



CSA INTERNATIONAL

WHITE PAPER

The Threat of Counterfeit Product Approval Marks Warrants Aggressive Detection and Enforcement Action

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Counterfeit Product Approval Marks Threaten Mark Value And Undermine Confidence in Legitimate Products

Widespread use of counterfeit marks undermines the entire North American system of standards, testing and certification that has been put in place to protect the interests of retailers, regulators, specifiers, product manufacturers, as well as consumers.

If unchecked, proliferation of counterfeit approval marks can enable unsafe or otherwise deficient products to gain widespread access to the North American market. This can place consumers at direct risk of exposure to unsafe or deficient products and increase retailers' risk of legal action and unfavorable publicity should they unwittingly supply those products. Widespread counterfeiting can also jeopardize public confidence in products bearing legitimate approval marks, posing a significant threat to leading national brands and the profits of the companies behind them.

Proprietary, trademarked approval marks are among the most valuable brand assets of CSA International and other testing laboratories. Counterfeit marks pose a very real threat to the acceptance of these legitimate marks. Reduced acceptance represents a significant loss of brand equity, and could place a testing laboratory at a competitive disadvantage, ultimately resulting in significant loss of business.

The global product counterfeiting threat

The threat of counterfeiting is not limited to product approval marks. The appearance of counterfeit products in North America has increased dramatically over recent years. These products are often unsafe, compete unfairly with legitimate business and can damage legitimate manufacturers' reputations.

CSA and other reputable and accredited testing laboratories will not provide testing and certification services or license the use of their approval marks to known counterfeit products. However, product counterfeiters often illegally display counterfeit approval marks on products as a part of their deception, to further gain the trust of purchasers and specifiers.

The ICC (International Chamber of Commerce — www.icc-ccs.org) estimates that trademark counterfeiting accounts for about 6% of world trade and is worth an estimated \$350 billion annually.

In the mid-year report for 2005, the U.S. DHS (US Department of Homeland Security — www.cbp.gov) reports that customs seized more than sixty-four million dollars worth of counterfeit products during 3,693 seizures. Electrical equipment alone accounted for over six million dollars worth.

The IACC (International Anti-Counterfeiting Coalition — www.iacc.org) reports the majority of counterfeit products come from Asia, primarily China, and that Eastern

Europe has also become a significant source. The manufacture and distribution of counterfeit products has been linked to organized crime.

The CACN (Canadian Anti-Counterfeiting Network – www.cacn.ca) estimates that Canadian market in counterfeits is between \$20 and \$30 billion annually.

A wide range of potentially unsafe products could have counterfeit approval marks

- Counterfeit approval marks have been found on electrical products built using substandard materials and exhibiting compromised electrical spacing—both of which are potential shock and fire hazards.
- Safety footwear bearing counterfeit approval marks has been found to offer substandard toe protection. These shoes were also deficient in dielectric protection creating a potential shock hazard.
- Recently, circuit breakers bearing counterfeit approval marks were found in a hospital panel board supplying power to life-support equipment in the intensive care ward.

Who buys counterfeit products?

Anyone could unwittingly purchase a counterfeit product or a product bearing counterfeit approval marks. These are the real victims of counterfeiting because they believe they are purchasing or specifying a legitimate product and are paying for the value they associate with that product.

While these people may be disappointed in the performance, reliability, and durability of the product, the real threat posed by many counterfeit products is in safety. If the product has not been tested and certified to meet applicable standards and does not bear legitimate approval marks, it could pose a serious fire, shock, or other hazard to the user and present a serious liability risk to retailers, distributors or others who may have supplied the product.

Some people actually choose to purchase counterfeit products under the assumption that they are paying less for products that are equal in value to the legitimate products they mimic. People who deliberately choose to buy counterfeit products are not victims. Instead they support the criminally deceptive practices of counterfeiters by creating a built-in market for their goods. Counterfeiting would not disappear if there were no willing consumers of counterfeit products. But in many cases, counterfeiting would be less profitable and more risky without these easy sales.

CSA approval marks for the U.S. and Canadian markets

CSA International owns a number of trademarks that are registered internationally, including the familiar CSA certification marks, which are applied to more than a billion products each year. CSA approval marks provide visual evidence that the marked products conform to applicable standards for safety or performance. Retailers, product specifiers, regulators, product manufacturers, as well as consumers buy, specify or approve products with confidence when they see CSA approval marks.

CSA approval marks available for products sold in the U.S. include:



Indicates a product meets applicable U.S. standards



Indicates a product meets applicable U.S. and Canadian Standards



Meets applicable U.S. standards for gas-fired products and accessories

Additional CSA approval marks are available for products sold in Canada, including:



Indicates a product meets applicable Canadian Standards



Meets applicable Canadian standards for gas-fired products and accessories

How products are properly authorized to display CSA approval marks

CSA allows the use of its approval marks only under licensed agreements with product manufacturers who are authorized to use the mark or marks on products that have been tested and certified to meet applicable standards for safety or performance.

