



***Putting the Pieces of the Puzzle
Together***

Ryerson University

NAFTA Panel – Law and Business Department

**How will NAFTA change Canada's anti-
counterfeiting enforcement record - if at all?**

Thursday, April 19th, 2018

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For presentation at the Workshop "NAFTA
Negotiations: Exploring the Implications"
(April 19, 2018), organized by the Ryerson
University Department of Law & Business and
supported by the Ryerson CSR Institute



What are Counterfeit Goods

The Federal Court has determined that Counterfeit Goods are:

A product that is made without the authority license or permission of the trade-mark owner or its authorized licensees that bears or uses an identical registered trade-mark owned by the Intellectual Property Owner, or bears or uses any trade-mark, trade-name, logo or design confusing therewith.

Guccio Gucci S.p.A. v. Mazzei 2012 FC 404 (Can LII)



What's The Problem?

- I don't care about foreign owners of intellectual property rights?
- I am not hurting these big companies by buying a “fake”.
- I can't afford a “real one”.
- These companies are just ripping me off anyways!”
- “Imitation is the sincerest form of flattery”.



Is it really a big deal?

- [“Trade in Counterfeit and Pirated Goods: Mapping the Economic Impact”](#) puts the value of imported fake goods worldwide at USD 461 billion in 2013 - OECD & EUIPO
www.oecd.org/governance/trade-in-counterfeit-and-pirated-goods-9789264252653-en.htm
- According to the United Nations Commission on Crime Prevention and Criminal Justice ... counterfeiting is now the **second largest** source of criminal incomes worldwide
- Example: Charlie Hebdo attacks
- Example: Toronto gang related activity

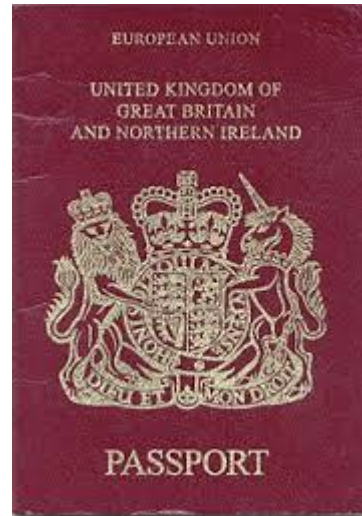


NAFTA

- US Position
 - Watch List of USTR
 - In transit shipments
- Canada's Anticounterfeiting regime
 - Original NAFTA regime
 - Since 2015 - Border seizures
 - Since 2015 - Border detentions
 - Criminal cases 2017
 - Project O'Scorpion



**What do we think of when we
hear “counterfeit”**





What is being Counterfeited?

There are only

2

Categories of Items actually proven
to be counterfeited



What is being Counterfeited?

