

“Anti-Counterfeiting Measures”

Chapter 3. Activities by Japanese Enterprises to Eliminate Counterfeits

Introduction of Chapter 3

(Sakura)

In Part Three, we'll learn about the activities taken by Japanese enterprises to eliminate counterfeits.

(Eddy)

OK!

(Sakura)

When a counterfeit is found, who do you think initiates the first action?

(Eddy)

I don't know.

(Sakura)

Generally, to eliminate a counterfeit product, it must be the person suffering damage from the counterfeit and who holds the right to eliminate that initiates action. Accordingly, it is necessary for corporations to recognize that securing their rights must be their top priority. They can't just rely on third party intervention to resolve the problem. They need to take affirmative action.

(Eddy)

Ah, so in practice are there any hindrances facing companies when they try to eliminate the counterfeits?

(Sakura)

Japanese corporations, especially small to medium sized businesses, face three main hindrances to the elimination of counterfeits.

(Narrator)

First, much effort is involved. To eliminate a counterfeit product, the company suffering damage must gather evidence proving counterfeiting and identify the manufacturer. It requires great effort to independently trace the manufacturer and vendor of the counterfeit.

(Narrator)

Next are the heavy costs involved. In the majority of cases, even if you win a lawsuit against a counterfeiter, the damages awarded will not cover the costs of eliminating the counterfeit product.

(Narrator)

And finally, there is the problem of weak penalties. Many countries have weak penalties for counterfeiting, and for the counterfeiter the profits from continuing the crime often far outweigh the fines. So the counterfeiter simply continues counterfeiting under a new alias. In these cases, for the company suffering the damage, it can feel like playing whack-a-mole, with the same opponent continually reappearing. These are the kinds of hindrances that corporations face when taking anti-counterfeiting measures.

(Eddy)

What can be done to overcome these hindrances?

(Sakura)

To prevent measures to eliminate counterfeits being abandoned before they succeed, a company needs to establish a firm policy and to be prepared to adopt any stance to eliminate counterfeit goods. It's also important to develop a strategic approach for effectively eradicating counterfeits.

(Narrator)

These are the results of a survey asking enterprises about their stances on eliminating counterfeits. 15% of the companies replied that they implement a strict policy of eliminating counterfeits. The small number responding with this ideal reply reflects the real world facts of limited budgets and cost-effectiveness. Large enterprises can employ a strict policy of elimination, but most small to medium sized enterprises are frustrated by their inability to bridge the gap between this ideal and reality.