

# Dangers of Selling IPR Infringing, Gray Market, and Black Market Imaging Supplies

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Allen Westerfield  
President, Imaging Supplies Coalition

Hosted by:  
Mike Tucker  
President, National Office Products Alliance



# What is NOPA?

## National Office Products Alliance

- ❖ Founded in 1904
- ❖ Serving over 900 members nationwide
- ❖ Mission – to provide dealers with information, knowledge and tools they need to be successful in today's ever changing business environment

# National Office Products Alliance

## Benefits of Membership

- ❖ Government Advocacy
  - ✓ GSA Procurement Outreach
  - ✓ National Defense Authorization Act
  - ✓ Annual Fly-In Event
- ❖ Education/Webinars/Seminars
  - ✓ Amazon Library
  - ✓ Toner Series
  - ✓ Cyber Security
- ❖ Benchmarking Survey
  - ✓ Salesforce Performance Study
- ❖ Monthly Newsletter
- ❖ Scholarship Fund
  - ✓ \$30,000 in awards for 2019

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# DISCLAIMER

This presentation cannot be used as legal advice.  
Please consult your own attorney for legal advice.

The ideas presented are my own and do not necessarily represent the views of the individual members of the ISC

Allen Westerfield  
President, ISC



# Agenda

- Intellectual Property Rights (IPR)
- Economic and societal problems caused By IPR infringement
- Unique Issues for Imaging Supplies Industry
- The Imaging Supplies Coalition
- Selling Infringing Imaging Supplies – The Risk
- Mitigate the risk
- ISC and OEM tools to help manage the risk
- Call to Action

# Why is IPR Important?

- Article 1 Section 8 of the United States Constitution empowers the US Congress  
“To promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries.”
- Basis for US copyright and patent law
- Trademark law is founded in the commerce clause.



# Why Is IP Important?

- **Justification for IPR Law**
  - **Fairness**
  - **Incentive**
  - **Social/economic benefit**
  - **Public disclosure (patents)**



# 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
  - [https://www.youtube.com/watch?v=5Y\\_woFLFmGI#action=share](https://www.youtube.com/watch?v=5Y_woFLFmGI#action=share)
- \$600B + of world trade is counterfeit
- Virtually all categories of goods are counterfeited
- All brands are at risk