1. ANYTHING

&

2. EVERYTHING

Alcohol

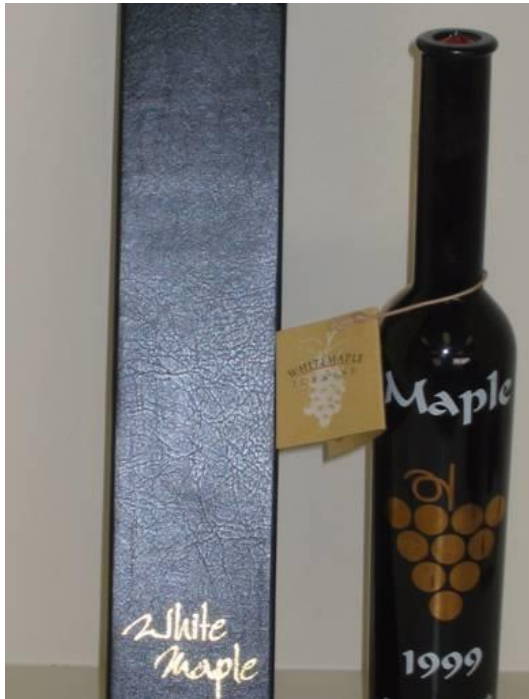


Photo taken by V. Woollacott



Apparel & Accessories



Belts & Buckles



Designer Bags



DVD's



Hats



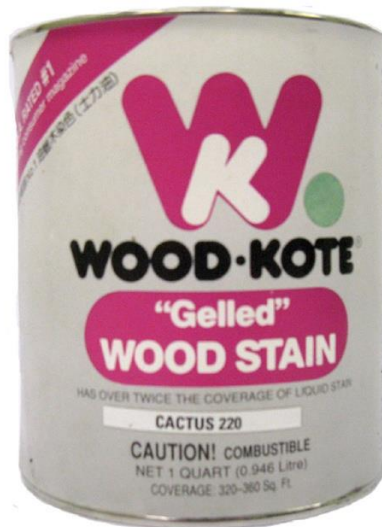
Household Items



Dist. by:
COLGATE-PALMOLIVE CO.
New York, NY 10022 Made in U.S.A.
www.colgate.com



© PUBLICITY PICTURE



Ink Cartridges



Jackets



Jeans



Jewellery



Shoes & Boots



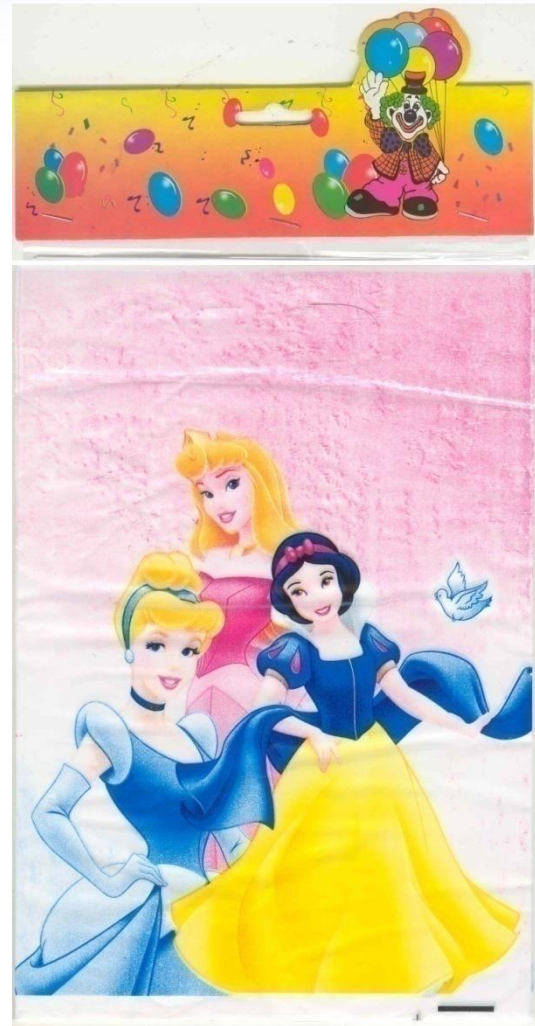
Soccer



Socks



Stickers



Underwear



Watches



Pharmaceuticals



Cell Phones & Accessories

real



fake



Electrical



Electronics



Food & Beverages



... More Food



Tools



Don't Be Fooled by Fakes

If the price tag on that new circular saw seems too good to be true, chances are it is. According to the Power Tool Institute, knock-off tools are being peddled by con artists posing as certified reps. Truck-show parking lots are a favorite bait, where "res" claim they have to unload the hardware before flying home. Fakes have started cropping up on internet auction sites as well. Some even bear bogus UL stickers and manufacturers' logos. According to industry sources, counterfeit products have caused electric shocks and even started fires. To protect yourself, purchase power tools only from reputable home centers or direct from the dealers.

—SCOTT SCHIRM

FAKE

Boogus goods: Fakes not only have inferior (and often unsafe) electric, they exhibit subtle signs of not being the real thing.

REAL

Real deal: The genuine article will have been thoroughly inspected, carry a UL rating, and have superior features.

WHY DIY-ERS DON'T HIRE A PRO: Fake tools are sold for less than 50% of the real thing. 35% don't have the money.

