It requires adaptation in three respects. First, the letter dated 24 November 1975 (what I called “the 1975 Protocol”) varied or clarified the terms of clause 7. It should be clear that use consistent with the 1975 Protocol is not a breach of the injunction. Second, actions that were apparently inconsistent with the 1970 Agreement were undertaken by Merck US and tolerated by Merck Global and in relation to those an equilibrium was established, and in framing any injunction that factor must be addressed. With this I next deal. Third, any injunction should not have immediate effect but should allow a reasonable period for adjustment.
109. It is impossible to identify the precise point at which, following the merger with Schering-Plough, the equilibrium was disturbed and how matters then stood in the UK: so, the injunctive relief is not designed to restore a state of equilibrium which once existed. As I explained in paragraphs [121]- [126] of the trial judgment its object is to prevent further confusion and to counteract the confusion that has been generated by the disturbance of the equilibrium.
110. The disturbance has taken the form of (a) the introduction of a number of specific “Merck” branded websites (in part targeted at the UK); (b) the increased promotion of the “merck.com” domain itself in the UK; (c) the use of “@merck.com” e-mail addresses for employees based outside the Permitted Territories; (d) an unrestrained use of “Merck” in content on social media platforms (YouTube, Twitter and Facebook). *Prima facie* it is the confusion caused by these activities which must be brought to an end and measures put in place to counteract it. I say, “prima facie” because at every stage one has to be careful only to do what is necessary and proportionate.
111. As to specific branded websites Merck US has no protection-worthy interest in the sites “merckformothers” or “merckresponsibility” or “merck-animal-health.com” in the UK. They are part of the intrusive expansion itself.

112. As to the “merck.com” website the position is more complex. Some concurrent use of the “merck.com” domain name was tolerated by Merck Global from 1993 such that I have found that in an unspecified period preceding 2005 a state of equilibrium had been established. Thereafter Merck US (in the teeth of objection by Merck Global) disturbed that equilibrium by (loosely put) “excessive promotion” of the “Merck” sign in territories where Merck Global had the exclusive right to the use of that term and the exclusive right to use it as a trade-mark. It thereby educated the relevant public increasingly to look at the “merck.com” websites, and to associate “MSD” with “Merck” products and services; and it will continue to benefit from that association. The point is illustrated by ten relatively recent press reports in which MSD is referred to as “Merck”. The significance of such evidence is not that it demonstrates that Merck US is directly responsible for such particular instances of confusion: it is rather that it is indicative of how longstanding breaches exacerbate confusion.
113. What is necessary and proportionate relief to remedy this situation? The evidence I have of German law does not provide a principle to guide me. It does not say that the relief must seek to re-establish the pre-lapsarian state: and I have already said that the evidence does not enable me to establish what that was: and for that reason, I do not consider that any reference in any order referring to that state of equilibrium is compliant with the need for clarity. Nor does German law say that once the equilibrium is disturbed the party acting wrongfully immediately loses all benefits conferred by the former state of equilibrium. The approach I adopt is that the relief must counteract the confusion generated by having a “merck.com” website directed at and actively promoted in the UK (even though it is not possible to measure precisely what that degree of confusion is): see paragraph [124] of the trial judgment.
114. Some steps have already been taken. The evidence shows that Merck US (i) has removed from the “merck.com” website material of which complaint was made relating to events, opportunities and contacts outside the Permitted Territories; (ii) in parallel is developing an “msd.com” website with revised architecture linking it to new MSD related websites (e.g. “msdresponsibility.com”) and using the word “Merck” only in forms authorised by the 1970 Agreement and (iii) has deployed geo-blocking to regulate access to its “merckmanuals.com”, “merckformothers.com” and merck-animal-health.com” websites. In each case these steps have been undertaken not as a matter of recognised obligation under the 1970 Agreement, but because Merck US chooses to do so. It therefore offers no undertakings to continue these arrangements or to adopt them in relation to any new sites. It identifies a number of respects in which it is not possible for the “msd.com” site to be a clone of the “merck.com” site. There will therefore remain rare instances in which “MSD.com” sites are in specific respects required to act as portals to the “merck.com” site. One example is the link for “Investors” affording access to financial information in compliance with regulations. There appear to be other occasions where Merck US has taken a policy decision not to put information on the “msd.com” website but to place it on the “merck.com” website e.g. the information contained on its corporate site.
115. I consider that a legal and enforceable framework is required for “merck.com”. In my judgment the necessary and proportionate relief to grant is to treat the “merck.com” domain name as falling within the scope of the general prohibitory injunction granted in respect of the UK (but subject to specific carve-outs): this will for the future

prevent any further confusion and gradually erode the advantage gained by past misuse.

