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Global Exchange

Enforcement of fake products gets a blind eye

Premium content from Business First - by Luis Alcalde , For Business First

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In this globalized world, the more I travel and do business internationally, the more I ask myself if the entire world is a fake. Either first hand or in working with clients all over the world, I have encountered fake products of every type.

Beyond the usual array of the world's most famous luxury brands in clothing and accessories openly counterfeited in the streets of Rome, Paris and New York, I have run across fakes in the great cities and ports of the world: ink cartridges that ruin printers, sold in stores in Lima, Peru; athletic shoes in Korea; fake mobile phones unloaded from China at the port of Iquique in Chile; disposable diapers throughout the third world; movies in Havana; cigarettes in Mexico City; pharmaceuticals on the Internet; and, perhaps my greatest personal disappointment, fake Scotch in Asia. Columbus is on the list with fake products sold at mall kiosks.

What all these fakes have in common is a criminal deciding to capitalize on the brand name and quality of a product being made by a legitimate company. It's about opportunity – just like in the legitimate market, the criminal took stock of his means and capabilities, decided what fakes he could make or buy to sell, and got started. Practically any product is subject to being counterfeited.

Much has been written about the reasons behind the boom in fakes: globalization, the large profit margins, lesser risks in comparison with selling illicit drugs and growth of worldwide criminal enterprises that use counterfeiting to launder money and fund criminal activity, even terrorism. All of this is true. But the problem is the result of even greater ills that will be much harder to combat.

While working in many third-world countries, I saw how authorities turned a blind eye to the problem. The facts are harsh. In countries filled with poverty and violent crime, the counterfeiter is often viewed as someone gainfully employed in a non-violent enterprise, not causing trouble for the government. In fact, the counterfeiter may be an employer of many, from those making the fakes to those distributing them. It will take more than laws to tackle these underlying attitudes and causes.

Because the fundamentals underlying the causes of counterfeiting are so complex, the problem of fakes will continue to grow. Companies, particularly those manufacturing and selling overseas, must establish anti-counterfeiting programs that must be tailored to the product and the specific intelligence developed as to source, distribution and sale points.

The best anti-counterfeiting programs identify and focus on problem areas that serve as major entry points – border areas, ports and the Internet. These programs work with counsel, investigators, law enforcement and customs authorities to maximize sanctions and develop intelligence as to counterfeit sources as far up the illegal supply chain as possible.

Manufacturers in the pharmaceutical and critical machine parts industries, where fakes can literally kill, need to continue to embrace the technologies of smart tags, holograms, molecular marking and other tracking tools that identify legitimate products. Companies must not let up on the important battle for the hearts and minds of the world's consumers. What is necessary is continued education of the public that counterfeiting is part of the overall world of criminal enterprises, and is a source of funding and money laundering for terrorism, sex-trafficking, narcotics and many other illicit activities.

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