

Partnerships and the Battle Against Product Counterfeits

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Partnerships between brand owners, governments, academics, consumers, and other stakeholders are essential to tackling the pervasive and persistent global problem of product counterfeiting. This Backgrounder highlights the importance of these partnerships, the need for widespread recognition of the shared nature of problems, and the development of solutions across companies and industries.

The Problem of Product Counterfeiting— and the Need for Partnerships

Counterfeit goods today are found throughout the world; wherever a demand for a product exists, counterfeiters quickly fill the niche. By one recent estimate, counterfeit products now account for 2.5 percent of all world commerce (OECD & EUIPO, 2016). Counterfeit products may range from clothing, auto parts, and electronics to pharmaceuticals, food, and chemicals. Brand owners who do not believe they have a counterfeiting problem likely have not looked. *ANY branded product can be counterfeited.*

A brand's long-term success depends on protecting its integrity. Counterfeiters, through the production and sale of illegitimate product, compete undetected with the brand owner, undermining brand profitability while funding the underground economy. They also undermine brand reputation and customer reliance on it. Recovering from damage to a brand can be more expensive than proactively taking steps to protect it.

Brand protection programs can offer a proactive means for ensuring brand integrity. Such efforts involve not just enforcing intellectual property rights when a

counterfeit has been discovered, but implementing anti-counterfeiting strategies in every link of the supply chain: design, assembly, packaging, third-party suppliers, transportation, distribution, and return (Wilson and Kinghorn, 2016).

Most practitioners begin working in brand protection with no model of what it should look like and do not even know about the field before being recruited into it (A-CAPP Center, 2017; Wilson and Kinghorn, 2014); therefore, brand protection programs are sometimes very weak.

Partnerships, however, can provide crucial leverage and facilitate the use of multiple effective anti-counterfeiting approaches. Successful efforts to reduce product counterfeiting must involve all affected by the problem, including consumers, businesses, and governments.

Partnerships Make a Difference

Collaborations increase mutual trust between brand owners and other indispensable partners in the fight against product counterfeiting. Partnerships among brand owners, suppliers, customers, law enforcement, professional associations, industry groups, and academia facilitate business responses to supply chain

disruptions, including the introduction of counterfeits. Partnerships with consumer groups could also help to reduce the demand or market for counterfeit goods.

Partnerships should strive to include *all* stakeholders affected by product counterfeiting. Consumers must understand the harm that product counterfeiting can cause and their vulnerability to it in a variety of marketplaces. Governments must understand the many ways this crime can be perpetrated and the harms it poses, not just to consumers and legitimate producers but also through lost tax revenue, enforcement costs, economic instability, and national security risks, such as compromising the military supply chain (see Sullivan & Wilson, 2017) and the funneling of counterfeiting proceeds to terrorism and organized crime (Sullivan, Wilson, and Kinghorn, 2017). Brand owners must understand how consumers may experience product counterfeiting and the vulnerabilities of their partners and supply chains to it. This awareness is necessary to reduce product counterfeiting risks.

Cross-stakeholder partnerships center on raising awareness, identifying common problems and solutions, and exploring opportunities for collaboration. Consumers, law-enforcement officials, and businesses often have little understanding of product counterfeiting. Consumers may think a poorly performing product is a “lemon” rather than a counterfeit. Many consumers do not question the authenticity of the products they purchase and do not know what to do about product counterfeiting or where to report it. Law enforcement may be in a good position to assist consumers and brand owners, but often know little about how to identify, investigate, and prosecute product counterfeiting and consider it best left to other organizations. Legal professionals play a vital role in the fight against counterfeiting, but often have limited knowledge of the legal tools at their disposal.

Even when brand owners embrace an anti-counterfeiting strategies, their partners (including those in their supply chain) may not share the same understanding and commitment. Educating others about the extent and severity of product counterfeiting will ultimately enhance ongoing efforts to address the problem.