A counterfeiter is one who uses a CSA approval mark and does not have a licensed service agreement with CSA International. This includes the display of a CSA approval mark on a website, on packaging, in advertising media, or on the product.

How to determine if a CSA approval mark is counterfeit

Sometimes the appearance of the mark itself is an obvious indication that it is counterfeit. The CSA marks shown previously have distinctive graphic features that are often not accurately reproduced by counterfeiters. One common difference is in the proportion of the letters in the marks.

CSA International supplies licensed manufacturers with approval mark artwork or labels to ensure that their products are properly marked. Marks on products that deviate from these official designs should be viewed with suspicion.

Examination of products and their packaging can sometimes also indicate a counterfeit. For example, unclear printing on products, labels, or packaging or spelling mistakes can be an indication that the product is counterfeit and may have counterfeit approval marks. A discrepancy between the contents of the product package and the description on the package may also be a sign of counterfeiting. Missing product information or other package enclosures are another reason to be suspicious.

Significantly lower pricing, or a deal that is “too good to be true” can be a sign that a product is counterfeit. And, availability of a product through an unauthorized distributor can indicate that the product is not legitimate.

CSA certification of a product can be confirmed online by comparing the product's identification information against the certification record found on the CSA International website at <http://directories.csa-international.org>. In the “**Certified Product Listing**” directory, the product manufacturer's name or file number can be entered to reveal a certification record which lists the model number and rating information that corresponds to information on the product.

Aggressive action is called for

The threat posed by counterfeit approval marks calls for decisive detection and enforcement action to defend the interests of businesses and consumers who rely on approval marks for assurance that products or components meet applicable standards.

Like leading manufacturers who have been victimized by counterfeiters, CSA International has initiated an aggressive program to detect, expose and punish any unauthorized use of its registered trademarks—including all CSA approval marks. CSA has adopted a “Zero Tolerance” policy where counterfeiting is found.

While a warning may be issued to first-time offenders in cases where CSA approval marks are incorrectly displayed, illegal use of CSA marks is met with immediate legal action. CSA works cooperatively with police and customs authorities in North America and other global regions to bring counterfeiters to justice. Settlements typically call for identification of all products and parties involved, disposal or destruction of all illegally marked products and prosecution to the full extent of the law.

How to notify CSA when counterfeit products bearing counterfeit CSA marks are detected

When a counterfeit product bearing a CSA approval mark is found or suspected, it should be reported to one of the following at CSA Group, 178 Rexdale Blvd., Toronto, ON Canada M9W 1R3:

Doug Geralde, Director, Corporate Audits and Investigations
Tel: (416) 747-4295, Cell (416) 417-0780
E-mail: doug.geralde@csagroup.org

Or:

Jim Brown, Senior Manager, Global IP.
Tel: (416) 747-2727
E-mail: jim.brown@csagroup.org

Or:

Manny Gratz, Manager Anti-Counterfeiting & IP Enforcement
Tel: (416) 747-2560, Cell (416) 277-2408
E-mail: mannygratz@csagroup.org

CSA offers retailer training programs

CSA International provides several training programs for retailers designed to increase familiarity with CSA marks and assist merchandising managers, retail buyers, quality assurance personnel, store managers and others in detecting counterfeit approval marks. The programs include:

- What to look for when buying/receiving products covered by CSA and U.S. ANSI/UL requirements
- How to read and understand the CSA approval mark on packaging
- What the CSA brand brings to a company's image
- Using the CSA markings in literature, on packaging, in Web sites, etc.
- Detecting and preventing counterfeiting of CSA marks

To arrange for a training seminar or to request an information presentation from CSA International, e-mail requests to: retailer@csa-international.org

CSA supports industry anti-counterfeiting initiatives

Increasing awareness of counterfeiting is a key goal of CSA's Anti-Counterfeiting Program. CSA investments in educational programs and outreach communications programs to manufacturers, specifiers, retailers, regulators, and other concerned parties are building awareness of counterfeiting, which will help ensure that it does not go undetected or unpunished.

CSA is a member and active participant in IACC, sharing up-to-date information on counterfeiting issues, information sources, as well as detection and enforcement techniques with other businesses.

In addition CSA Chairs the CACN (Canadian Anti-Counterfeiting Network). This newly formed Canadian organization is actively working with industry, retailers, government legislators, customs, law enforcement and other interested parties, all focused and tackling the growing problem of unsafe counterfeit products in the marketplace

Training programs have been developed by CSA for U.S. and Canadian Customs agents, police, and regulatory authorities to alert them to the problem of counterfeit marks and arm them with the latest identification techniques.

CSA efforts to thwart counterfeiters also include programs to review the company~marking practices to include security identification, as well as cooperative investigations in cases where competitor marks are also counterfeited.

A commitment to protect approval marks and their value

By working aggressively to detect and punish product counterfeiting, CSA International—in concert with businesses, government, and law enforcement agencies across North America—is helping to protect the integrity of approval marks. This, in turn, protects the vital economic and safety interests of those who rely on these marks to manufacture, distribute, specify, purchase or use products with confidence.

To learn more, contact:

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