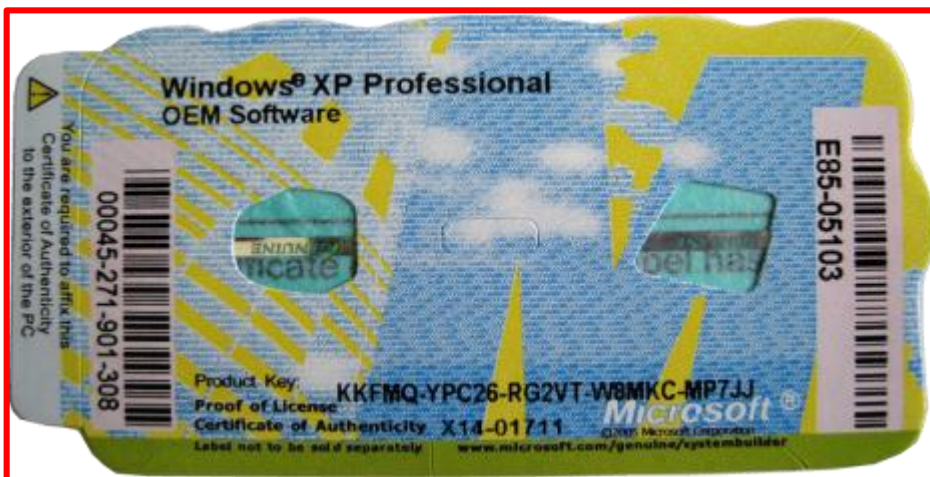
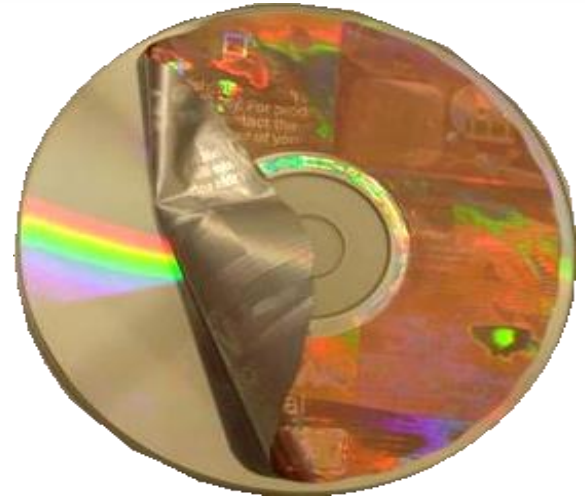
Manufacturing data survey by the National Association of the Remodeling Industry 2003

90 THE NEW YORK TIMES September 2004 www.nytimes.com

Shoes & Boots



Software



Sunglasses



Toys



Batteries





... and





Household Items



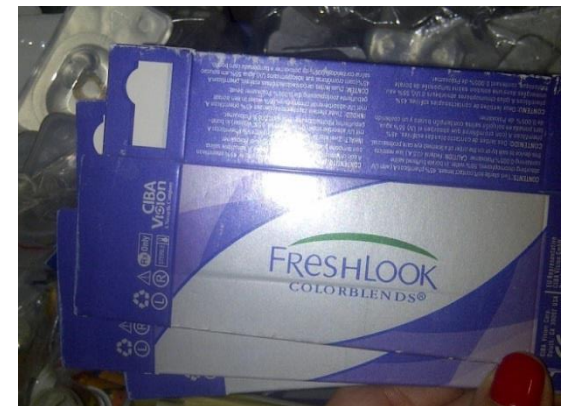
Health & Beauty



© PUBLICITY PICTURE



Contact Lens



Fake Wine Discovered At LCBO Prompts Police Probe

-The Toronto Star, March 18, 2011

- “It was **awful**. It tasted like homemade wine,” said Campbell, who wasn’t surprised that fraudsters targeted the Negrar, which retails for \$34.95.
- “They’ve been in business for decades, and Schiralli has represented them for 40 years. They were **hurt, puzzled, devastated**. They couldn’t believe that someone had done this,” said Campbell. A staff member of Campbell’s tried the fake stuff after buying it at an LCBO store and immediately noticed something was wrong.



At left is a fake bottle of 2006 Negrar Amarone Classico. The legitimate one is on the right.



