

The Menace Called Counterfeiting and Infringement

When a manufacturer attempts to deceive the consumer into thinking they are purchasing a legitimate item, it is called infringement. All infringements are not counterfeits but all counterfeits are infringements. Infringements are confusingly similar to the original brand. Sellers of such goods may infringe on either the trade mark, patent or copyright of the brand owner by passing off its goods as made by the brand owner.¹

An item which makes no attempt to deceive or is substantially indistinguishable from a genuine brand is often called a counterfeit product. These products might have only minor or trivial difference from the real brand, while often they are simple replica of the original products, only that the product inside is much inferior.

Infringed or counterfeit products are not only available in Pakistan but they are an issue around the world. The spread of counterfeit goods has become global in recent years and the range of goods subject to infringement has increased significantly. These goods are manufactured and marketed with only one objective in mind, to cut costs by ignoring quality and safety, & to cheat consumers and make unlawful profits. The danger to which consumers are exposed when buying counterfeit/infringed goods is unforeseeable, because these products can include harmful chemicals or ingredients.

Such products affect the national economy. The country is losing billions of rupees per year in revenue, in the form of taxes, excise duties, etc., as most manufacturers of counterfeit/infringed products are not registered and do not pay taxes.

Businesses keep track of counterfeiting because it hurts their economic interests. For consumer goods manufacturers this is a big problem. Because these products subject companies to unfair competition. A manufacturer loses consumers to counterfeiters' in two ways, firstly they lose these consumers who buy their products thinking they are buying genuine product but end up with inferior quality goods which creates a bad product image in consumer minds. Secondly, they lose consumers who know that the product is counterfeit, but want to buy the product for a much lower price. Because of these reasons manufacturers are constantly striving to protect their products against replicas.

How does it impact Foresight Research?

Foresight Research is running a household panel in Pakistan which involves gathering purchase-data from households across the country. These panelists are visited every month to record their monthly purchases. We record purchases in two ways: 1) by counting the wrappers found in the bin placed in panel households, 2) by the means of exit interview.

Many a times housewives themselves are not aware that they were using counterfeit products, hence when Foresight enumerator records purchases based on interview, sales of fake

products are recorded into actual products, resulting in over-pickup. Same can happen, in cases where fake wrappers are too similar to original products.

How household panel can help clients in this regard?

Foresight Research can collect the wrapper of used products or even un-used products from panel households across the country at a nominal fee. Client can sent these wrappers & un-used products for lab-testing to identify infringements – this helps not only in quantifying the extent of infringements but also to identify the geographies where these infringements are available.

Some example of the counterfeits products that we recorded in household panel interviews

Following are some of the infringed brands that were picked by our reps in the field:



ⁱ Chaudhry, Peggy E., Zimmerman, Alan. *The Economics of Counterfeit Trade: Governments, Consumers, Pirates and Intellectual Property Rights*, Springer Science & Business Media (2009)