116. The specific carveouts will relate to (i) any link from an “MSD.com” website to a “merck.com” website which generates a “pop-up” informing the user that they are landing on a page belonging to a Merck US entity accompanied by a proper geographical identifier (ii) sites which deploy geo-blocking (iii) the provision of financial information in a manner compliant with the Fair Disclosure Regulation requirements under the US Securities and Exchange Act 1934 (iv) the use of “merck” in metadata where it is embedded in code or forms part of a URL; (v) purely internal use (e.g. to conduct internal communications within Merck US or to receive and forward to an alternative address e-mails).
117. I should deal at greater length with the first “carveout”. In part through necessity and in part through policy choice Merck US intends to retain some links between “MSD.com” and “merck.com” websites. In my original order I directed that the use of such a link should generate a “pop-up”. The parties are agreed that a “pop-up” would be sensible but disagree about what it should say. My view (espoused at the hearing of remitted matters by the Claimant) was that the pop-up generated by the link should inform the user (i) that the page on which person using the MSD site in the UK landed was not a Merck Global page and (ii) that Merck US was not permitted to use the mark or name “Merck” outside the Permitted Territories. I gave an example of such wording in paragraph [99] of the trial judgment. I considered that this was a proportionate measure counteracting past use of the “msd.com” website as a portal to “merck.com”. That view was based on what the German courts had regarded as significant in Peek & Cloppenburg 738 GRUR 2010: see again paragraph [99] of the trial judgment.
118. Counsel for Merck US submitted that the “pop-up” should eliminate confusion by informing the user what the landing page *was* rather than what it *was not*. The suggestion was that the “pop-up” should inform the user that he or she was leaving the MSD site and would be landing on a page forming part of a website maintained by Merck & Co Inc (with a compliant geographical identifier). An example was

“You are now leaving an MSD website. By continuing you will be directed to a site intended only for residents of the United States and Canada. We are called MSD everywhere, except in the United States and Canada where we are known as Merck & Co Inc, Kenilworth, NJ USA”

The submission was that this was the technique employed by Merck Global itself in relation to websites which it operates within Merck US’s exclusive territory, and that it was highly desirable that the outcome of this litigation should result in reciprocal obligations. (Mr Speck QC made the point that Merck Global used these formulations in the context both of employing geo-blocking techniques and fully complying with the requirement to use geographical identifiers that are prominent).

119. This is a delicate and difficult issue: upon consideration my view is that the Defendants’ formulation is to be preferred. The user needs to be informed that he or she is leaving an environment in which the products, services, information and “brand values” all relate to “MSD” and entering one in which those matters now relate to an

entity which can describe itself as “Merck” in its name and branding, and ought to have some explanation as to why. Merck Global wishes at that point to assert that it alone is entitled to use “Merck” in the environment in which MSD operates in order to break any link that might otherwise form or have been formed. But in that environment within the UK Merck US now may not use “Merck” as a trade mark or as a corporate, business or trade name so that the link is no longer being made, and the consciousness of the link is gradually eroding (perhaps even to a degree below that which in fact obtained under the equilibrium). I do not think it reasonable that Merck Global, having been party to a gradual erosion of the strict boundaries of the 1970 Agreement, should demand immediate elimination of the word “Merck” (even if part of compliant usage) where possible from the MSD websites. I consider that the gradual erosion to which I have referred should suffice and that a state in which the parties behave in broadly similar ways is highly desirable. When Mr Hobbs QC described the Defendants’ formulation as “part of the concurrency of what has been going on” and as “the idiom...that each side has thus far concurrently used” he was making a powerful point. The adequacy of the Defendants’ formulation of course depends upon genuine compliance with the requirements for the size and location of the geographical identifier (and not an exploration of just how infrequently and just how far away and just how small the geographical identifier can be deployed).