Counterfeit Wine Worldwide


- Wine industry experts estimate that up to [20 percent](#) of all wine bottles sold worldwide are counterfeits. Previously, it was reported back in 2010 that [5 percent](#) of wine bottles sold were fake.
- In court documents released in the United Kingdom, it was reported that wine connoisseurs in Britain paid up to \$11,148 (£7,000) for fake bottles of vintage French wine.

[Source](#): Henry Samuel, “Fifth of wine sold worldwide is ‘fake’,” Telegraph, November 1, 2013.

The Sharjah Economic Development Department Destroys 21,000 Fake Sanitary Napkins



© The Gulf Today, April 22, 2011



Warning over fake hair straighteners scam after teenager loses chunk of hair



<http://www.thisisleicestershire.co.uk/>

U.S. Military Equipment Built with Counterfeit Parts

- Counterfeit parts have been incorporated into the Air Force's largest cargo plane, into helicopters and into a Navy surveillance plane
- 84,000 counterfeit electronic parts supplied for a collision avoidance system used in the C-12 and Global Hawk aircraft.



© The Fiscal Times, May 22, 2012



Fake parts in Hercules aircraft called a genuine risk



- Some of Canada's new Hercules military transport planes have counterfeit Chinese parts in their cockpits that **could leave pilots with blank instrument panels in mid-flight.**
- Suspect counterfeit parts have been identified by the original equipment manufacturer Lockheed Martin, as being present on several aircraft in their worldwide fleet, including some of Canada's C-130J aircraft.

© CBC News January 2013

UL Warns of Counterfeit UL Mark on Fire Sprinkler

- **Fire sprinkler Model NX005** bears a counterfeit UL Mark; the sprinkler was not manufactured by Nanjing Fire Protection Technology Co Ltd and the thermo bulb was not manufactured by Job, GmbH. deflector.



© Canada Newswire – January 2013

Customs Seizes 5,000 Counterfeit Tablets at Los Angeles, Long Beach Port Complex



- More than **5,000 tablet computers** with **counterfeit safety markings** on their electrical adapters were confiscated by U.S. Customs and Border Protection officers and import specialists at the Los Angeles/Long Beach seaport complex.
- Electrical devices with **potential safety or security risks** accounted for **17 percent of products seized by Customs** and Border Protection in 2011.

© dailybreeze.com – January 2013



43,600 Counterfeit Circuit Breakers Recalled

Occupational Health & Safety Online – March 2010



Counterfeit Electronics Bust at O'Hare International Airport

- Electronic items are now **the number one category of knockoffs** seized by agents at O'Hare International Airport
- Experts caution that counterfeit electronics rarely perform as advertised and can be dangerous.
- It can look very similar to the actual, authentic product but be much different internally and therefore, potentially, be much dangerous

© <http://www.ksdk.com>, May 17, 2012



Items with Counterfeit “Made in Italy” Labels Seized

- In 2012, government security services in Italy seized 28,000 tons of counterfeit food labels or adulterated products that was falsely labeled during the year. The [counterfeit foods](#) seized were worth \$684 Million (€500 Million).
- 47 percent of the counterfeit labels involved Italian wine products.
- 4.6 tons of fake foods involved canned tomatoes, which were falsely labeled as organic or being produced in Italy.

[Source](#): “Food pirates peddling fake olive oil, Chinese tomato sauce,” Ansa, December 5, 2013.

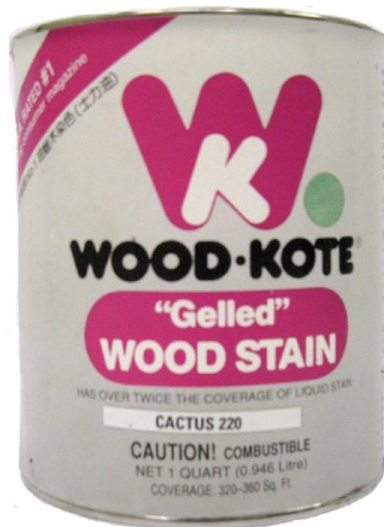
How do we destroy household items like these?



