



WHY KNOCKOFF PRINT CARTRIDGES SHOULD CONCERN THE CHANNEL

This article is an HP analysis of Actionable Intelligence's whitepaper, "Infringing Cartridges Still Pose a Clear and Present Danger to the Consumables Market," which focuses on the growing marketing of illicit ink and toner cartridges.



The worldwide market for cheap, patent-infringing ink and toner cartridges is growing despite their poor performance and the risks they pose. According to [new report from Actionable Intelligence](#), “clone” cartridges — also known as “copy-cat,” “fake,” “imitation” and “knockoff” cartridges — continue sell at price points far below those associated with genuine consumables. These clones are not nearly held to the same standards of quality, safety and sustainability as OEM cartridges.

It is a problem that dates back to the 2008 economic downturn when consumers and businesses were trying to save money just as clones and imitations were becoming more readily available. While some third-party vendors have improved the quality of their supplies since then and typically adhere to patent laws, illegitimate options continue to capture market share.

Channel partners must understand the differences and implications of the various options in order to better advise their clients and protect their own interests along the way.

Cartridge Categories: The Basics

There are three basic categories of ink and toner partners should know about:

- **Original Equipment Manufacturer (OEM) cartridges:** These are cartridges made by printer manufacturers themselves. They deliver the highest quality, albeit at a premium price.
- **Remanufactured cartridges,** or “remans,” are depleted OEM cartridges that are collected, refilled and resold. Their performance can vary, but they typically work fairly well and cost about 15 to 25 percent less than their OEM equivalents.
- **Newly manufactured third-party cartridges,** or “new builds,” come in two varieties: **premium new-build compatibles** and **clone or imitation cartridges.**

Premium versions are a legitimate subset of new, non-OEM cartridges that typically perform well and are based largely on third-party designs that don't infringe OEM IP. They sell at price points well below remanufactured cartridges.

Clones, meantime, are knockoffs. Their manufacturers do not conduct their own R&D, and their products often use low-grade inks, toners and other components that can cause printer damage that will void warranties. These cartridges also have high failure rates and poor image quality. But because they sell so cheaply, some customers are overlooking the potential risks. As a result, cartridge buyers find themselves defrauded by up to [\\$3 billion a year.](#)

How Businesses Suffer

The continued presence of clones and imitations has wreaked plenty of havoc on mainstream suppliers. It costs OEMs billions of dollars to design, test and deliver quality ink and toner cartridges for their printers. It also costs considerable sums of cash to defend their intellectual property (IP) against those producing counterfeits as well as those selling them.

This is where channel partners should remain vigilant. During the past 10 years, most supplies vendors that have been sued for IP violations in the U.S. and abroad have been wholesalers, distributors, resellers and other channel organizations. In many countries, companies that sell infringing products are at risk for IP violations just like the manufacturers. Some channel partners have, in fact, shut down after being sued for IP violations.

Organizations dealing in counterfeit cartridges can also be charged with crimes. In one case from 2018, the U.S. Attorney's Office for the Eastern District of California brought eight counts of wire fraud and mail fraud against Jim Meron, the operator of two office-supplies distributors, WOW Imaging Products and Time Enterprises. Meron was accused of bilking U.S. federal agencies out of as much as \$3.5 million by marketing low-priced OEM cartridges on a few U.S. government procurement platforms. Upon pleading guilty to wire fraud, Meron was ordered to repay more than \$1.72 million. At the time of this writing, he was awaiting sentencing and facing jail time of up to 20 years.

Nothing is more valuable to a business than its reputation. Having that sullied – even inadvertently – can prove disastrous.

Where Customers Get Burned

HP and other printer vendors aren't only concerned about protecting their R&D investments and IP but care very deeply about the experiences customers have with their products.

Research clearly shows knockoffs can seriously dampen those encounters. For instance, in 2018, SpencerLab Digital Color Laboratory performed [testing](#), commissioned by HP, that found 31 percent of printers it evaluated were damaged by non-OEM inks. More alarmingly, some illegitimate ink brands even caused "catastrophic damage." Machines using genuine OEM ink, meanwhile, suffered no damage whatsoever, according to the lab.

Studies indicate similar problems occur with illegitimate toner products. A [survey by Escalent](#), formerly Market Strategies International, found almost total agreement with the statement that non-OEM toner cartridges may shorten the life of a printer. In fact, 95 percent of the 220 HP ServiceOne Partner printer technicians polled in North America reported using non-OEM toner cartridges required more cleaning, repair and replacements than genuine OEM cartridges.

Customers and channel partners who care about the planet might also be surprised to learn knockoff cartridges are not as environmentally friendly as genuine alternatives. Unlike OEM supplies, which can be [recycled](#) or remanufactured, little can be done with clone and imitation cartridges once they stop working. As a result, more than 300 million ink and toner cartridges weighing some 75,000 tons make their way to landfills every year in the United States, according to Evolve Recycling, a division of cartridge remanufacturer Clover Imaging Group (CIG).

Avoiding Risky Business

It is clear ink and toner suppliers will face continuing pressure from the artificially low prices of unsavory clone and imitation competitors for the foreseeable future. By now, all companies, partners and resellers have not only the felt the financial effects of this situation but could also be vulnerable to legal consequences.

The best defense is to understand the importance of using genuine or approved supplies and to fight the temptation of using cheap clones of questionable quality. And when purchasing supplies, remain true to the time-tested adage: if it sounds too good to be true, it probably is.

Actionable Intelligence is a research partner of HP Inc.