



Eaton's Electrical Group
Position Paper - Counterfeiting

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Every day, in factories around the world, unscrupulous “entrepreneurs” are stealing our intellectual capital by knocking off electrical products and shipping them to various markets for sale. Not only is this illegal and dishonest, injuring the companies that invest heavily in research and development to produce the intellectual property in the first place, it puts public safety at risk. While any form of counterfeiting is unacceptable, the counterfeiting of electrical products has far greater implications for the public than a fake Gucci wristwatch.

All of us need to share concern and responsibility to aggressively address the harm counterfeiting can do to our industry – to the quality brand manufacturers who invest heavily to meet and exceed electrical safety standards in the design of their products; to those in the wholesale and retail distribution channel who lawfully promote the quality brand products; to electrical contractors who are expected to install safe products in homes and buildings; and to the building owners whose investment in keeping people safe is of utmost importance.

We know that seized counterfeit electrical products are typically substandard and unsafe. The risk to purchasers of counterfeit electrical products is high – whether they buy them knowingly or unwittingly. Such products also unfairly tarnish the good names and marks of the manufacturers and testing labs illegally stamped on them.

Active involvement and support of industry associations helps all stakeholders in the anti-counterfeiting war. In the United States, the National Electrical Manufacturers Association (NEMA) is the trade association for the electrical manufacturing industry. NEMA is a strong advocate and partner with industry and the U.S. government to develop policies to remove counterfeit products from the marketplace and aggressive enforcement that penalizes those that traffic counterfeit products.

A wide range of companies and products have a stake in this counterfeiting and privacy war, including industrial automation software, motors, welding electrodes, lamps and lamp ballasts, circuit breakers, batteries, smoke alarms, receptacles, ground fault circuit interrupters, wire and cable, electrical cords, conduit and



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conduit fittings, and electrical connectors, to name a few. Industry associations and companies across the globe are waging battle, including our industry colleagues at Underwriters Laboratories, CSA International, Electro-Federation Canada, and ANCE, Mexico's standards and certification agency for electrical products. We are all working together to alert the government and the supply channel that counterfeiting and piracy is not just about luxury goods and consumer apparel. It's about saving lives.

The battle against piracy and counterfeiting demands a collaborative solution among manufacturers, the supply channel and government. Each has a role in protecting intellectual property rights and in preventing counterfeit products from entering the stream of commerce. Industry needs to partner with our government and foreign governments to crush the source of counterfeit products at its source and block distribution to other markets. The supply channel needs to take the lessons learned about pharmaceutical and electrical products that trade in the secondary market. Such trade opens the door for unsafe counterfeit products to infiltrate the legal supply channel, thus creating legal and commercial risks for honest distributors and installers that they were not anticipating.

We are building on the program that NEMA has already started – establishing an Eaton Counterfeit Task Force, training U.S. Customs to tell the difference between genuine and counterfeit products, educating the supply channel and member companies about steps they can take to protect intellectual property and prevent unsafe counterfeit products from entering the marketplace, and as far as terminating agreements with distributors who do not comply.

We are developing communication tools to disseminate to the government, the supply channel, and the public that will inform them about the harm counterfeit electrical products can cause and the best practices they can adopt to prevent that harm. We will document the scope of the problem. The U.S. Chamber of Commerce is soliciting U.S. industry to support a study on the overall domestic impact of counterfeiting and piracy, including the loss of jobs and tax revenues. We will support that study to ensure the voice and concerns of our industry are heard.

We will work to protect our export markets by taking our industry's domestic training programs for law enforcement and the supply channel to Asia and Latin America. Finally, we are supporting the Intellectual Property Rights Enforcement Act to ensure continuing improvement in the way our federal, state, and local governments coordinate their intellectual property rights enforcement activities and improve coordination and intelligence among nations committed to combating counterfeiting.

Electrical fires take lives and destroy homes every day. Our collective efforts will help educate governments, the supply channel and consumers of counterfeit



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products who are often unknowingly at risk for something as simple as purchasing a counterfeit extension cord or phone charger. We can help prevent disastrous consequences and protect the reputations of honorable companies at the same time by finding and penalizing those who steal our ideas and the fruits of our labor.