120. As to the “@merck.com” e-mail addresses the essence of Merck US’s position is that it is unclear what (if anything) it needs to do but that doing anything is burdensome and disproportionate. The consequence of that would be to allow Merck US to continue (and if it thought fit, expand) its use of the “@merck.com” e-mail addresses for UK based MSD employees and operations. That is not an acceptable outcome.
121. Merck US has long operated under a structure that uses more than one e-mail address. It has never used “merck.com” as an e-mail address in Germany but has used “@msd.de”. The question is whether further “msd” addresses might be used in other territories. Apart from such territorially linked domains for personal e-mails it also operates mailboxes where the domain may be a brand or a product ([customerservice@\[product\].com](mailto:customerservice@[product].com)). It also has experience of changing large quantities of e-mail addresses (as when the Schering-Plough merger occurred).
122. The evidence of Ms Rashi Rai on behalf of Merck US given before the original relief hearing was that from a technical perspective changing a large number of e-mail domains was not a complex task, and that it need not be overly time-consuming or have a significant impact. But the difficulty, she thought, lay in the administrative support that would be required i.e. testing the new domain to ensure robustness, communicating with employees over the change, and engaging with third parties providing outsourced services (such as health insurance and pension administration). This last issue appeared to be of less significance than had originally been indicated by Ms Ambrose (who, in her evidence, had suggested that “hundreds of software applications” would be affected, and that annual maintenance costs would be \$250,000-\$500,000). The timescale Ms Rai envisaged was 12 months and the cost of change up to \$1.5 million. It was this time and cost that had to be weighed in the scale against Merck Global’s contractual rights.
123. For the hearing addressing the remitted issues Merck US filed further evidence (this time from Ms Kelley Dougherty, Global Lead for Reputation, Branding and Digital Media) addressing the great difficulties which it said continued to lie in the way of

limiting the use of “@merck.com” as an e-mail address. In her initial evidence these difficulties seemed essentially conjectural since it did not appear that Merck US had undertaken any structured feasibility study (though Ms Dougherty indicated that investigations were under way). Merck US had, in fact, direct experience of changing e-mail addresses within a territory because a French court had made just such an order under which Merck US was required to replace “@merck.com” addresses with “@msd.com” addresses. This actual experience was covered in supplementary evidence from Ms Dougherty. The change in France (which concerned 4,300 e-mail addresses) was estimated to have cost \$770,000. Of that total some \$390,000 was known expenditure on technical matters (\$170,000 on direct technical work and \$220,000 on auditing the actual work): the remainder was “assumed internal employee user disruption costs”. There are 3,100 UK e-mail addresses.

124. Ms Dougherty did not attend the hearing of the remitted matters and was not available for cross-examination. Her evidence must be considered in that light. But Merck US did lead evidence from (and tender for cross-examination) Andrew Zager, an “in-house” IT expert who headed up the Merck US team that dealt with “identities and access”. It was he who explained the detail of the French costings.
125. Mr Zager had been asked by Merck US to consider what would be necessary to change the e-mail addresses of UK-based employees to “msd.com” addresses. What Merck Global would like is for Merck US to adopt an “msd.com” address for everyone (including for employees based in the Permitted Territories), or (as a fallback) for everyone other than employees based in the Permitted Territories. Thus, Merck Global would like the order of the UK Court to have the effect (for example) that a Dutch employee could not identify himself or herself by an “@merck.com” e-mail address when e-mailing the UK. But Mr Zager’s evidence did not address that scenario.
126. The effect of his evidence was that it was not essential that merck.com e-mail addresses be maintained in order to log-on to the internal intranet; that it is not difficult to run parallel domains; that with the experience learned in France it would be cheaper and quicker to effect a change of e-mail addresses in the UK; and that how to conduct such an exercise turned more on business decisions than technical IT requirements.
127. The general prohibitory injunction against the use in the United Kingdom of “Merck” as a contracted corporate name or as a trade or business name has what Mr Hobbs QC called “the implicit or repercussive effect” of requiring a change of e-mail addresses. On the evidence I have heard I am content that it should have that effect for employees based in the UK because that is a necessary and proportionate response to the breaches of clause 7 of the 1970 Agreement. It is not a technically complex operation; the costs of such a change have been overstated by the adoption of over-pessimistic assumptions about loss of employee time; and the costs and administrative burdens are no different in nature (if somewhat greater in amount) than those routinely incurred as personnel and structures change. It was never intended to have that effect for employees based in the Permitted Territories because Merck US is plainly entitled to use “merck.com” for its own employees within the territory where it has exclusive rights to that name (and my original order contained a specific “carve out” for them). What the hearing of the remitted matters has thrown into sharp focus is: what about employees based neither in the UK nor the Permitted Territories?

