

## The price is wrong for fake goods

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In a cramped store on Cermak Road in Chicago's Chinatown, rows of knockoff designer-label goods—including Chanel purses, Louis Vuitton luggage and a pristine pair of Nike Air shoes—could be yours for the price of a meal or a movie.

The store owner knows they're fake, and so do most of his customers. A \$10 Gucci wallet? Too good to be true. But savvy shoppers like a deal, and what could be wrong with getting a high class accessory on a working class budget?

More than you think, said Ed Kelly, an intellectual property rights attorney.

"A lot of people, when they buy a fake handbag or a fake watch, feel like they're getting away with something," Kelly said. "They're buying a luxury item to show off to friends. Everyone knows that it's fake, but it looks good."

But Kelly, an American lawyer who works at Tilleke & Gibbins Law in Bangkok, Thailand, works hard to change the way shoppers think about counterfeit products. Kelly kicked off the International AntiCounterfeiting Coalition's spring conference in Chicago Wednesday, urging consumers to boycott knockoff products. He wants shoppers to understand where their money is going and what activities that money supports.

"It's time that American consumers begin to understand these negative effects," said IACC President Nils Montan. Fake products from Dolce and Gabbana to Duracell cost legitimate manufacturers and retailers through lost profits and jobs, and the community loses tax revenues. Knockoffs are also tied to organized crime, horrendous working conditions, child labor and even terrorism, Kelly said.

"It's been estimated that New York City loses \$1 billion in tax revenue because of counterfeiting, enough money to hire 40,000 public school teachers," Montan said.



*Can you spot the fakes?  
All of the products on the left are counterfeits.*

Counterfeiting infiltrates all industries, from designer bags to prescription drugs to DVDs, golf clubs and apparel.

But arguably few shoppers have slave labor in mind when shopping on the streets of Chicago or New York.

Chicago resident and student Kimberly Nowells has a cousin from Texas who once came all the way to Chicago in search of a deal. She settled on a small Louis Vuitton bag. But Nowells said her cousin didn't know about the sinister side of her cheap purchase.

"It would change things if she knew," Nowells said.

Not all knockoffs are found on street corners or shady back alleys, Kelly noted. Counterfeit goods have unknowingly been sold in major chain stores and even pharmacies, he said. But some decisions—the "knowing, willful purchase of false products" as Kelly said—are completely in the customer's control.

"You can tell they aren't real, but people buy it," said Beverly, a Chicago crossing guard from the South Side. She recently took a trip to New York with a friend, who bought an imitation Louis Vuitton bag from a street vendor. "The real one looks better," she conceded.

"When you buy these goods, you're creating the demand," Kelly said. "And supply always meets demand. You shouldn't want to be associated with that."

Worldwide, the IACC estimates that counterfeit product sales total about \$600 billion. This flood of fakes in the market makes it hard for retailers to compete across the globe.

In the U.S., seizure of counterfeit goods rose by 83 percent in 2006, according to the Department of Homeland Security. The department made more than 14,000 seizures worth more than \$155 million.

In Chicago, police seized more than 13,000 pairs of counterfeit Nike shoes on the South Side this month, valued at \$1.1 million. In another case, three men were arrested for selling fake Nike shoes at businesses in the northern suburb of Zion.

In 2002, seizures of pirated Microsoft products alone exceeded \$1.7 billion, according to an IACC White Paper released in 2005.

If Americans are socially responsible enough to seek out dolphin-safe tuna, Kelly said, they would probably shun counterfeit products if they knew they were manufactured by slaves or children.

The International AntiCounterfeiting Coalition is a Washington, D.C.-based non-profit organization that combats product counterfeiting and piracy. IACC represents a range of industries from autos, apparel, luxury goods and pharmaceuticals to food, software and entertainment.

The 2007 Spring Conference runs through Friday at the Palmer House Hilton, 17 East Monroe St. For more information, visit [www.iacc.org](http://www.iacc.org).

## How not to get duped

If you find yourself wondering whether that oh-so-cute Prada purse on eBay is real or just a clever fake, avoid an expensive mistake by following the “three Ps” approach advocated by the International AntiCounterfeiting Coalition.

- **Price**—“If the price is too good to be true, walk away,” says Ed Kelly, an intellectual property rights attorney in Thailand. Do some research to find the “normal” price of that product. While luxury items do go on sale occasionally, make sure the price sounds reasonable. A 90 percent price cut is probably not legitimate.
- **Place**—Open air markets, “purse parties” and mall kiosks are likely venues for counterfeit goods. “You’re not going to find Tiffany jewelry on the street corner or on eBay for \$20 apiece,” says Kelly. “It’s just a warning signal.” To ensure you’re getting what you paid for, shop only at stores or the company’s official Web site.
- **Package**—Look at a product’s details—very closely. Keep an eye out for poor stitching, shoddy construction and incorrectly spelled logos and brand names. Also, pay attention to how the product is packaged. “Most of the fake goods come in a plastic bag,” says Kelly.

In the end, says Kelly, you’ve just got to follow your gut. “If you have to think about it,” he says, “it’s probably fake.”



Counterfeit products run the gamut from designer jeans to DVDs.