


## Counterfeit and Substandard Products: How IPR Infringement Adversely Impacts Public Health and Safety



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## Counterfeit Consumer Products are Part of the Larger Problem of IPR Infringement

- Copying or Appropriation of Another's Intangible Property Without Permission or Legal Right
  - Brand name, logo, shape, color rather than invention, music, written works, film, software or other content
- Most Always Done for Financial Gain
  - No research and development costs
  - No need to build brand, consumer trust
  - Virtually no labor or overhead

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## Q. What's Wrong with IPR Infringement?

### A. Organized Crime and Terrorism

- IPR Infringement Is Connected to Other Types of Illegal Organizations and Activities
  - Organized crime
  - Possibly terrorism
  - Why?
    - High profits
    - Low risk of getting caught
    - Low costs of production

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## Q. What's Wrong With IPR Infringement?

### A. Public Health and Safety Suffer

- Trademarks Signify Source, Characteristics of Products
  - Coke is from Coke
  - Viagra is from Pfizer
- Develops Confidence Among Consumers that Products are Safe, Effective and Deliver What They Promise
- Counterfeit Consumer Products Are Generally of Low Quality and Can Be Dangerous:
  - Automobile brakes made of sawdust
  - Baby formula with no nutritional value
  - Vodka containing methyl alcohol

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## Low Quality Infringing Products— Relatively Innocent

Cigar Labels--Top Is Authentic



Bottom Does Not Contain Same Level of Detail and is Counterfeit

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## Low Quality Products--Apparently Innocent

Authentic Nokia Batteries:



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# Low Quality Products—Apparently Innocent

Counterfeit Nokia Battery:




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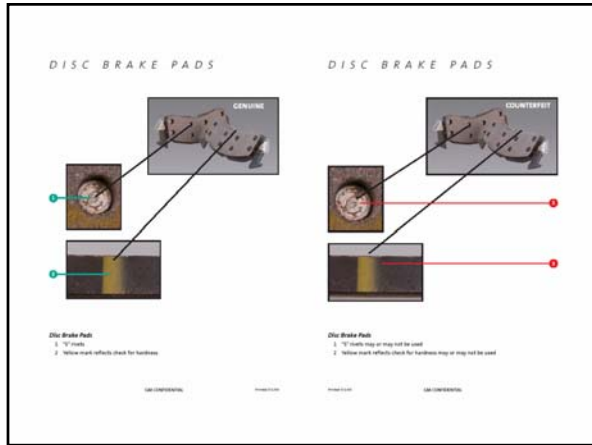
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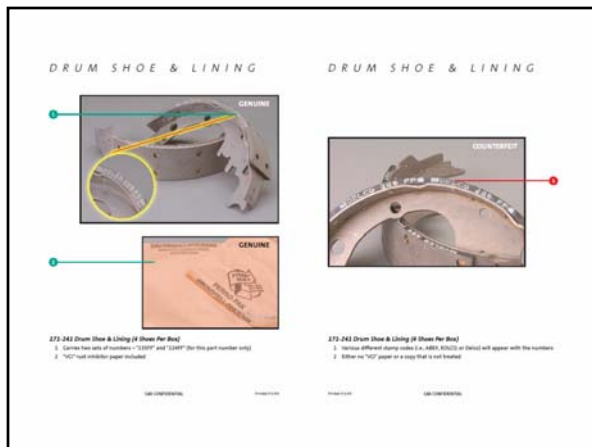
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## Counterfeit receptacles – same problem

- Electrical receptacles
  - Substandard materials



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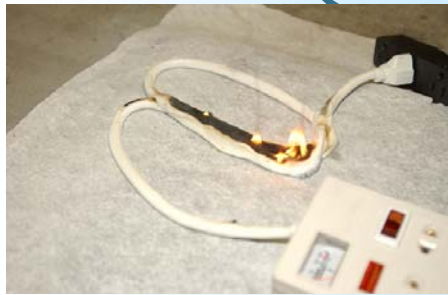
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## Counterfeit cords – same problem



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## Counterfeit Drugs—Not Innocent



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## Counterfeit Drugs—Not Innocent

### U.S. Definition:

A drug which, or the container or labelling of which without authorization bears the trademark, trade name, other identifying mark, imprint, or device or any likeness thereof, of a drug manufacturer, processor, packer, or distributor other than the person or persons who in fact manufactured, processed, packed, or distributed such drug and which thereby falsely purports or is falsely represented, to be the product of, or to have been packed or distributed by, such other drug manufacturer, processor, packer, or distributor.

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## Counterfeit Drugs—Not Innocent

### • Types of Counterfeit Drugs:

- Identical copies containing same ingredients, formulas and packaging, by other than the original manufacturer
- Look-alikes—high quality packaging with little or no active ingredients or harmful substitutes
- Rejects—rejected by authentic manufacturer
- Re-labels—past expiration date
- Devices—aortic pumps, implants, etc.

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## Counterfeit Drugs—Not Innocent

### • Rough Breakdown by WHO

- 59% no active ingredients
- 17% incorrect amount of active ingredients
- 16% different active ingredients
- 7% correct amount of active ingredients

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## Counterfeit Drugs—Not Innocent

### Reasons for Counterfeiting Medicines

- Small size, high cost
- Huge and growing demand
- Ingredients (if any) cheap
- Low overhead, no infrastructure required, margins high

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## Counterfeit Drugs—Not Innocent

### • The Scope of the Problem:

- Links to organized crime
- 5-10% of pharmaceuticals worldwide are counterfeit, up to 25% in least developed countries
- Reporting is sporadic, hard statistics are difficult to collect
- Includes fake contraceptives, HIV/AIDS medications, antibiotics, etc.
- Niger—2,500 deaths in 1995 from fake meningitis vaccine
- Haiti—89 deaths in 1995 from cough syrup containing antifreeze
- Cambodia—30 deaths in 1999 from counterfeit antimalarial drugs

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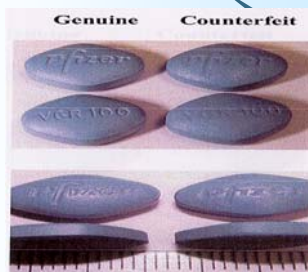
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## Counterfeit Drugs—Not Innocent



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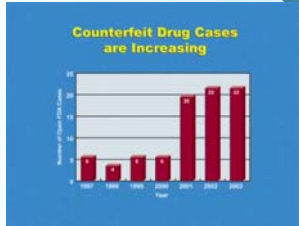
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## Counterfeit Drugs—Not Innocent

Problem is Increasing in U.S. and Worldwide



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## Solutions?

- Private
  - Product security
    - holograms
    - RFID
  - Monitoring and Reporting
    - missing lots
    - market tracking and trend data
- Government
  - Strict penalties
  - Education/public awareness
  - Quickly alerting public
  - International coordination/cooperation

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THANK YOU FOR YOUR  
PARTICIPATION IN THIS  
PROGRAM!!!

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