



COUNTERFEIT WATCH AND JEWELRY

CONSUMER GUIDELINES



Know the problem to deal with it better

IO SONO ORIGINALE Project



with funding from the **Ministry of Economic Development**
Directorate General for the Fight against Counterfeiting
Italian Patent and Trademark Office



*Ministero
dello Sviluppo Economico*

Produced by the Consumer Associations of **CNCU**



Consiglio Nazionale dei
Consumatori e degli Utenti

With the collaboration of **Federorafi**



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WHAT IS COUNTERFEITING

The term “counterfeit” means reproduction of goods in such a way that they can be mistaken for the original, or producing, importing, selling or using products or services covered by intellectual property rights. Counterfeiting is a very old phenomenon that affects many sectors. The marketing of counterfeit products affects not only the health and safety of consumers but also the economy of the country since the fraudulent imitation of a product can also cause derailing of trade and unfair competition, and inflicts very serious damage on research development and innovation capacity.

HOW TO PROTECT YOURSELF

The sale of counterfeit goods occurs via various distribution channels, where counterfeiting is not always obvious. It can often be accomplished through markets outside regular distribution, such as stalls or beaches, or via Internet, and finally in shops that are part of regular distribution. These guidelines provide practical advice to guard against the danger of unknowingly buying counterfeit goods.



GOOD RULES

COUNTERFEITING IS NOT ALWAYS OBVIOUS. TO AVOID UNKNOWINGLY BUYING COUNTERFEIT GOODS IT IS IMPORTANT TO FOLLOW SOME SIMPLE RULES:

- avoid buying products that are too cheap; too low a price can be attractive but is indicative of poor quality; it may seem like an opportunity but instead you buy a product that does not last, and will wear out long before the original.
- For purchases always go to **authorized dealers**, which offer clear assurances about the origin of the goods; be wary of products generally marketed through official sales channels that are being sold along roads or on beaches by unlicensed vendors, at stalls or in flea markets, etc.
- Before making purchases of significant value, seek advice from people with greater knowledge of the product.
- Always check the labels on purchased products (the label is their “identity card”), and be wary of those with lowercase or unclear writing, or lacking indications of origin and the “EC mark”; correct labels provide the best knowledge of the product: transparency of the brand, manufacturing process, place of production and characteristics.
- Buy only products in intact packaging and boxing, with the manufacturer’s name, making sure of their origin and of possible labels of quality or certification.
- Be careful of “door-to-door” sales: If you do not receive precise information of the seller’s identity and contact details (phone, address, etc.), the products may be counterfeit.



Avoid buying products
that are too cheap



Go through
authorized dealers



Seek advice from people
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Always check the
labels on purchased
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Buy only products
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Pay attention to the
purchase of products
offered on the Internet or
television programs

- Pay attention to the purchase of products offered on the Internet or television programs, especially if there is no possibility to inspect the goods before purchase and return them upon receipt.

COUNTERFEITING IN THE WATCH AND JEWELRY SECTORS

In recent years the **watch and jewelry sectors** have become increasingly more subject to counterfeiting. This is a kind of counterfeiting that does not affect so much the product's safety as, instead, a series of indications of its quality and authenticity, as well as the honesty of the maker.

Imitations cause serious consequences because they **harm the image of the Italian product** that is characterized by a quality of craftsmanship and originality of design, and undermine the economic commitment of the companies who invest in design and pay to have their products patented to protect them from imitations.

As far as Italy is concerned, the northern regions, in particular, play a significant role in counterfeiting, since this is one of the main areas where high-quality counterfeit products are manufactured. On the other hand, southern Italy stands out both as an area where low-quality fakes are produced, and as a center for the distribution and sale of counterfeit products all over the country.

A few numbers might be useful to describe the counterfeiting phenomenon: some reliable estimates show that the counterfeit industry accounts for 9% of the entire world trade; over half of the counterfeit merchandise comes from the Southeast Asia area, while **Italy is unfortunately the top-ranking European country in the production of counterfeit merchandise.**

In the period 2008–2013 according to data IPERICO were performed over 7700 seizures for counterfeiting for a total of nearly 4.7 million articles seized a total estimated value of 154, 2 million.

Among the sales channels, the Internet deserves particular attention: there are approximately 1,000,000,000 Web pages around the world that deal with watches. Around 300,000,000 pieces are put up for sale on e-commerce sites, while around 3,000,000 pieces are sold via online auctions.