Should the practical effect of the injunction be to require change of e-mail address for them?

128. I would answer that question in the negative. First, the quality of the evidence does not enable me to make a properly grounded finding that this would be reasonable and proportionate. There is one bit of untested evidence that a worldwide change of e-mail addresses for some 37,000 employees in various territories would cost approximately twice that of the territorial changes that have taken place: but I do not regard this as sufficiently solid to ground a wide-reaching order. Second, I should be cautious about making an order which in practice requires extra-territorial action when I know nothing about the precise contexts in those differing territories. Third, any injunction I make should be limited by necessity, not desirability. So, there will be a “carve-out” saying that it is not a breach of the injunction to use in the ordinary course of business e-mail addresses ending “@merck.com” for employees based outside the United Kingdom. I have put in the qualifier “in the ordinary course of business” (a familiar expression) because I do not want Merck US’s well-demonstrated tendency to push the boundaries to lead it to relocate UK based operations or functions to (say) the Netherlands so that they can be conducted using “merck.com” e-mail addresses.
129. As to the use of “Merck” on and in connection with social media, my original injunction had stated that the prohibitory injunction would be complied with if Merck US employed to the full extent possible any available functionality equivalent to or nearly equivalent to “geo-blocking”. That form was adopted because “geo-blocking” as such is not available on social media. But Facebook does provide a company with the ability to restrict access to its pages on a country-by-country basis: and in relation to other platforms it is possible to create “MSD” (rather than “Merck”) branded pages and to control the links to them from web sites. Despite the uncertainty said to be inherent in my original form of order this is in fact what Merck US has done. The object of providing this “gateway” was to afford Merck US with an assured means of compliance (without preventing it from adopting any other methods) and which contained a dynamic element as new social media emerged and as the functionality of existing media developed. I continue to think that this is a fair and proportionate solution.
130. I said at the outset of this section that I had one point to make about “boilerplate”. I had included in my original order a reference to “subsidiaries and affiliates” as a warning. I now consider this to more likely to produce controversy than to aid effective compliance. I would not include it in the order.
131. The penultimate major matter to address is whether a publicity order should be made. As the 27th Recital to the Enforcement Directive explains, it is useful to publicise intellectual property decisions as a supplementary deterrent to future infringers and as a contribution to public awareness. “Publication” in these terms means either or both of a balanced summary of the outcome of the case and reference to where the judgment(s) may be found. In my original order I made such a direction; I considered that the objectives of the Directive could be fairly achieved by steps which I set out in paragraph 6 of and Schedule 2 to my order as a means of counteracting the effect of the breaches by Merck US. Following the appeal judgment and this judgment I have changed my view and no longer consider that such an order is desirable.

