

# IPR Issues in the Imaging Supplies Industry

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***Imaging  
Supplies  
Coalition***



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# Imaging Supplies Coalition Member Companies

## MEMBER COMPANIES

brother

Canon

EPSON®



LEXMARK™

OKI

SAMSUNG

TOSHIBA

xerox



11/7/2013



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# Agenda

- **Counterfeiting overview**
- **ISC activities**
- **Threats to Government Agencies**
- **Call to action**

# What Is a Counterfeit?

- Counterfeit/pirated items are imitations intended to criminally:
  - Deceive
  - Misrepresent
  - Lead the customer to believe the item is genuine



Electrical Parts



Auto Parts



Luxury Goods

# How Big is the Problem?

- **5% to 7%** of world trade is counterfeit
- **\$600B +** of world trade is counterfeit
- **Virtually all categories of goods are counterfeited**
- **All brands are at risk**

# Counterfeit Goods



# Counterfeit Food



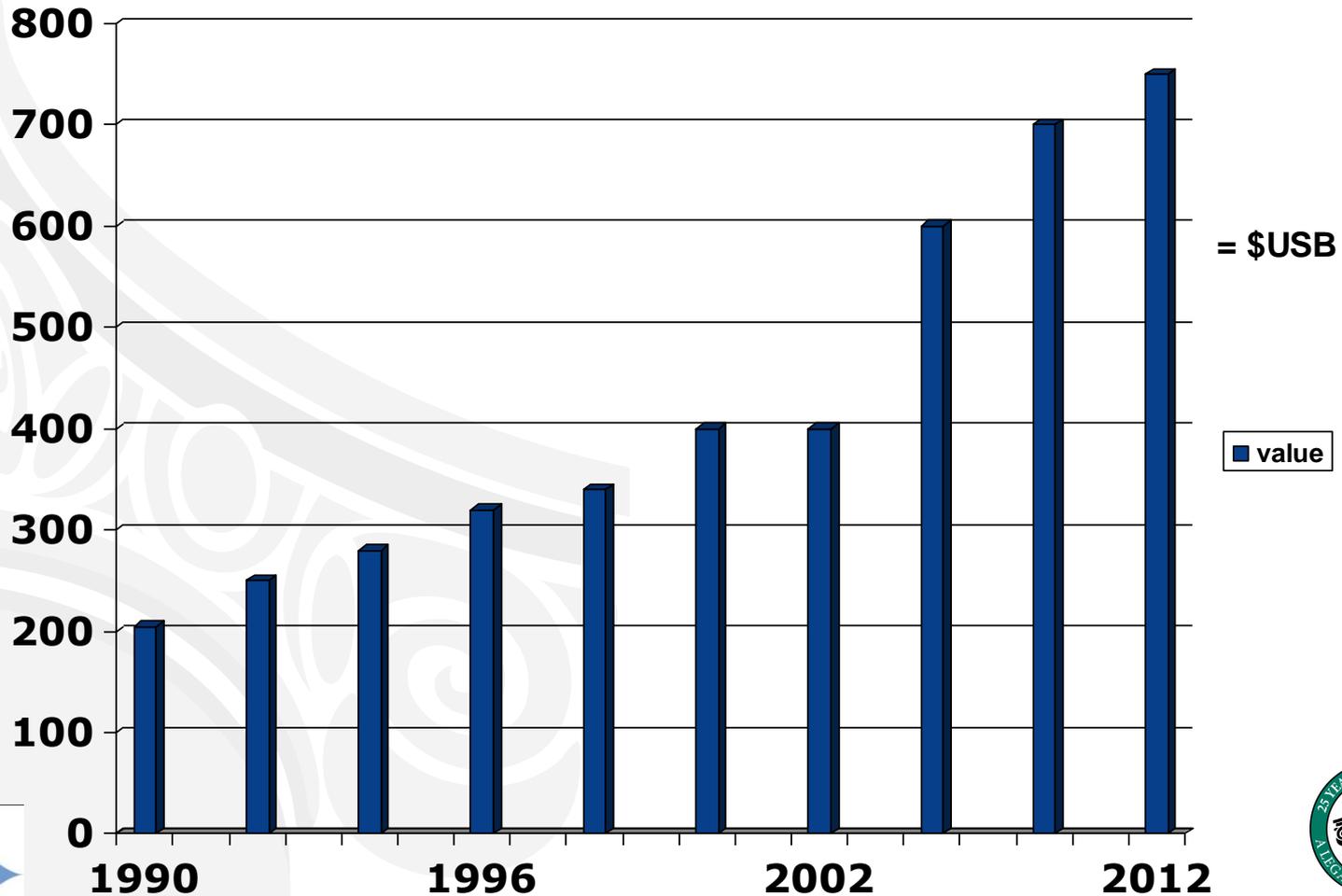
# Counterfeit Batteries



# Counterfeit Prescription Drugs



# Growth in Value of World Trade of Counterfeit Products



# Why the Growth?

- Profitability
- Difficulty of detection
- Enforcement
- Penalties
- Internet commerce
- Demand
- Globalization/new markets



# Impact of Counterfeiting

- Threats to economy and health and safety
- Links to organized crime and terrorists
- So what?
  - Who loses?
  - A victimless crime??