A key to developing successful partnerships is setting out a clear “Contract of Expectations” (see Kinghorn, 2012):

- *Trust* - Each partner should commit to trust-building, beginning by working on smaller projects together and working up to more complicated endeavors.
- *Vision* - Each partner should commit to a shared vision, educating the other on potential harms and justifying the use of shared resources, while also considering the limitations on each partner’s ability to act.
- *Risks and Rewards* - Each partner should have a clear understanding of the potential risks and benefits from the partnership, including allocation of scarce resources.
- *Commitment* - Each partner should understand the scope of the partnership and commit to maintaining it, but be flexible when circumstances change.
- *Communication* - Each partner should commit to communicating expectations for the partnership. Each partner will have different policies, regulations, and objectives to reconcile with the other, creating potential for conflict. Communicating what information can be shared and when will help resolve these conflicts before they can damage the partnership.

Collaborations among brands, industry associations, law enforcement, consumer organizations, and academia can be invaluable in the fight against product

counterfeits. Academia, through its research and education capabilities, can play a critical role in facilitating and contributing to partnerships. Opportunities abound for academic collaborations, which experts across the board have identified as critical to advancing anti-counterfeiting efforts (Wilson 2017). Sharing resources and information is critical to taking full advantage of partnerships, and particularly for developing evidence-based anti-counterfeiting and brand protection solutions.

Opportunities to Partner

The recently launched journal *The Brand Protection Professional* (BPP) offers brand owners a place to share information, develop ideas, and contribute to an ongoing conversation. The BPP is a critical resource for the brand protection community in reporting on issues, research, and information of greatest interest to it. The journal, the result of an industry-academic collaboration between Underwriter's Laboratories (UL) and the Michigan State University (MSU) Center for Anti-Counterfeiting and Product Protection (A-CAPP), is itself an excellent example of the value of partnerships (A-CAPP Center, n.d.).

Many conferences for anti-counterfeiting and brand protection bring together partners from multiple arenas to strategize, share

information, and develop collaborative partnerships. These opportunities are crucial for networking and team building. Organizations committed to anti-counterfeiting routinely partner on regional and international conferences focused on various issues concerning brand protection. For example, one of the largest and well-known conference collaborations is the International IP Crime Conference (an industry and law enforcement partnership between INTERPOL and UL), providing brand owners from numerous industries with opportunities to interact directly with law enforcement from around the world (IIPCIC, n.d.). Similarly, the Brand Protection Strategy Summit held annually at MSU (an industry-academic partnership between UL and the MSU A-CAPP Center) features research from world-renowned scholars, field-driven insight from leaders of industry and law enforcement, and discussions of emerging challenges and strategies (Grammich & Wilson, 2016; 2017).

Conclusion

Brand-protection problems generally cannot be addressed by brand owners, governments, or consumers on their own. By working together in partnerships, however, all can bring their unique insights to the problem and help to develop the multi-faceted response that this extensive global problem demands.

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For more information on brand protection, the resources discussed in this backgrounder, and opportunities to partner, contact Jeremy Wilson (jwilson@msu.edu) at the A-CAPP Center and Monica Mena (Monica.Mena@UL.com) at UL Global Security & Brand Protection. A wealth of information and resources can also be accessed from the A-CAPP Center (<http://a-capp.msu.edu/>) websites and UL (<http://industries.ul.com/anti-counterfeiting-solutions>).

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The Michigan State University Center for Anti-Counterfeiting and Product Protection (A-CAPP) is the first and preminent academic body focusing on the complex global issues of anti-counterfeiting and protection of all products, across all industries, and in all markets, and on strategies to effectively detect, deter, and respond to the crime. Linking industry, government, academic, and other stakeholders through interdisciplinary and translational research, education, and outreach, the A-CAPP Center serves as an international hub for evidence-based anti-counterfeit strategy. For more information and opportunities to partner, contact Dr. Jeremy Wilson, Director of the A-CAPP Center, at (517)353-9474 or jwilson@msu.edu. Additional information can also be found at www.a-capp.msu.edu.