



ABOVE A counterfeit brake kit marked with a Brembo trademark



ABOVE Counterfeit brake callipers produced in Hong Kong

Photos courtesy of Brembo

tested to the same standards.

The UK Government has recognised that counterfeiting in the automotive, and motorsport, sector is an increasing problem. In February this year it released guidance to the public about how to spot, and avoid using, counterfeit parts. This guidance can be found at: <https://www.gov.uk/government/publications/counterfeit-vehicle-parts/counterfeit-vehicle-parts>.

This advice was compiled by bringing together a range of key players, including major automotive manufacturers and suppliers, the Motor Sport Association UK (MSA) and the International Automobile Federation (FIA).

### A MATTER OF LIFE OR DEATH

The potentially deadly consequences of this counterfeit trade are perhaps best demonstrated by a test conducted for Carmarthenshire Trading Standards. They tested some counterfeit race harnesses bearing the Sabelt, Sparco and Takata brand names which were amongst a range of car accessories and clothing being sold on eBay and Facebook. In one of the tests the waist restraints failed at just 50 mph and the test dummy was thrown forward from the seat, only to be caught around the neck by the shoulder restraints. A video of one of the tests can be found at: <https://vimeo.com/142522011>.

Many manufacturers, for example Brembo, OMP, Sabelt and Harwin, include information on their websites providing details of how to avoid counterfeits. However, there is a danger of putting too much information in the public domain regarding features that the counterfeiters are getting wrong, as it can simply help them to make a better fake.

Harwin, a manufacturer of electronic components which find use in many sectors, including motorsport, has indicated that its customers should focus on ensuring the security of their supply chain. Harwin mentions that its products are too small to mark in any meaningful way, but that its packaging does include the company logo. However, it goes on to say that such markings can be easily copied, so security of supply chain is crucial.

### WHAT IS BEING DONE?

Manufacturers are already putting information into the public domain about how buyers can protect themselves from buying or using counterfeit products, so a buyer can potentially avoid counterfeits by ensuring a trustworthy supply chain, using common sense and using

# FAKE NEWS!

Fake goods are increasingly a problem in motorsport, so what can be done? **Alex Bone** and **Stuart Greenwood**, Patent Attorneys for intellectual property law firm AA Thornton, offer their advice on how to counter the counterfeiters

**W**HEN you think of counterfeit products, you think primarily of the luxury goods market: fake "Gucci" handbags and cheap "Rolex" watches – the value of an otherwise average product significantly increased by mimicking the style and look, if not the quality, of a prestigious brand. Counterfeits are still a significant issue for that sector, but advances in manufacturing technology mean the problem of fakes is now impacting the motorsport industry.

### PUTTING THE BRAKES ON

The motorsport segment of the automotive market includes a lot of high value components and prestigious manufacturers and this has proved too tempting for counterfeiters. Many of those high value components are safety-critical and, although the counterfeit products might look like the real thing on the outside, they will often be of lower quality materials and are very unlikely to have been made and

the guidance from the manufacturer. If a deal looks too good to be true, or the presentation is not as expected, then it should be a warning.

But what can manufacturers do to help protect their customers from being exposed to counterfeits in the first place?

Stopping counterfeit products from making their way onto the market can be tricky. You can try to stop the manufacture at source, or you can stop the manufactured products from making it to the market. Both approaches can be very successful at preventing unauthorised products from reaching the market.

### **WHAT RIGHTS ARE THE RIGHT RIGHTS?**

In order to stop a third party manufacturer, importer or vendor, an originator must possess and enforce one or more rights against the third party. The rights that a manufacturer could have in a product are referred to as Intellectual Property (IP) rights and these include trade marks, designs (registered and unregistered), patents, copyright and trade secrets. These rights are territorial, so the most effective approach will depend upon the country in which the manufacture is happening, where the products are being sold and the rights owned.

