



AVOID THE LEGAL RISKS OF COUNTERFEIT CARTRIDGES

Whether they realize it or not, channel resellers put themselves in serious legal jeopardy by coming in contact with the counterfeit economy — risking costly litigations, inventory seizures and ruined reputations.

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It's a troublesome but unavoidable fact of life for print supply manufacturers: counterfeiting is not a victimless nor a benign crime. In fact, counterfeit printing supplies are created and distributed by a worldwide network of criminals and can carry serious legal risk for those involved — even just tacitly — in their sale. The intent of counterfeiters is clear: to attract bargain hunters who want to save on printing costs or middlemen who seek to collect a profit by marking-up and selling bogus supplies.

According to the [Imaging Supplies Coalition](#) (ISC), an organization that watches out for the interests of HP and other print supply vendors, counterfeit printing supplies represent 3.5 to 4 percent of the global supplies market, costing the industry [\\$3 billion a year](#). Counterfeit supplies are part of a broader illicit counterfeiting industry that's bringing in more than [\\$1.2 trillion a year](#) and is only projected to grow. We believe it's time for that to end.

What Exactly Is Counterfeiting?

Counterfeiting is manufacturing, refilling or remanufacturing ink or toner cartridges with the intention to market them falsely as originals. This could involve putting any cheap non-HP cartridge into a box that resembles genuine HP packaging, but isn't. HP's Anti-Counterfeiting and Fraud (ACF) Program has found approximately 85 percent of counterfeits are toner (due to its higher price point) while 15 percent are ink cartridges. In the developing world, there's a 90 percent chance that a shipment of print cartridges will have at least some fakes sprinkled into the inventory, according to data collected from HP's ACF product seizures and inspections.

What if some of those fake goods show up at your door? Can you, as a channel partner, be charged with counterfeiting if you come into possession of these goods? It depends. If you have no knowledge that goods are counterfeit and/or law enforcement cannot establish criminal intent, you're likely in the clear, although any counterfeit goods you have will be seized, perhaps at great expense to your business.

The riskier side of this gray market is the concept of "willful blindness". If law enforcement determines that you're in possession of products that look bad, cost too little, or were obtained through suspicious channels — and they can infer your knowledge of criminality — you might be in trouble. Think of it as the difference between finding a bogus \$20 bill in your wallet and having 1,000 bogus \$20 bills in your safe.

It's worth noting there are legitimate sales of non-HP supplies intended to be used in HP printers. Remanufacturers who acquire and refill empty HP cartridges to sell them as "compatible with HP" are legally allowed to do so. The problems arise when someone infringes on patents or trademarks, tweaks the chips or circuitry in the cartridges or falsely advertises them as "HP cartridges", which is a major issue in online marketplaces.

A Global Enforcement Effort

HP has made a commitment to fight counterfeiters wherever and whenever they appear. Our ACF Program combines an in-house team with external specialists, and we work with law enforcement to seize and destroy hundreds of millions of dollars' worth of counterfeit products and components every year.

When HP learns of a counterfeit case, our aim is to trace the goods to their source. Once found, we give law enforcement our evidence and seek their support in conducting a raid. Counterfeit goods are seized and destroyed on the order of a court. The counterfeiters are usually criminally prosecuted.

Globally, enforcement actions have resulted in the seizure of millions of counterfeit products and components — largely in China, India, parts of Southeast Asia, the Middle East, Africa and Latin America — where the counterfeit problem is most troublesome. For example, the federal government of Nigeria has sought HP's partnership to clamp down on counterfeiting operations in the country. During a single [December 2018 raid](#), local law enforcement and HP hit 12 locations simultaneously and seized 67,000 fake print cartridges. In Southeast Asia, we helped to seize more than [\\$7 million in counterfeit products](#) over the course of a 15-month period.

HP and Its Partners: Protecting One Another

Luckily, in the United States counterfeit is less of a problem than in other regions. But because online sales are so prevalent, plenty of bogus goods still show up on our shores. Anyone who knowingly participates could be prosecuted and held liable to pay restitution to the rights holder, usually in proportion to the amount of illicit sales. Any offending HP channel partner who is caught would be terminated as a partner.

So how can HP partners protect themselves from the dangers of counterfeiting?

- **See something, say something:** HP considers its partners to be on the front lines of the fight. They're the ones keeping their eyes on multiple marketplaces every day and are well equipped to notice and report prices that seem too good to be true or products that look too bad to be real.
- **Get inspected randomly:** Every HP channel partner agrees by contract to random and unannounced Channel Partner Protection Audits. HP representatives reserve the right to go into warehouses to look for counterfeit and gray market products. If they suspect anything, they go straight to the police and seize counterfeit inventory.
- **Get inspected by appointment:** HP will answer a request for an inspection, and HP partners who pass an inspection can become HP Partner-Certified, a validation of their reputation.
- **Educate customers:** Partners can use [HP materials](#) to teach their customers about what to look for. Customers who buy in bulk can also request an [HP Customer Delivery Inspection](#) (CDI). HP will send an inspector to look over inventories at no cost. In fact, in an ongoing survey of corporate customers, 10-out-of-10 customers who have done a CDI would recommend it to other customers.

The Battle Continues

In April, the President signed an [executive order](#) directing government agencies to investigate how counterfeit goods end up in the United States and undermine our economy. We hope that work includes a long, hard look at online marketplaces and the loopholes through which counterfeiters often slip. HP also continues to release new printing technologies that lower the cost of printing enough to eliminate any counterfeiting profit motive. Ultimately, it's up to everyone in the global distribution system — from suppliers and resellers to end users — to get educated, stay vigilant and join us in this fight.

¹ Statistics based on number of counterfeit cartridges seized globally by HP's Anti-Counterfeiting and Fraud (ACF) Program.