# Profile of a Counterfeiter

- **Organized crime**
- **Linked to terrorism**
- **Well financed**
- **Involved in smuggling, money laundering, grey market, black market, trafficking**

# Counterfeiting - Everyone Loses

- Global economy
- Government
- Brand owners
- Resellers
- Consumers



# Imaging Supplies Coalition

- Unique vulnerability of imaging supplies
- History
- Programs



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# Remanufactured, Counterfeit or Clone?



REMANUFACTURED CARTRIDGE



CLONE CARTRIDGE



Potential



NON OEM BRANDED BOX

REMANUFACTURED  
Not Counterfeit



Potential Patent Issues



NON OEM BRANDED BOX

CLONE  
Not counterfeit



Potential Patent Issues



COUNTERFEIT/RE-USED OEM Box  
Displays OEM trademarks  
/copyrights

COUNTERFEIT  
ILLEGAL



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# ISC HISTORY

- **Incorporated February 1994**
- **Non-profit industry trade association**
- **Mission**
  - **Protect our members customers from misrepresented products and services**
  - **By seeking worldwide protection of intellectual property and related assets of the Industry's distributors, suppliers and manufacturers.**



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# Counterfeit Imaging Supplies

- Raw Materials Available
  - Cartridges, toner, ink & components
- Distribution channel Access
  - Diverted merchandise
  - Internet
- Attractive value proposition
- ISC Estimates \$3.5B Lost to Counterfeiters



# Unique Issues for Imaging Supplies

- Degree of deception vs. other industries
  - Low to no deception involved
    - High End Watches
    - Jewelry
    - Designer Clothing
    - Entertainment Items
  - High degree of deception involved.
    - Printer supplies
    - Network infrastructure components
    - Electrical goods

# ISC Activities

- **Training & Education:**
  - **End user**
  - **Sales Channel**
  - **US Customs**
  - **Law Enforcement**
- **Techniques for avoiding telemarketing and e-commerce fraud.**
- **Promote laws and their enforcement.**
- **Work with US Customs and law enforcement agencies.**
- **Public Relations**

# Chinese Counterfeit Factory



# Brazil - Counterfeit Manufacturing Facility



# Cartridge Bomb



# Potential Health and Safety Threats From CF Imaging Supplies

- **Manufacturing issues**
  - **Poor working conditions**
  - **Unknown source for component parts**
- **Shipping exposures**
  - **Carrier for liquid/powder**
    - **Bomb Scare**
    - **Drug Shipments**
    - **Other**

# OEM Manufacturing



- Careful formulation
- Clean room environment
- Minimal manual labor
- Extensive testing to assure safe, reliable products

# OEM Design To Insure Product Safety

- Prohibit use of harmful substances
  - Carcinogens
  - Mutagens
  - Reproductive toxicants
- Fire retardant materials
- Regulatory compliance
- Environmental performance
- System integration testing
- MSDS



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# Government Exposure to Counterfeit Products

**Counterfeit products have infiltrated government supply chain**

**Potential Disruptions in critical defense applications other vital applications**

**Federal review and legislation of procurement processes and procedures to mitigate the potential for counterfeiting**



# Government Exposure to Counterfeit Imaging Supplies

**Low price agency bids**

**Gray market exposure**

**Contract provisions**

**End user training**



# The Clone Issue

- **Can a new build “clone” be non-infringing?**
  - Only the legal system can decide this question
  - Therefore a new build “clone is non-infringing until it is deemed to be infringing by the legal system
- **OEM’ s have a vast portfolio of patents and IP rights**
- **OEM’s have stated an intent to defend these**
- **Therefore there is risk in dealing with new build “clone cartridges”**



# The Clone Issue

- Managing the risk
  - Know your vendors and suppliers
  - Ask about their patent portfolio
  - What is their attitude about IPR
  - Seek legal counsel when appropriate



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# The Clone Issue

- The ISC position is
  - Non-infringing remanufactured and non-infringing new build product are legitimate competitors in the market place.
  - There will be fierce competition in the market place but, **there should be zero tolerance for counterfeit, pirated or patent infringing product**



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***DON'T BE A VICTIM!***

**COUNTERFEITERS**  
Will Sell Their Product to Anyone!

***PURCHASING ON LOW BID?***  
***YOUR AGENCY IS VULNERABLE!***



Can you tell if you are buying counterfeit? Didn't think so. Contact the ISC to ensure that you are getting the original cartridges that you paid for.

**COUNTERFEITING HURTS EVERYONE EXCEPT THE COUNTERFEITER**

At times, some resellers will import gray market toner and ink cartridges in order to win a low price bid. These are sometimes merged at the source with counterfeit goods finding their way into the distribution channel. This practice is harmful to everyone except the counterfeiter.

