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## Anti-Counterfeiting and Piracy

### The ABC's of Slowing Counterfeits from your Contract Manufacturers

- A.** ESCS recommends you get your trademark recorded with U.S. Customs and Border Protection (CBP). It is inexpensive and will give the CBP the legal ability to seize products deemed to bear counterfeit trademarks.
- B.** Have a close partnership with your contract manufacturer. Don't just sit back and say, "Company XYZ is making my components". Make sure it is a reputable company and complete appropriate due diligence before you commit to production.
- C.** Companies should verify the validity of a overseas manufacturer or vendor before procuring products, possibly by doing a source inspection at the port. Audit the factory or try to develop a relationship with the manufacturer.
- D.** If warranted, have a representative on-site at the factory. You may want to make a source inspection or do an unscheduled vendor audit.
- E.** Look at your contract manufacturer's quality management system to make sure the components it buys are legitimate. Demand that your purchase order conditions are flowed down to your contractor's suppliers. Put the conditions on your orders and audit your suppliers to verify they are doing the same.
- F.** Do inquiries as to how many Supplier Corrective Action Reports (SCARS) they have identified per quarter. Police them often and, if they refuse, find another supplier!
- G.** Keep an eye on orders. If your manufacturer usually buys 12,000 semiconductors per month and suddenly that figure drops to 3,000, find out where the other 9,000 are coming from. The back of a truck is not a good place to buy components.
- H.** Practice zero tolerance. If you find that your products contain counterfeit goods or that your goods are being counterfeited, take appropriate legal action.

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