Moreover, according to a survey of 50 brands of watches from the company web intelligence CONVEY in 2012:

- approximately 35% of the pages of 'traditional web' using illegally Brand to sell fake products.
- Through Facebook and Twitter are conveyed directly “contraffattivi” content that can reach 40% of the pages investigated and it is clear that these media are also acting as a stepping stone to other harmful sites of the network (link to the outside).
- On average, in the first 100 pages of a search engine dedicated to a specific brand of watches, as many as 32 vehicles are counterfeit.
- 3 out of 4 pages contraffattive belong to e-commerce sites, one in six in a blog.
- 40 % of the pages “dangerous” is hosted by American servers. Very significant is the presence of servers located in China, The Netherlands, Malaysia and Germany.

REGULATORY REFERENCES

From a general standpoint, a law of fundamental importance is the Development Act of 2009. It established harsher criminal penalties and envisages the obligatory confiscation of the assets of counterfeiters, and new aggravating circumstances have been introduced worsening the position of those who counterfeit systematically and with an organized equipment set-up and business. Of great importance was the introduction of a type of offense aiming to punish the manufacture and sale of goods produced by usurping patent rights.

With regard to the watch and jewelry merchandise sectors, also worthy of note are the “Titers and Hallmarks” Act, Legislative Decree no. 251 of 22 May 1999, and the Regulation of Law no. 251 concerning the “Governing of titers and identifying marks of precious metals, in implementation of Article 42 of Law no. 128 of 24 April 1998”, which governs the production and marketing in Italy of titers and marks identifying precious metals, indicating which metals are considered precious, the identifying marks, responsibilities, certification system, monitoring, and penalties.

Just as important for the sector is the “Gold Trade” Act, i.e. Law no. 7 of 17 January 2000, concerning the “New regulations for the gold market, also in implementation of Council Directive 98/80/EC of 12 October 1998”, which governs the marketing of gold, indicating what is meant by “gold” and how it is to be marketed.

Another important document is the text of the bill (Senate Bill no. 987) introduced by Senators Mattesini, Chiti, Cucca, Gatti, Pezzopane, Sollo, and Di Giorgi, focusing on the introduction of a regulation of the commercial gemstone materials sector, Serving as a guarantee for both operators and consumers.

The measure was submitted to the Senate for examination in May 2013.

The purpose of the measure is to provide an organic set of regulations for the marketing of materials used in the production of jewelry, costume jewelry, and accessories in general: natural stones; synthetic stones; artificial products; natural pearls and other organic materials of animal or plant origin, traditionally used in jewelry; cultivated pearls or those with other names; imitation pearls.

KINDS OF COUNTERFEITING

For watch and jewelry products, counterfeiting may take a number of different forms:

Counterfeit trademark:

when the trademark is affixed, without any right or authorization to do so from its owner (for example, under a license), on the various parts of the product or its package.

Counterfeit model:

when the aesthetics, contours, and/or exterior characteristics of the item are reproduced without authorization from the owner of the model (referred to as “ornamental”); in some cases, a counterfeit trademark may also be applied.

Unlawful use of a geographical indication of origin:

a false indication of origin sometimes placed on the product or its packaging (“Made in ...”, for example).

Counterfeit patent:

the unlawful use of an invention protected by patent (e.g. patented parts of the mechanics of a watch).

Counterfeit hallmarks on precious metals:

hallmarks, which must be impressed on the precious metal parts of a piece of jewelry or other item, vary from country to country; a counterfeit exists when the mark has been struck on a part that does not correspond to the specific hallmark criteria.

DAMAGES CAUSED BY COUNTERFEITING

Counterfeiting not only translates into economic and image loss for the companies affected, but is a complex criminal phenomenon that involves all.

Counterfeiting harms individuals, the family and the community in the following ways:

Health:

in the production of fake watches and jewelry, no research is done on the quality of the materials used and their compatibility with the health of the wearer. Therefore there are no qualms about using lead-based paints and varnishes, metals containing or treated with nickel, or other allergenic substances.

Safety:

counterfeiting is one of the most important sources of financing for organized crime. The more this business flourishes, the greater the capacity for criminal action at all levels.

Exploitation of labor:

the management of a chain of production of counterfeit articles requires the employment of numerous persons who produce them without any attention paid to the welfare of the workers, the transport of the workers in ways that are sometimes fraught with risks, and the illegal marketing of the items using armies of “desperados” (illegal immigrants or petty criminals).