Please visit the Imaging Supplies Coalition website at [ISC-Inc.org](http://ISC-Inc.org) to learn how to protect your agency from these illegal and harmful products.



There you will learn how to use the ISC's When in Doubt – Check It Out (WIDCIO) program to have suspicious product authenticated.

**IMAGING SUPPLIES  
COALITION**

**Visit Booth 336 during the NIGP Conference!**  
**Attend our Showcase Presentation at 10:30 A.M. on 8/27!**

[iscwebcontact@aol.com](mailto:iscwebcontact@aol.com) | (941) 961-7897

**EDUCATING.**  
**EMPOWERING.**  
**PROTECTING.**

MEMBER COMPANIES PARTNERS IN PROTECTING CONSUMERS



## COUNTERFEIT PRODUCT DEFENSE

Commercial product counterfeiting of trademarked and copyrighted merchandise is a multi-billion dollar parasite on international business.

The ICC has estimated that the sales of counterfeit goods is in the range of 5% to 7% of the world economy. This amounts to \$600 billion.



### THE 5 P's OF PRODUCT DEFENSE

We encourage you to pay close attention to the 5 P's which are involved in any transaction. While none of these points are guarantees they will help safeguard you.

**Person:** The ISC strongly encourages you to purchase imaging supplies from the OEM or one of their authorized resellers. This is the one best thing you can do to be sure you are buying genuine merchandise.

**Price:** If the purchase price of the product is substantially under the market price of the product or looks like a deal that is too good to be true the product may not be genuine.

**Place:** Be cautious if the manner or place of the offer is different from the normal process of business or consumer transactions.



**Packaging:** Be observant for any deviation in color, materials quality, or spelling errors in the packaging. Many OEM's have a product authentication hologram or color shift label to assist in verification. Familiarize yourself with those used by your brand of choice and check for them.

**Performance:** If you notice any significant variation in the performance of the product from previous experience or obvious defects in quality such as odor or leakage, the product may be counterfeit.

For questions or help identifying counterfeit items, contact the ISC at: (941) 961-7897 or at [www.ISC-Inc.org](http://www.ISC-Inc.org)



# Methods of Defense

- **Purchase from manufacturers or their authorized suppliers**
- **Require certification from supplier that goods are authentic**
- **Supplier liability for non authentic goods**
- **Require suppliers to provide authentication techniques**
- **Train end users in the authentication techniques.**
- **Use the ISC WIDCIO Program**

# When In Doubt - Check It Out

- Allows for authentication of supply items by OEM
  - Anonymously submitted
  - OEM responds to ISC
  - ISC responds to submitter
    - Counterfeit – source ID'd
    - Genuine – no source needed



**WHEN IN DOUBT, CHECK IT OUT**

**ABOUT THE PROGRAM**

Over 14 years ago, the ISC successfully launched the **WIDCIO** (When In Doubt - Check It Out) Program.

This unique program allows dealers, distributors and customers an opportunity to submit questionable imaging supplies such as ribbons, inkjet cartridges, laser cartridges, toners and developers to the ISC for authentication.

Since the program launch several years ago hundreds of thousands of counterfeit imaging supplies valued in the *million of dollars* have been removed from commerce. **Over 8% of all products submitted to the ISC have proven to be counterfeit.**

The need for the **WIDCIO Program** arises when resellers and customers are victims of transactions that turn out to be "too good to be true". They are offered products that are represented as inventory liquidations, manufacturer's overruns or diverted products from other global locations. If the deal looks too good to be true, it probably is. **When In Doubt, Check It Out.**

**PROGRAM PROCESS**

Mail/Ship suspicious imaging supplies products with your contact information to:

Imaging Supplies Coalition  
MBN 249  
1435 E. Venice Ave., #104  
Venice Fl. 34292

*The product submitted will be logged and assigned a case number.  
The product is then sent to the OEM for authentication testing.  
Tests are reported back to the ISC.  
If the product is genuine the transaction with the ISC is concluded.  
If counterfeit, the submitter is required to divulge the purchase information to the ISC.  
This information will be sent to the OEM for action.  
The identity of the participant in the program will remain confidential throughout the process.  
For more information about the WIDCIO program please visit our website [isc-inc.org](http://isc-inc.org)  
Note: The product submitted cannot be returned.*

Visit us online at [www.ISC-inc.org](http://www.ISC-inc.org) to learn more!

# Fraud And Scams

**PRETENDER SCAM**

**PHONY INVOICE SCAM**

**GIFT HORSE SCAM**

**INVOICE COLLECTION SCAM**

**BRUSH-OFF SCAM**

# Methods of Protection

- **KNOW YOUR RIGHTS**
- **CHECK ALL DOCUMENTATION BEFORE PAYING BILLS**
- **TRAIN YOUR STAFF**
- **ADDITIONAL RESOURCES**
  - Banish Office Supply Scams (BOSS)

***THANK YOU***



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