# 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??



# Counterfeiting - Everyone Loses

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



# Imaging Supplies Coalition

- Unique vulnerability of imaging supplies
- History
- Programs

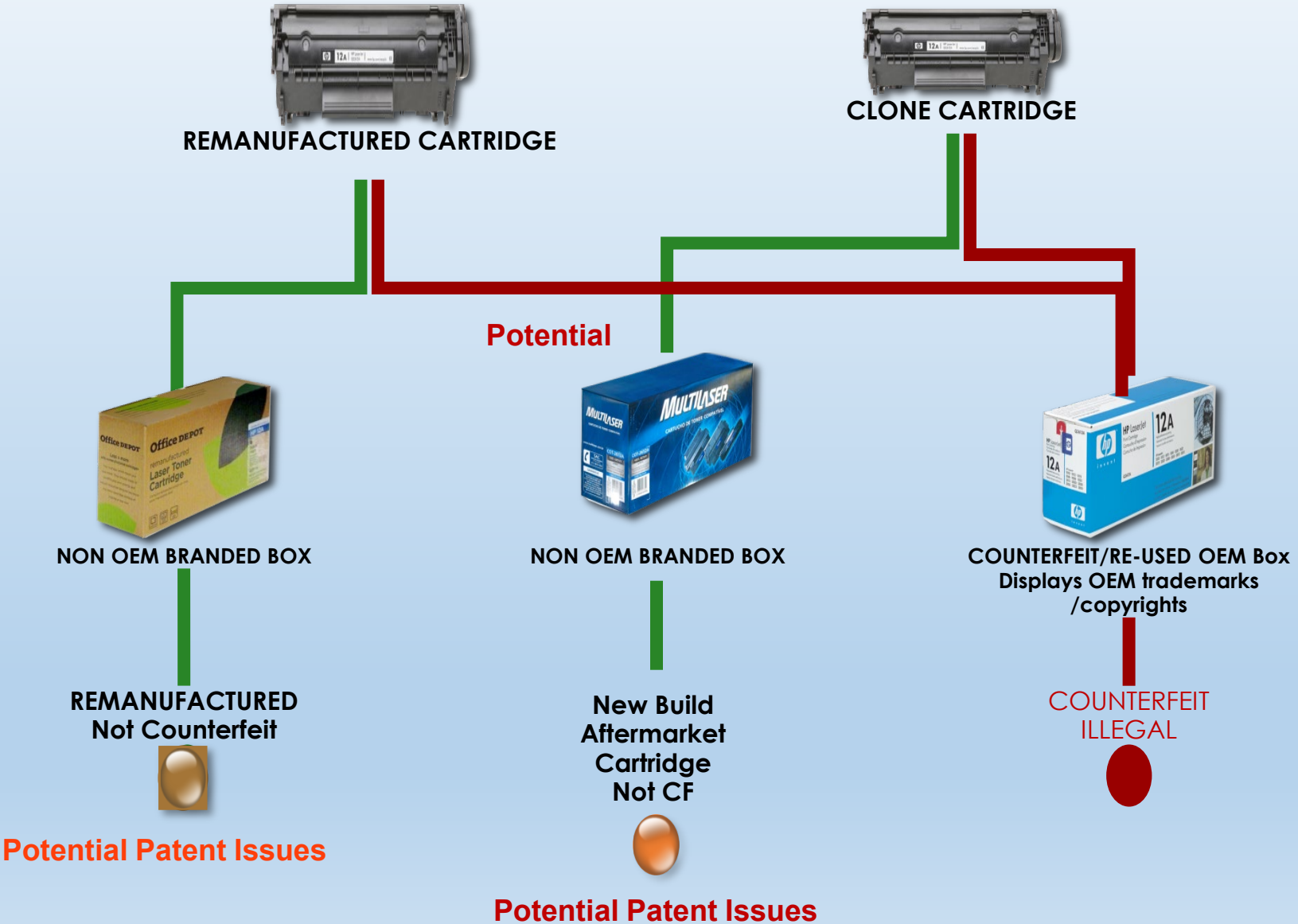


# Counterfeit Imaging Supplies

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



# Remanufactured, Counterfeit or Clone?



# ISC History

- Incorporated February 1994
- Celebrating 25 years of service
- 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.





# ISC Activities

- Training & education
- Counterfeit product identification
- Best practices sharing
- Techniques for avoiding telemarketing and e-Commerce Fraud
- Promote Laws and Their Enforcement
- Work with Law Enforcement & Government Agencies
- Channel Programs
- Bi-annual Conference (Sept 13 -15, 2020) Miami

# IPR Infringement

- Counterfeit/Piracy
  - Trademark, copyright law
  - Criminal
  - Law enforcement/police
- Patent Infringement
  - Patent law
  - Civil litigation
  - US ITC General Exclusion Orders



# Counterfeit / Piracy

- Trademark Counterfeiting Act of 1984 - Federal Law
- Criminal offense
  - substantial monetary fines
  - prison time for companies and individuals who violate it.
- Provision 1: seizure
  - seize the counterfeit goods, business documents, and machines used
- Provision 2: Penalties
  - Imprisonment – Up to 10 years for the first offense and up to 20 years for a repeat offender.
  - Fines – Up to \$15.0 million for corporations and \$5.0 million for individuals who are repeat offenders.
  - Seizure and destruction of the counterfeit products in the wholesaler-distributor's possession.
  - Civil lawsuits by the trademark owner under the Federal trademark law for the recovery of damages, lost profits, attorneys' fees and injunctive relief.

# Patent Infringement

- Whoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention during the term of the patent therefor, infringes the patent.
- Whoever actively induces infringement of a patent shall be liable as an infringer.
- Whoever offers to sell or sells within the United States or imports into the United States a component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a patented process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial non infringing use, shall be liable as a contributory infringer.

# Patent Infringement

## Remedies

- Lost profits
- Royalties
- Court costs
- Treble damages
- Post-trial injunction
- Pre-trial injunction

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# Patent Infringement Defense

- **US ITC General Exclusion Orders Granted**

- Epson
- HP
- Canon
- Lexmark
- Brother (Applied For)



# Patent Infringement Defense

- **Litigation**

- Epson Portland Inc. and Seiko Epson Corp. obtained a \$17 million default judgment against InkJet2U LLC and Worf Corporation
- Epson filed two new patent infringement complaints against Straightouttink, Nahn Ho, and Vintrick
- Epson has launched a fleet of twenty-six lawsuits for trademark infringement against various Amazon Marketplace sellers.
- Canon has begun legal proceedings against dozens of companies, claiming patent infringement.
  - according to the OEM, 21 defendants infringed all nine patents
  - A further 20 companies have been accused by Canon of violating seven of the nine patents
  - Canon seeks damages from all the accused companies, as well as payment of all its legal costs in relation to each lawsuit.