Companies are also affected by the phenomenon in the following ways:

- **unfair competition:** brand companies invest in product, materials and communication research; they strive to offer their customers products that are better, safer, more functional and more attractive. These huge investments are largely outweighed by those who produce fakes: they, in fact, often use inferior materials, do no research, and exploit brand advertising.
- **Loss of product value:** if my product is worth 100, because it has been produced through precise design, study, production, distribution, and advertising activities, and the fake is sold at 20 because its producer can skip all this, the consumer is led to feel that the true value of my product is actually only 20 or slightly more. This is a huge and unjust damage to my image.
- **Public safety:** the damage to the safety of single individuals has an impact on and causes damage to the public safety, which must be defended by the organizations of the State through the use of its police forces.
- **Tax revenue:** the huge turnover of the fake industry generates huge profits for international crime, but does not produce any income tax! Indeed, it decreases, sometimes very significantly, the profits of firms affected by counterfeiting, which lowers their tax revenue. The loss of tax revenue then fatally translates into increased social costs..



GUIDELINES

How to avoid counterfeit goods

Scammers know how to replicate branded products perfectly to make them look real. These fakes may give the appearance of a status symbol, at high risk of being discovered for what they are, being less durable than the originals because they involve poor materials and workmanship. It's no coincidence that they cost much less than the original. The consumer has a very effective weapon to keep criminal organizations from getting rich running the thriving counterfeit industry: **not to buy any fake or counterfeit product, and to interpret this need as a duty of civic participation.**

Some tips for recognizing counterfeit products:

WATCHES

- The first thing to do when you are looking to buy a name-brand watch is to examine the watch face. A fake watch often resembles the original, but there will be some small flaws, such as spots or a different style of hour and minute hands. So the first thing to do is have the workmanship and style of the original model in mind and see if the watch, sold cheaply or by dubious persons, has the exact same features. A fake will always have similar, but not identical, features.
- The second thing to do is to check for the reference or serial number on the watch. The number must be clear and easy to recognize. Most high-quality watchmakers engrave this number with diamond tips so that it is always recognizable and legible. On the other hand, copies usually have etched serial numbers that are less clear to the normal eye.

- Check the back plate. It must be free of defects. Any engraving must be clear. Some high-quality watches even have holograms on the back plate. To find out whether a certain watch has a hologram on the back plate, you can contact a trustworthy local jeweler and ask him.
- Check all spelling. A quality watch has no spelling errors, even if the manufacturer is foreign.
- Check the movement of the hands. A quality watch always has hands that move smoothly, and not jerkily like a low-quality one.

JEWELRY

- Pay attention to the hallmarks impressed on objects made of gold and other precious metals, and examine the piece for any official wording or marks.

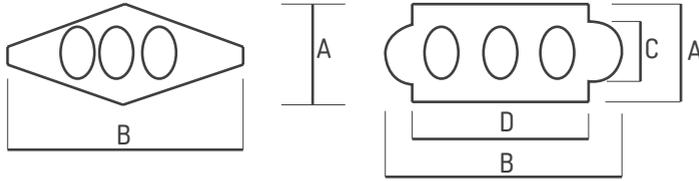
If you find a hallmark (a mark impressed into the metal), it should indicate the purity of the gold/silver/platinum/palladium expressed in thousandths (1-999) or (in other countries) in karats (10K, 14K, 18K, 22K, or 24K). Generally speaking, gold pieces have no fewer than 375 thousandths (9 karats) (in the U.S., any piece of less than 10K is considered fake gold) and always carry the hallmark indicating the karats or titer in thousandths, i.e. the content of precious metal (gold, silver, palladium, and platinum) in the alloy used to make the object. If you use a magnifying glass, it will be easier to find and read the hallmark and, if it is absent, the object may be a fake.

There are two obligatory marks in Italy for precious metals (pursuant to Legislative Decree no. 251 of 22 May 1999 and related Regulations):

- Titer mark

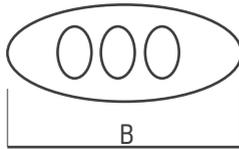
The titer is the precious metal content of the object. The figure indicating the titer of the precious metals, expressed in thousandths, must be enclosed in a geometric figure.