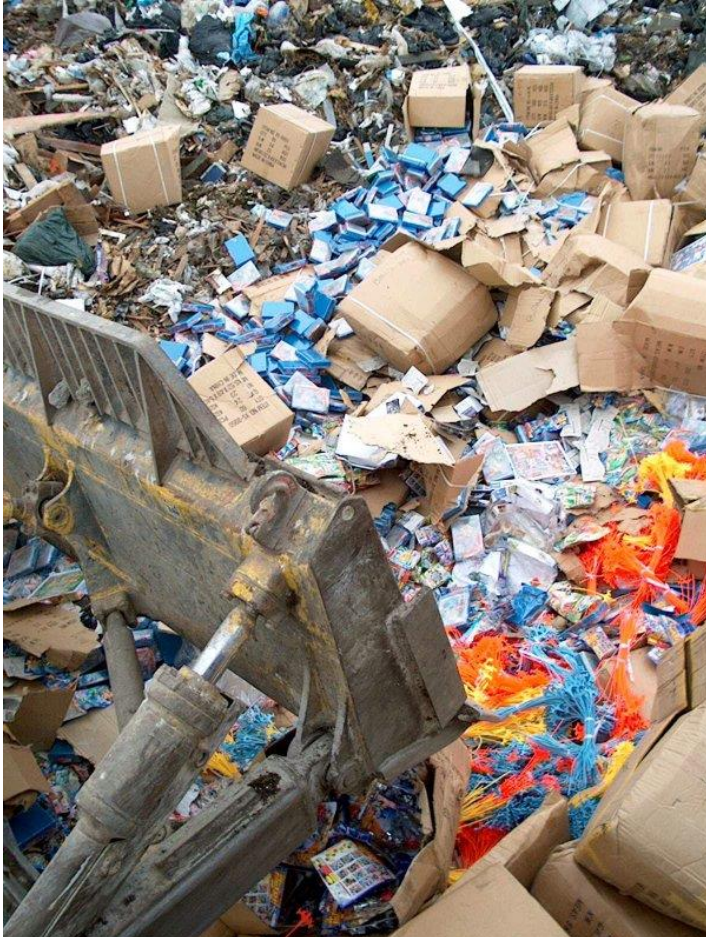
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What do we do with the Counterfeits?





3D Printers...Counterfeits of the Future



World's first plastic gun made with 3D printer, successfully fired in the United States

Blueprints were downloaded 100,000 times before they were taken off a Texas-based defense website.

Counterfeit Air Bags



Fake Blue Jays tickets making rounds: Cops

(Toronto Sun by Jeremy Appel August 18, 2015)



As the [demand for tickets to Jays games rises](#), so do the number of reports of fake-ticket scams, Toronto Police said Tuesday.

Many of the tickets look authentic and are difficult to spot as fake, police said.

More than 99% of counterfeit iPhone chargers fail basic safety tests



<http://library.ul.com/?document=counterfeit-iphone-adapters>

Fake alcohol warning for New Year's Eve

Criminal gangs flood corner shops with fake booze



- Crooks sell counterfeit vodka, whisky, gin and brandy to struggling local shopkeepers so they can make cash over the festive period.
- the concoctions can blind, cause lasting organ damage and even kill
- faked bottles of bargain brand Glenn's or a counterfeit version of premium drinks Absolut or Smirnoff - can be 51 per cent proof and contain a cocktail of highly dangerous chemicals like chloroform and methanol
- Tests on seized fake booze has found it also contained chemicals found in cleaning fluid, nail polish remover, paint stripper, petrol, drain cleaner and antifreeze.
- Customs officers have seized about 750,000 litres of illegal spirits a year in raids and alarmingly found more than a quarter of licensed outlets in some areas were selling counterfeit alcohol.

