

StraightTALK



Sharks in the Water

By John Estey, *National Electrical Manufacturers Association*

BENEATH THE SEEMINGLY SMOOTH WATERS OF THE ELECTRICAL PRODUCTS MARKETPLACE swims a predator that threatens not only the integrity and good reputation of the electric industry, but the public safety as well. The predator is one who would lay claim to the value of established electrical products by appropriating the designs and branding, and oftentimes introducing inferior and dangerous imitations into the marketplace.

Is there really a problem? Worldwide counterfeiting of electrical products is estimated to range anywhere between US\$11 billion to \$20 billion annually. North American electrical product counterfeiting is estimated to be in the \$300 million to \$400 million range and rapidly growing. There is also evidence that gray market commerce has opened the door for the infiltration of counterfeit electrical products to the supply chain.

The National Electrical Manufacturers Association is so concerned about this influx of counterfeit products that its board of governors has made it one of its top-three priorities to focus the attention of government, the supply channel and the public on the harm caused by counterfeit electrical products.

China is the source of many counterfeit electrical products, but that is not always evident. We are seeing counterfeit products sold heavily over the Internet. The Guangzhou Commodity Export Fair is another means counterfeiters use to move their product. In both venues, counterfeiters display look-alike products and may be willing to affix an unauthorized trademark or a certification mark to the product or its packaging.

Counterfeiters will, of course, go to great lengths to make the product's exterior appear as though the product is genuine, but hidden within that exterior lies the deception. Counterfeit circuit breakers are missing key safety design components, which can cause delayed tripping and even explosions. Counterfeit electrical connectors for electrical and telecommunications lines have been found in the U.S. market.

So, how do we attack the problem? Buyers need to recognize certain marketplace realities. Genuine manufacturers offer and honor product warranties. Counterfeiters do not. Genuine manufacturers provide installation instructions with their products and may offer training programs to distributors

and customers on the safe use and maintenance of their products. Counterfeiters do not. Genuine manufacturers test and conduct quality-control inspection of their branded products, even if they source the product from a third-party manufacturer. Counterfeit manufacturers skip these essential niceties.

In a recent case in Canada that resulted in convictions, the Royal Canadian Mounted Police discovered widespread installation of counterfeit industrial breakers in Québec hospitals, schools and other public buildings. The breakers were supplied with two leaflets carrying false information; some were illegally stamped with recognized certification marks.

What buyers may not fully understand is that there is no legal right to possess counterfeit product. That means either the government or the owner of the brand can have the product seized and destroyed, leaving even an innocent party holding the bag.

Manufacturers play a key role in the fight against the illegal appropriation of their intellectual property. Manufacturers, particularly those who source product or components from third-party suppliers, need to be cognizant of their sources and the products to ensure that their design specifications are being satisfied.

Finally, we must work with customs and other law enforcement entities to track down and prosecute counterfeiters. U.S. courts are imposing substantial criminal penalties for trafficking in counterfeit products. Recent counterfeiting cases involving electrical products have yielded seven- and eight-year prison sentences. Individuals may be fined up to \$2 million and businesses up to \$5 million.

Counterfeiting is not a victimless crime. Counterfeiters are predators. They are thieves. And, in the case of electrical products, they may be culpable for injury and even deaths of innocent people. We should not tolerate them, and should take every measure to ensure that, if they do the crime, they do the time. **TDW**

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Editors Note: The National Electrical Manufacturers Association is the electroindustry leading trade association in the United States, representing manufacturers of products used in the generation, transmission and distribution, control and end-use of electricity. For more information about anti-counterfeiting, contact Clark Silcox at (703) 841-3275 or visit www.NEMA.org.