# Keep It Simple

## Remember the 5 P's

- Price
- Person
- Place
- Packaging
- Performance





# Methods of Defense

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

# ISC Tools to Help

ISC Website [isc-inc.org](http://isc-inc.org)

Links to OEM Anticounterfeiting Pages

Click the logos to view brand protection information.

ISC When in Doubt Check It Out Program (WIDCIO)

Links to other helpful sites

Other relevant information

# ISC WIDCIO Program

- WIDCIO (When in Doubt... Check it Out) Program). Launched 1998
- Dealers, distributors and customers an opportunity to submit questionable imaging supplies to the ISC for authentication.
  - Product thought to be counterfeit, that is presented as a new OEM branded product.
  - New "compatible" "clone" products which you think are in violation of a limited or general exclusion order
  - Supplies that are falsely advertised or misrepresented.
  - There are three ways to submit product(s) for authentication:
    - physical product,
    - photos,
    - written allegations..
- **In each method your identity as a program participant will remain confidential and will not be revealed to the OEM.**

# ISC Special Focus

Customs and Border Protection

Quarterly meetings with machinery CEE

Classroom style training of field ops and import specialists

At selected ports

Amazon MOU

Support of legislative and executive actions

ISC Bi-annual Conference (Miami, 9/13 – 9/15)

# OEM Protection From IPR Infringement

- Product Design
- Mark Registration
- Supply Chain
- **Packaging**
- **Channel and Internet Monitoring**
- **Professional Investigators**
- **Zero Tolerance**



# 3 Easy Ways to Authenticate your Brother™ Branded Ink or Toner Cartridge

**Option 1:** Use a free “Mobile App” to scan the 2D barcode on the Security Label (free download available on [www.Brother.com](http://www.Brother.com)).

**Option 2:** Visit our Authentication Website on [www.Brother.com](http://www.Brother.com) and manually enter the Unique ID number that appears on our new Security Label.

**Option 3:** Use the new Security Label’s improved Holographic Capabilities to authenticate without using tools or electronic devices.

## Authentication is Simple

Chose one of three easy options to authenticate your ink or toner cartridge now:

**Option 1:** Authenticate using a dot matrix app on your mobile device and receive one of the following responses:

Download the recommended dot matrix reader app (i-nigma) now:

[DOWNLOAD](#)



**Option 2:** Authenticate using the ID number on the label:



on the Brother Authentication Website:

[CLICK HERE](#)

**Option 3:** Authenticate by matching the hologram characteristics below:

Authentication dots and numbers:



AND

Multi-angle text:



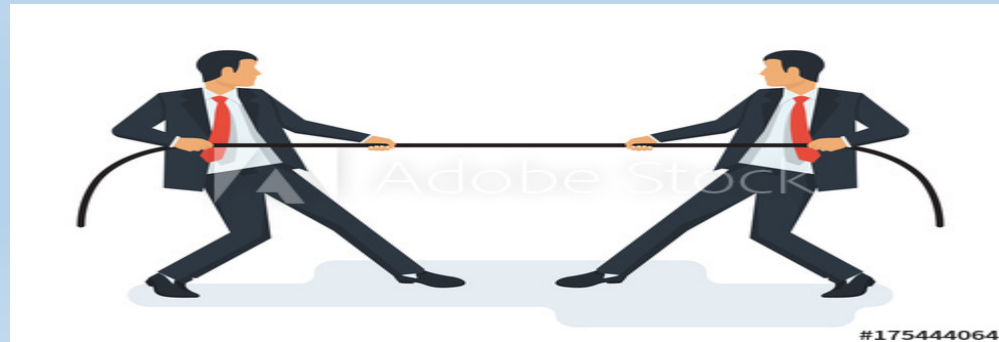
## Still Not Sure? or Have More Questions?

If you are still not sure or have more questions, please contact us toll free 866.236.6835, M – F, 9:00am – 7:30pm EST

Supplies & Accessories Finder

# Call to Action

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



# Call To Action

- I call on you today to work to eliminate infringing product from commerce
  - Band together for influence and reach
  - Educate resellers, consumers and government
  - Cooperate with government enforcement agencies and enlist their support
  - Develop a respect for intellectual property and demand enforcement
- It is in everyone's best interest!!!





# Thank You

- For your time
- Your attention
- Your commitment



For questions about NOPA or information on membership contact  
Mike Tucker [mike@iopfda.org](mailto:mike@iopfda.org)