132. First, in the light of the progress of the litigation I do not consider that it is possible to summarise the outcome of the three judgments in a helpful way: and I do not consider that a simple reference to the judgments themselves would add to awareness or deterrence since the relevant public are unlikely to wade through 275 pages of legal and factual analysis (and the intellectual property community will do so anyway). Second, I am impressed by the point made by Mr Hobbs QC that publicity under the Enforcement Directive relates to intellectual property rights whereas the heart of this case is breach of contract. A publicity order relating to a judgment primarily concerned with breach of contract would have to be grounded upon s.37 of the Senior Courts Act 1981. Whilst, no doubt, such a jurisdiction exists it would require some very special circumstances for it to be exercised: there is nothing which really differentiates this case from every other case in which a party has successfully enforced a “non-compete” covenant and wants its existing and potential customer base to know. In the instant case I consider that the form of declaration I intend to make provides Merck Global with what it needs to raise public awareness.
133. The final matter is the counterclaim. I would deal with that in the same way as my original order (but amended to reflect the additional findings made in this judgment). My original order is a suitable template.
134. In summary the order should
- i) Contain a declaration that the First Defendant has in the United Kingdom used the word “Merck” (a) as a trade mark and (b) as a contraction of its corporate name or as a trade or business name when furthering or promoting its business to third parties in each case in breach of clause 7 of the 1970 Agreement;
 - ii) Contain a declaration that the Defendants have infringed Merck Global’s Marks by the use of the sign “Merck” as a trade mark in the course of trade in the United Kingdom;
 - iii) Contain an injunction restraining the First Defendant (a) from using within the United Kingdom the trade mark “Merck” and (b) from using within the United Kingdom the word “Merck” as a contraction of its corporate name or as a trade or business name when furthering or promoting business to third parties;
 - iv) Contain an injunction restraining the Defendants from infringing Merck Global’s Marks (the Defendants’ wording is acceptable);
 - v) Contain a provision that the use in the UK of the designations (a) “MSD” or (b) “Merck Sharpe & Dohme”: or (c) either “Merck & Co Inc” or “Merck & Co Limited” accompanied in either case by a geographical identifier which substantially complies with the requirements of the 1970 Agreement (as clarified or varied by the Letter dated 24 November 1975) shall not be a breach of the injunction;
 - vi) Contain a provision that it shall not be a breach of the injunction if Merck US maintains a link between an “MSD” branded web-site and a “Merck” branded website if that link generates a “pop-up” which informs the user that they are leaving an MSD website, are landing on a site intended for residents of the US

and Canada, and that the company is known as MSD everywhere, except in the US and Canada where it is known as Merck & Co Inc Kenilworth, NJ USA;

- vii) Contain a provision that it shall not be a breach of the injunction if the site on which terms falling within the prohibition in the injunction are used adopts compliant geo-blocking (the Defendants' present Schedule 3 contains a suitable specification).
 - viii) Contain a provision that making available in the UK information required to be available pursuant to the Fair Disclosure obligations of Merck US via the "merck.com" website shall not in any event be a breach of the injunction;
 - ix) Contain a provision authorising the use of the word "Merck" in metadata (the Claimant's wording is acceptable);
 - x) Contain a provision that internal use of terms prohibited by the injunction which is not accessible by third parties shall not be a breach of the injunction (the Defendants' wording is acceptable provided that sub-paragraphs (v) and (vi) are deleted: as to (vi) the boundaries of the "gateway" are rendered so blurred as to be unworkable, and the remaining provisions of the order seek to reflect the residual impact of the past equilibrium). (I should briefly say that I do not think that a German court would consider that the 1970 Agreement was intended to address what any party did internally).
 - xi) Contain a provision that it shall not be a breach of the injunction for Merck US to use in the ordinary course of business e-mail addresses ending "@merck.com" for employees based outside the United Kingdom.
 - xii) Contain a provision that in relation to social media platforms it is sufficient compliance if Merck US uses to their fullest extent such techniques as are available. Paragraph 6 of the Defendants draft in its entirety is acceptable (with the insertion after "used" in the third line of the words "to the fullest extent").
 - xiii) Contain a provision that inadvertent breach (if remedied within 7 days) shall not be a breach: The Defendants' wording is acceptable.
 - xiv) Contain the agreed provision relating to the "pharmacovigilance" website.
 - xv) Contain a revised provision for revocation in the form of my original order but updated to record the additional conclusions reached in this judgment.
135. There were a number of non-contentious matters contained in my original draft (and the drafts of the parties) relating, for example, to an inquiry as to damages and the preservation of confidentiality with which the order must plainly also deal.
136. I regret the time it has taken to produce this judgment. I felt a personal responsibility to deal with the remitted matters and unwisely allowed it to be listed whilst I was still dealing with another very heavy case. The combination occasioned some health issues which hindered the preparation of both.