[AOL by Trinity Mirror](#) Dec 28, 2016

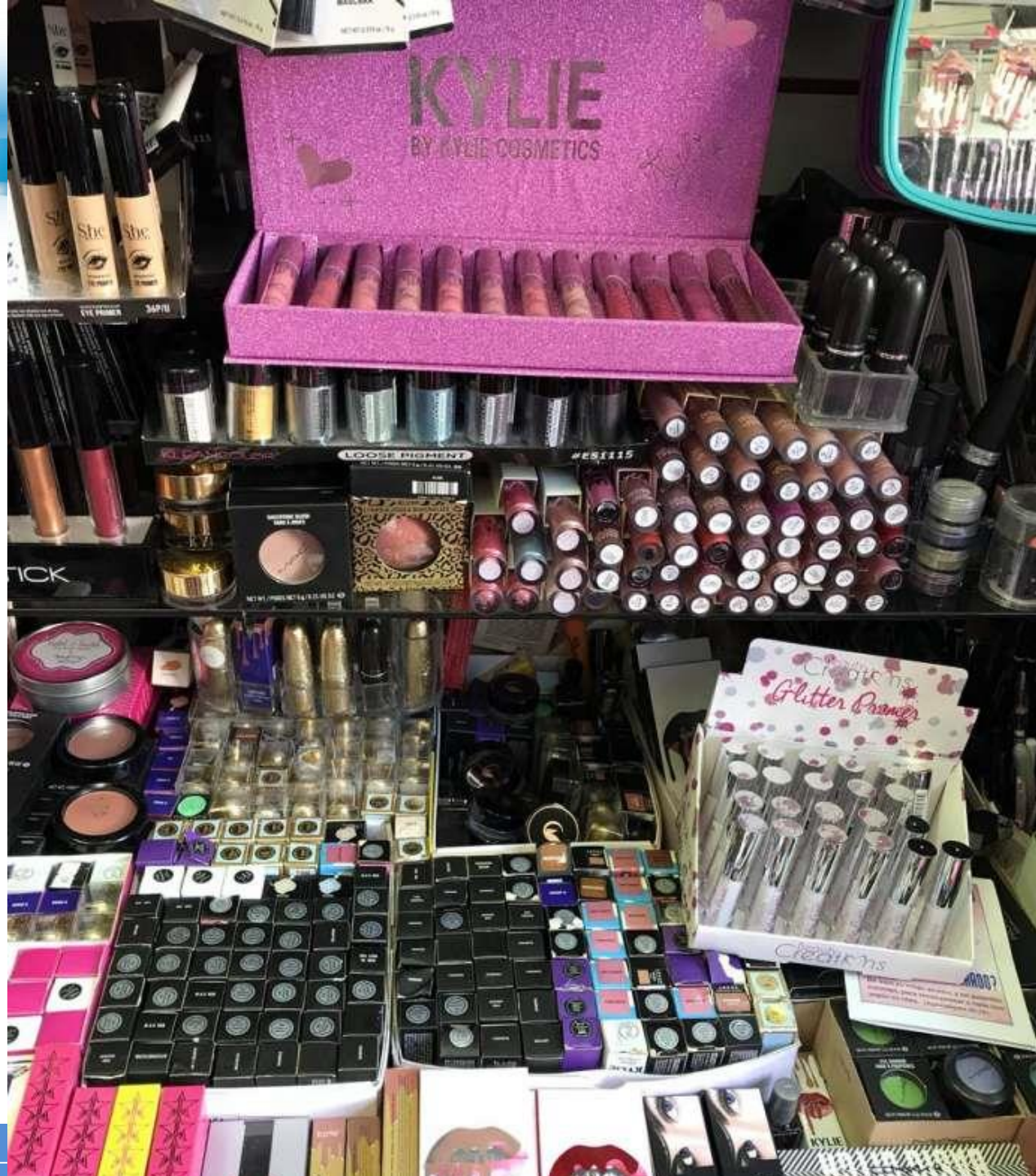


Counterfeit cosmetics seized in LA contained lead, feces

(BY THE ASSOCIATED PRESS LOS ANGELES — Apr 16, 2018, 8:23 PM ET)

- Los Angeles police say \$700,000 worth of counterfeit cosmetics seized from vendors in downtown's fashion district have tested positive for bacteria, lead and traces of animal feces.
- Officials said Monday that the investigation began after customers complained of rashes and other skin irritations from using the knockoff mascaras, lipsticks and eye shadows.
- The seized products include bogus versions of cosmetics by Urban Decay, MAC, Kylie Cosmetics by Kylie Jenner and others.