Any company involved in the creation of new motorsport products will almost certainly have the potential to own all of these types of IP. The company name, product brands, tag line and any logos can all be protected by trade mark registrations. The aesthetic appearance of any product or component that will be visible in use, and whose appearance is not dictated solely by technical function, can be protected by a registered design. Examples of potential registered designs include race helmets, wheel designs and instrument clusters.

The innovative technical aspects of products can be protected by patents provided that those aspects satisfy certain requirements. Examples of potentially patentable innovations include new brake calliper designs, electronic engine management systems, fire suppression compositions and hybrid/electric drive systems. Even new manufacturing processes can be protected.

If products are being imported into a territory, border controls can act to stop infringing products from entering. Border controls will take action if they spot infringing products, but in order to assist the border force, an application for action (AFA) can be filed which identifies particular IP rights and provides details of how border officials



**ABOVE** When things go wrong, you want to know that your safety equipment is genuine!

can identify infringing products. The rights that can be registered with border controls can vary between territories, but in the UK it is possible to register any IP right with Her Majesty's Revenue and Customs (HMRC). An updated process for filing an AFA was provided by the UKIPO in October 2018: <https://www.gov.uk/government/publications/notice-34-intellectual-property-rights/notice-34-intellectual-property-rights>.

The guidance sets out what information should be provided and also the undertakings that might have to be provided. These can include accepting liability towards the goods owner should the goods be found not to infringe and agreeing to pay some of HMRC's costs in taking action.

This process lends itself most readily to preventing products which use an unauthorised trade mark, as determining whether a particular product bears a trade mark which is the same as (or confusingly similar to) a registered mark should be fairly straightforward, based on detailed guidance provided by the right owner. The process also works reasonably well for registered designs.

### **NO-ENTRY**

Once HMRC identifies suspect products it will detain them at the port of entry and notify the product owner and rights holder. The parties will be given 10 working days to respond to the seizure. The rights holder can inspect the goods, request their destruction, initiate court proceedings, or allow them to be released. Further details are provided in the guidance referenced above.

Using the border force can prevent infringing goods from entering a territory and provide additional information to rights holders. Preventing goods from entering a territory requires an IP right in that territory, but ultimately the goal is likely to be to prevent the goods from being manufactured in the first place. In order to do this, court action must be taken to obtain an injunction against the manufacturer. This requires the rights holder to have rights covering the product in the country in which the goods are being manufactured.

### **WINNING THE RACE**

Although motorsport is a highly technical contest, and innovative solutions to problems are found quite frequently, patent litigation is quite rare. For pure racing innovations (for example bodywork on a Formula 1 car) this is most likely due to the fact that regulations can be changed to avoid one team exploiting a monopoly for a particular solution for too long. Also, obtaining patent rights is not an instant process so the technology may have moved on before the patent can be granted.

However, for commercially exploitable innovations, patents can be a useful commercial tool for protecting investment in innovation as those IP rights can be used to prevent unauthorised use of a technology by a third party. A third party making unauthorised use of a patented innovation may be less likely to be producing a product of dubious quality than one making unauthorised use of a trade mark, but they are still gaining a commercial advantage to which they are not entitled.

The most relevant patent infringement example in the motorsport arena is probably the litigation between Alcon and AP Racing in relation to callipers for disc brakes. In the first of two actions AP Racing was awarded damages in the region of £500,000 as a result of infringement by Alcon.

For engineers in the fast-moving world of motorsport, legal protection of the products they create may not seem as important as striving to gain that edge in performance through new and improved products. However, the protection of those products is not only a commercially sensible way to profit from all that R&D effort, but the rights obtained also help to protect customers from unscrupulous third parties selling products of a dubious, and sometimes simply dangerous, quality.

The prestige of a brand takes years to build up and can be eroded instantly by a counterfeit product. Intellectual property rights are there to help the genuine manufacturers stay ahead and leave the counterfeiters trailing behind.

- If you would like further detail on any of the above, or would like to discuss IP developments in the automotive world, you can contact Alex or Stuart via [www.aathornton.com](http://www.aathornton.com)