

Faking a profit

Is the global textiles industry doing enough to combat counterfeiting?

Chris Remington weighs up its actions and at times, cases of negligence against a backdrop of cheap brand imitations and arguably under-utilised solutions.

The culture of counterfeiting is deeply engrained in our industry. It not only affects leading apparel brands, which often take the fall for this activity, but all aspects of apparel production, from the dyes which colour our clothes, to the treatments which enhance their performance.

It's why patents are secured... to draw a line in the sand between innovators and imitators and subsequently gain a foothold in any legal wrangles which may otherwise tarnish a brand's reputation.

Speaking with Applied DNA's vice president of textile sales, MeiLin Wan, she alludes to the recent news of Nike's counterfeited Air Jordan's – a case in which footwear with a street value of US\$73 million was copied and sold for a premium retail price – as just one example of why the issue is, as she says, "rampant".

"What happens is, people go and buy the original product from their website or store and then they'll switch them with a fake and return the fake," she says. "That's how easy it is to infiltrate a clean supply chain and completely ruin it."

It's so easy in fact that the sums to which acts of counterfeiting equate to are staggering. According to figures published by the International Anti-Counterfeiting Coalition (IACC), the costs of direct and in-direct jobs supported by intellectual property-intensive industries since 2013 works out at around US\$1.08 billion in the US alone. While the estimated value of cross-border trade around the world for pirated and counterfeited goods since 2009 equates to more than US\$1.7 trillion.

"These sound like big numbers," Wan notes, "but this is all that they've been able to account for, the numbers will actually be a lot bigger."

Under the radar

One of the major issues with combatting the culture of counterfeit apparel is the fact that this type of trade is somewhat normalised in society. Platforms such as eBay and Amazon, as one-stop-shops for a variety of products, perhaps unbeknownst to them allow perpetrators





to disguise their activities within a network of free-trade.

"These platforms are neutral... they have no interest in preventing the counterfeit goods from appearing on their websites even though they're facilitating it through distribution. So the brand can only tell consumers not to shop on these sites but the consumer likes them and wants to shop regardless," Wan says.

The extent of the issue means that at times, a brand is merely chasing **1**

IACC statistics

- Direct & Indirect US Jobs Supported by IP-intensive Industries (2013): **US\$1.08 billion**
- Total Number of IPR-related Seizures (2014): **55.7 million**
- Total Value of IPR-related Seizures (2014): **US\$250 million**
- Estimated Value of Cross-Border Trade in Counterfeit and Pirated Physical Goods (2009): **US\$1.77 trillion**

“The brands think they know better than everybody, the truth is, they don’t” – MeiLin Wan

shadows. Wan uses the term ‘counterfeit economy’ when she explains how the act of counterfeiting is by no means restricted to luxury products or markets. It’s an issue that knows no boundaries and has no location.

“Think about it,” she says, “brands can try to send their own investigation teams into China or wherever, but every mill they close, means another mill is being set up elsewhere. They’re not dealing with the issue, because there’s too many people making fake products out there.”

The fightback

While apparel brands can be accused of turning a blind eye to the scale of this activity, one company which has had relative success in the fight against counterfeiters is textile chemicals company DyStar which, last year, secured the destruction of 3.3 tonnes of product which were identified to infringe patents relating to the manufacture of its reactive red dyes.

Detained in Mersin Free Zones in Turkey, the seized stock represents just one of many cases which has led the company to destroy over 100 tonnes of counterfeit product in the last five years alone.

According to Ulrich Weingarten, the head of the global intellectual property department of DyStar, the introduction of the company’s Anti-Counterfeiting programme has played a crucial role in its ability to clamp down on those replicating its products.

Weingarten spoke exclusively with *T.EVO* to explain how this was achieved. He said: “We started to record our patents with the Turkish customs and we organised training through our law firm with the customs’ officers to build awareness of DyStar’s patent rights and possible infringing products. This went well, and we received several seizures from each customs.

“According to Turkish law,” he added, “customs are able to suspend patent-infringing products if a request is filed within 20 days and failure to obtain a preliminary injunction would cause the products to be released. DyStar was successful in obtaining the injunction decision within ten days and the decision provided the infringing products to be

secured during the court proceedings.”

Since this success, the company has allegedly been invited to present the model of its Anti-Counterfeiting programme within context of the EU-Turkish Ministry project, with the aim of strengthening the country’s customs administration.

Chemical concerns

DyStar’s programme has been integral to the company’s fight against counterfeiting... but the threat continues to loom, as made evident with news of its latest case in the UK.

According to Weingarten, the company has been in legal pursuit of a manufacturer selling product which contains carcinogenic dyes under one of the company’s trademarks. Highlighting a new dimension to the extremities of potential legal repercussions, the presence of carcinogenic dyes brings into question the possible implications of extended exposure to hazardous chemicals and the wider threat of pollution.

In the broader scheme of things, fabrics treated with potentially dangerous chemicals may well slip through the cracks of an otherwise clean supply chain and pose later threats to brands and consumers.

Ultimately, these added risks demand the attention of brands and manufacturers if they’re to protect both their reputation and the consumer.

“Every time someone sees a fake product out there, it sends a message to the consumer that you don’t have control over your supply chain Wan notes.

Weingarten adds: “It is not in their (the brands) best interest to have their clothes destroyed since they are contaminated. In order to have a sustainable value chain, you need to get it right from the start.”

A way out?

To combat the issue on an industry-wide scale, it seems those at the forefront must

adopt a proactive, rather than reactive, approach across the supply chain.

“They’re so caught up in this minutia of just seizing products that they don’t look at the bigger picture of: how do I protect this brand? How do I ensure that the counterfeiters don’t get ahead of me?” Wan says.

An initiative led by Swiss tech start-up Kryptino looks to give the consumer a level of power over what they purchase based on its authenticity. The company’s smart phone app allows shoppers to scan a unique code which compliant brands will bear on their garments in-store. These tags are corroborated by Kryptino’s database which offers insight into the material-usage of each product.

Another solution used more commonly across the industry entails the extraction of DNA at an early stages of production. By taking the DNA of the fibres, dyes, treatments and technologies used to create a garment, a brand is able to ensure the integrity of its products by matching them to the DNA samples.

It will take a concerted effort, Wan – who represents authentication technologies company Applied DNA – believes, if such a solution is to combat the root of the problem, however.

She said: “If we tag products and no one is authenticating and verifying them then the value of what we do is less powerful. There’s still a long way to go for brands to step up and close the loop on some of the leakages in the supply chain. The brands think they know better than everybody, the truth is, they don’t.”

Needless to say, the industry must collaborate to some degree if it’s to drive meaningful change. With such overarching complexities, like tackling trade on platforms such as eBay, it’s difficult to see a clear solution to what can truly be described as an epidemic. Breakthrough technologies like the aforementioned may well be the industry’s, as opposed to the criminals, get out of jail free card. **T.EVO**