Toronto Police seize \$2.5 million in counterfeit goods as holiday season starts





- Among goods seized are make-up products that have caused rashes; combustible electronics, and children's toys that pose a health risk due to possible toxic chemicals, police say.
- investigators said that, in their own tests, a counterfeit Magic Bullet blender caught fire after being plugged in, and a pair of earphones melted after use.
- Charges include possessing property obtained by crime, possessing property obtained by crime with the purpose of trafficking, fraud over \$5,000 and passing of wares.
- 2 illegal immigrants who were assisting in the sale of these products were arrested and detained by Canadian Border Services





DO NOT USE AS WRITING MATERIAL
POLICE SEAL

The Original L'Original
maGiC
BULLET
HI-SPEED BLENDER/MIXER SYSTEM
MÉLANGEUR/MALAXEUR À GRANDE VITESSE

AS SEEN ON TV

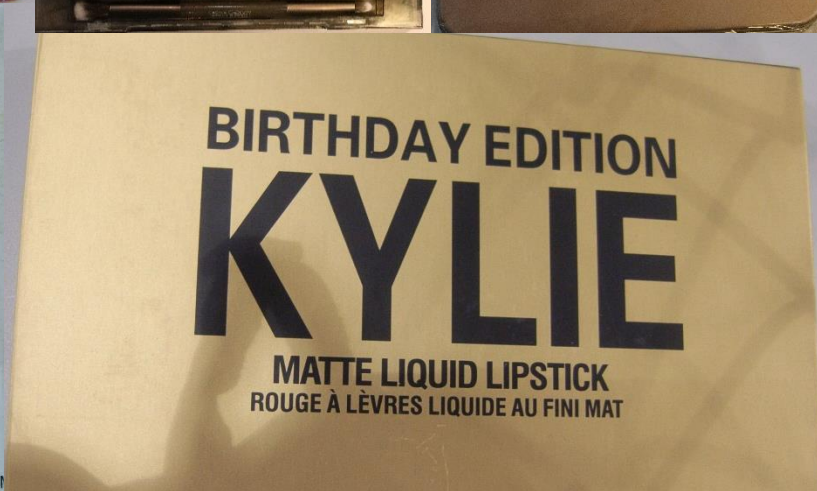
21 Pc. Set

maGiC
BULLET

ALSO INCLUDES
4 Pc. Blender/Juicer

Does ANY job in
10 seconds...or LESS!

- 1 High-Torque Power Base
- 2 Stainless Steel Blades: Cross & Flat
- 1 Tall & 1 Short Cups
- 2 Choker-Strainer Taps
- 2 Stay-Fresh™ Sealable Lids
- 1 Starty Mug with 20 Speed Lip Rings
- 1 Recipe Book





Operation Opson V

March 30, 2016

10,000+ tonnes and 1 million litres of hazardous fake food and drink have been seized in 57 countries around the world as part of an INTERPOL-Europol coordinated operation



Source URL: <https://www.europol.europa.eu/newsroom/news/largest-ever-seizures-of-fake-food-and-drink-in-interpol-europol-operation>

Pacific Mall in Markham ‘notorious’ for counterfeit goods, says U.S.

The shopping centre was among the 18 brick-and-mortar locations worldwide called “notorious markets” for counterfeiting and piracy in a report from the U.S. Office of the Trade Representative.

(By **THE CANADIAN PRESS** Fri., Jan. 12, 2018)





Impact of Counterfeiting

- Health and Safety Concerns
- Lost Jobs
- Lost Tax Revenue
- Consumer Dissatisfaction
- Organized Crime
- Terrorist Financing



Problems Caused by Counterfeit Goods

- Cost of Defending product liability claims
- Lost sales
- Loss of goodwill – false association with inferior/harmful goods.
- Cost of anti-counterfeiting technology
- Dilution of profits and/or increased prices
- Increase of overhead



Questions, Comments & Thanks

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