

Anti-counterfeiting and IP crime prevention – achieving end-to-end supply chain vigilance

By Vivian Vassallo



Vivian Vassallo, Senior Director, IP Protection and Enforcement at Dolby, explores ways companies can improve anti-counterfeiting, IP vigilance and brand protection across the entire supply chain, and provides a look at the role played by consumers.

She has been working in the fields of compliance and anti-counterfeiting for more than 20 years at 3Com Corporation and Dolby. Dolby licenses its technologies to chip makers and consumer electronics manufacturers.

The importance of IP protection and anti-counterfeiting

All modern and developed countries have an infrastructure and legal system that allows intellectual property (IP) to be patented and therefore licensed and protected, so that people can turn their ideas into profit. This puts people in the position to create even more ideas and help their economies grow. All these positive things – innovation, economic growth, and IP protection – are completely correlated.

Counterfeiting disregards the value of IP and jeopardizes the very foundation of our global, interconnected economy. That's why it's essential for every country's government and its law enforcement to be internationally aligned in the fight against counterfeits.

In this article, I'd like to point out what consumers and companies can also do to combat the spread of IP crime. In the end, only a concerted effort will have a lasting impact.

Consumers enhance prevention at the end of the chain

Consumers obviously play a key role, whether they are facilitators or preventers of counterfeiting and IP crime. In general, most people don't know that by buying counterfeits, or streaming media without paying for it, they are damaging their own economies. Unfortunately, too many people still think: "It's just me. I'm not hurting anybody." But that kind of thinking gets compounded when it becomes commonplace.

Most original equipment manufacturers (OEMs) have their own authorized retail channels. One of the easiest things consumers can do is to make sure they are buying products from an authorized retailer. Also, especially when something looks like a really great deal, it's time to do a second check. Illicit suppliers of consumer electronic devices that misuse IP are also likely to cut corners in other areas, like product safety. So it's not simply a matter of IP owners not being paid – there could be more serious consequences for buyers of such products. If consumers want to check if a device has legitimate Dolby technologies, they can look at the owner's manual and check our public websites to see if the manufacturer is an authorized Dolby licensee. And, of course, they should purchase from a legitimate dealer.

Companies' weakest link: the supply chain

Raising consumer awareness is an essential component of any corporate anti-counterfeiting and IP crime prevention strategy. That's why companies also need to invest in getting the word out and educating their customers.

That said, the supply chain is by far the most commonly abused resource, where gaps are used to steal any or all of a company's IP. The complexity created by all the parties involved in the manufacturing process – the sourcing of components, dealing with distributors, design houses, sub-contractors, resellers,

testing and packing houses, etc. – all add to the difficulty of counteracting IP crime.

The selling of products is no longer “from A to B”. There is an entire alphabet in between the original product owner and the final recipient. Meanwhile, the online market has multiplied the reach of any seller to a worldwide scale, which makes it especially appealing to counterfeiters and cheaters, particularly due to the anonymity the internet provides.

The need for comprehensive brand protection

IP protection has to start with the owners. It has to come from the top down. It is not enough for a company to react to cases as they pop up. IP protection schemes must be proactive, cover the entire value chain, and involve every business unit within a corporation. Companies must really know with whom they are doing business, ensuring that the right controls are in place and enforcing contractual compliance via audits. Brand owners must be sure they have the right amount of controls in place, so they can identify potential risks.

As a brand protection specialist, I’m often surprised by the number of companies that don’t invest enough in protecting their own brand. There’s always going to be theft, but we must curtail it by plugging as many gaps and holes as possible. Prevention is the best mechanism for companies, with enforcement coming in at a close second.

A comprehensive anti-counterfeiting program should include monitoring, research and – believe it or not – collaboration with one’s competitors. Remember: both of you are being ripped off! Since the culprits are the same, companies can pool their resources and train law enforcement together. And, of course, you must always be there when law enforcement needs you. They want and appreciate your help, but you need to invest in providing them with the training they need.

Unfortunately, even some large companies don’t have an adequate anti-counterfeiting staff in place. Often, the management might not care enough, because they don’t see the return on investment (ROI) when it comes to brand protection. If that’s the stance they take, they will ultimately fail to allocate sufficient resources to anti-counterfeiting and IP protection. ROI is not the right metric for brand protection. Companies need to be thinking about what they can do now to secure their brand for the years to come.

Short-sightedness on the part of companies will only help counterfeiters. IP protection is an obvious investment for companies that want to build for the future.

Brand protection at Dolby

Companies serious about protecting their brand need a 360-degree program. At Dolby, we work closely with law enforcement, and we have a very robust customs program. Since we work with customs agencies around the world, we frequently get invitations from ports. Every year, we train about 800 to 1,200 officers around the world. We also work with third parties to expand the coverage of our training. More recently, we’ve begun reaching out to countries in Africa to work with the bodies involved in brand or IP protection there. We help them learn how to identify our trademarks, but also provide additional support, such as helping them through the process of digitalization.

Don’t be complacent

In summary, companies need to remain constantly vigilant. Know with whom you are doing business. Monitor and enforce compliance with your contracts. Partner with law enforcement – especially border protection – to police the entry points of products by training and educating border officers on how to identify genuine from infringing products.

Finally, more has to be done on consumer education. I envision a day when the topic of intellectual property and its links to innovation and economic advancement make it part of the early education curriculum in all schools, regardless of the field of study. This is how we ensure future generations will understand the importance of respecting and protecting intellectual property.

Vivian Vassallo’s top 4 priorities

1. More consumer education.
2. Better online market regulation.
3. Widespread corporate decisiveness to build and support dedicated IP protection teams.
4. Increased border protection inspections.

Learn more about anti-counterfeiting on

BeSafeBuyReal.ul.org