GOLD



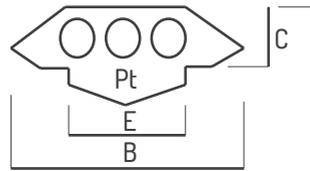
for titers 375 – 585 – 750 thousandths for titers higher than 750 thousandths

SILVER



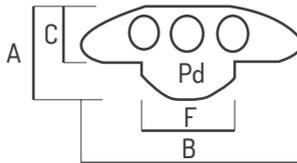
for all titers

PLATINUM



for all titers

PALLADIUM



for all titers

- Maker's or importer's mark

This is the "responsibility" mark, and consists of a polygonal frame enclosing a five-point star, the specific number assigned to the responsible company, and the abbreviation of the province where the company has its registered office.



Jewelry of precious metals and common metals. It must be kept in mind that in the cases where objects of precious metals also contain parts of common metal, the latter must be marked with the letter "M" or equivalent indications in order to distinguish

the different metals used. Therefore, keep an eye out for objects that have the proper titer and hallmarks stamped, for example, only on the clasps, but whose body shows different shades of color without the “M” or equivalent marking.

- **Be careful with silver.** Silver (if not protected by the maker with surface treatments) is normally opaque and tarnishes with time, especially in the points of greatest wear. The silver of fake jewelry is, instead, very shiny, almost translucent: an obvious sign of “fakery”.
- **Examine the serial number.** Authentic jewelry pieces usually have their serial numbers engraved using a diamond tip or laser, so that they are very distinct and legible. On the other hand, fakes imitate the number by etching, the results of which are fuzzier and more opaque.

WHAT TO DO IN CASE OF COUNTERFEIT GOODS

When purchasing pieces of fake jewelry or watches, the consumer exposes himself to a strong risk of paying a price much higher than the real value and quality of the object purchased. It is necessary to be **wary of any offer of precious products such as jewelry sold at heavily discounted prices**, keeping in mind that a quality piece of jewelry entails the use of costly materials and production processes that are often of great complexity, which are not compatible with retail prices that are excessively low compared to the market average. Moreover, it should be remembered that **only by purchasing through trustworthy retailers, where possible officially authorized by the makers, can we be sure of purchasing objects that are certainly authentic.**

WHOM TO CONTACT TO PROTECT YOURSELF

In the event that the buyer has a reasonable suspicion that he has unknowingly bought a fake product, it can be reported to:

**Directorate General for the Fight against Counterfeiting - I.P.T.O.
Ministry of Economic Development**

→ CALL CENTER

 | +39 06 4705 5800  | +39 06 4705 5750

From Monday to Friday from 9:00 to 17:00

 | contactcenteruibm@mise.gov.it

→ ANTI-COUNTERFEITING HOTLINE

 | +39 06 4705 3800  | +39 06 4705 3539

From Monday to Friday from 9:00 to 17:00

 | anticontraffazione@mise.gov.it

→ INFORMATION CENTRE

From Monday to Friday from 9:30 to 13:30

For afternoon appointments, contact the Call Center

→ For more information **consult the WEB** at the following addresses:

www.mise.gov.it

www.uibm.gov.it

Customs Agencies

→ F.A.L.S.T.A.F.F. PROJECT

Developed and launched since 2004, the FALSTAFF project aims to promote the circulation of original goods, conforming to quality and safety, to ensure free competition in the market. The FALSTAFF project team can be contacted at the following address:

✉ | dogane.falstaff@agenziadogane.it

Finance Guard

→ S.I.A.C. PROJECT

The Anti-Counterfeiting Information System (SIAC) is co-funded by the European Commission and entrusted by the Ministry of the Interior to the Finance Guard, confirming the central role of the Corps in the specific operating segment.

The initiative is inspired by the knowledge that to deal with an illicit and transversal multi-dimensional phenomenon like counterfeiting a “system” is necessary among all institutional components and actors involved in the fight against the “counterfeit industry”. On this basis, the project was designed as a multifunctional online platform composed of several applications, which perform the following functions:

- information for consumers.
- Cooperation among institutions and, in particular, among Police Forces and between these and Municipal Police forces.
- Collaboration between institutional components and companies.

The website of the Anti-Counterfeiting Information System is overseen by the staff of the Special Market Protection Unit, reporting to the Special Forces Command of the Finance Guard.

You can contact the office of the S.I.A.C. at:



| **+39 08 0588 2221**

or at the address:



| **siac@gdf.it**