

Typo-squatting in Two Alphabets: “LUXOIL” and “ЛУКОЙЛ” – A Competition Law Matter?

Are “LUXOIL” and “ЛУКОЙЛ” confusingly similar trade-marks for motor oil?

Yes, according to the Russian Patent Office (РОСПАТЕНТ), the 9th Arbitrazh Appeal Court of the Russian Federation, both in 2007, and as of December 12, 2008, the Russian Anti-Monopoly Service (“FAS”).¹

Лукойл (or “Lukoil” for those who do not read Cyrillic) is the largest oil company in Russia.² It even has a distribution system in the U.S. The “LUXOIL” brand is owned by another Russian company, the Delfin Industry Group, who uses in to market a variety of motor oils.³ If you look at the English and Russian versions of the LUXOIL web site you will notice that on the English version of their web site they use “LUXOIL” but on the Russian version they have changed the brand to “LUXE” (in Roman letters).

The Cyrillic alphabet that is used in Russia and much of Eastern Europe and Central Asia was actually developed by two 9th Century missionaries working in Bulgaria for the Orthodox Church based in Constantinople (as it was then known). Accordingly they used the Greek alphabet as the model and applied it to the sounds that they found in the Slavonic languages of Eastern Europe.⁴ As a result many of the letters used in the Cyrillic alphabet closely resemble those of the Roman alphabet. However they often have a different pronunciation. For example in Bulgarian “restaurant” is written “ресторант” (Russian is “ресторан”). The letters “e”, “t” and “a” sound the same in both alphabets. But in Cyrillic the Roman letter “r” is written as “p”; “s” is written as “c”; and “n” is written as “h.” When I type in Russian sometimes I make a mistake and use a letter from the Roman alphabet for a Russian sound.

The letter “x” in Cyrillic is usually transliterated as “kh” and is pronounced something like the “ch” in the Scottish “loch.” Thus to the Russian consumer looking quickly and not too carefully for a familiar brand the mark “LUXOIL” can be pronounced “lukhoil.”

The more interesting aspect of this case is that the Russian Federal Anti-Monopoly Service (FAS) became involved in this case in addition to the Russian Patent Office.

¹ In Russian - Федеральная антимонопольная служба.Press Releases in English: http://www.fas.gov.ru/english/news/n_21469.shtml , and in Russian: http://www.fas.gov.ru/news/n_21445.shtml .

² Company Web site: <http://www.lukoil.com/>.

³ Company web site in English: <http://eng.luxoil.ru/PgProd.php>; and in Russian <http://www.luxe-oil.ru/PgProd.php> .

⁴ For further information on this topic see: http://en.wikipedia.org/wiki/Cyrillic_alphabet .

Many competition agencies leave these matters to the intellectual property agencies. What is known as the interface between intellectual property law and competition law is an area of much debate. The most prominent example of such debate is the different attitudes regarding the activities of Microsoft Corporation held by the American and European agencies.

But in this case the Russian Law “On the Protection of Competition”⁵ Article 14(1)(4) provides that:

Article 14. Prohibition of Unfair Competition

1. Unfair competition is not permitted, including:

.....

4) the sale, exchange or other introduction of a commodity into circulation if there was illegal use of the results of intellectual activity and the means of individualization of a legal person, means of product differentiation individualization of production, works, or services;

(Статья 14. Запрет на недобросовестную конкуренцию

1. Не допускается недобросовестная конкуренция, в том числе:

.....

4) продажа, обмен или иное введение в оборот товара, если при этом незаконно использовались результаты интеллектуальной деятельности и приравненные к ним средства индивидуализации юридического лица, средства индивидуализации продукции, работ, услуг;)

Since the submission of the “Report on the State of Competition in the Russian Federation”⁶ and the demand by Prime Minister Putin to the FAS to “wake-up,” FAS has been very active recently in many ways.

Investigations were commenced in many areas, such as coking coal, fertilizer, gasoline for automobiles, milk, natural gas, and steel. But these are all about traditional anti-competitive actions cartels, abuse of dominant position, refusal to deal and exclusive dealing.

⁵ О защите конкуренции – On the Protection of Competition, adopted 26.07.2006 as Federal Law No. 135 FZ, available on line in English at: <http://www.fas.gov.ru/english/legislation/8955.shtml>; and in Russian at: <http://www.fas.gov.ru/law/9498.shtml> .

⁶ Доклад о состоянии конкуренции в Российской Федерации, submitted to the Government in June, 2008 and released publically October 31, 2008 and available in Russian at <http://www.fas.gov.ru/competition/goods/20916.shtml> .

In transitional economies such as China and Russia many of the impediments to a competitive market economy come from actions of state agencies. In developed economies such as the United States the regulatory actions of state agencies receive some protection under the “state action doctrine.”⁷ But in recent Russian developments the FAS has even been bringing actions against Russian state agencies for abusing their powers.⁸

Thus the “LUXOIL” and “ЛУКОЙЛ” case suggests that the FAS is moving into another area on the edge of the authority of traditional competition law enforcement agencies. The involvement of the FAS in intellectual property matters extends further. On December 29, 2008 it issued a press release calling for amendments to Article 1487 of the new Part IV of the Russian Civil Code that enshrines the principle of national exhaustion of IP rights.⁹

The Federal Anti-monopoly Service is thus becoming a significant factor in the development of a competition based market economy in Russia, and potentially in the role that IP rights will have in such an economy.

⁷ As it originated in the case of *Parker v. Brown*, 317 U.S. 341, 362 (1943).

⁸ See for example *Управления по лицензированию Мурманской области против Управлению Федеральной антимонопольной службы по Мурманской области*, Тринадцатый арбитражный апелляционный суд, от 17 сентября 2008 г. по делу N A42-1352/2008; and *Комитета по управлению городским имуществом Санкт-Петербурга против Управлению Федеральной антимонопольной службы по Санкт-Петербургу и Ленинградской области*, Тринадцатый арбитражный апелляционный суд, от 13 августа 2008 г. по делу N A56-2819/2008. Many more cases are mentioned in the FAS press releases available online.

⁹ Press Release in English: http://www.fas.gov.ru/english/news/n_21657.shtml , and in Russian: http://www.fas.gov.ru/news/n_21654.shtml .