



Xerox Channels Group Counterfeit Toner Cartridges Q&A

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Case Specifics

Q: Has anyone been arrested as part of this operation?

A: No, there have not been any arrests related to this case at this time. Our focus right now is to remove the counterfeit toner from the market and continue the investigation into the source of these goods.

Q: Who is the counterfeiter in this case?

A: We are unable to disclose that information at this time, as the investigation is ongoing.

Q: How does Xerox determine that toner is counterfeit?

A: Xerox conducts extensive chemical analysis on suspect toner and compares the results to known Xerox materials to identify counterfeit product.

Q: How did Xerox become aware of the presence of counterfeit toners in the market?

A: A service technician in the field reported seeing an odd-looking Xerox cartridge, which set off the investigation that has led to the confirmation that there is counterfeit Xerox toner in the marketplace, and these resulting security incidents.

Q: How much counterfeit toner has been confiscated in this case?

A: There are multiple incidents that have occurred as part of this counterfeit toner case. There are a total of 7,200 counterfeit toner cartridges for the Phaser 780 color laser printer that have been confiscated, worth over \$1.3 million. The locations and quantities are:

- Hong Kong and other international locations - 4,800 cartridges retail valued at \$869,952.
- U.S. marketplace quarantine - 2,400 cartridges retail valued at \$434,976.

Q: Are these just refilled/repackaged cartridges?

A: Absolutely not. These toner cartridges are fully counterfeited goods – there are no genuine components included.



Q: How did this counterfeit toner get into the market?

A: A Xerox authorized distribution partner unknowingly purchased a quantity of the counterfeit goods from an unauthorized source for Xerox goods – bringing these counterfeit items into our channel and spreading the goods to unknowing, resellers, and customers.

Q: Which distributor purchased the counterfeit goods?

A: We are unable to disclose this information at this time, as the investigation is ongoing.

Q: How long has Xerox known about this issue?

A: Xerox started investigations in January of 2004.

Q: What is Xerox doing to notify channel partners and customers of the counterfeit items?

A: Xerox has sent communications to our channel partners and to our sales and support staffs to notify them of this issue. We will proactively notify customers via email and with information provided on our website. We have also set up a page on our website to advise customers and partners of appropriate next steps if they find counterfeit toner in their possession.

Q: Is Xerox reimbursing customers who unknowingly bought or sold counterfeit toner?

A: No. Xerox did not contribute to the spread of the counterfeit toner, and cannot assume the financial liability in this case. Xerox suggests that customers and channel partners contact their suppliers to request an exchange for genuine Xerox cartridges.

Q: What are Xerox's next steps in this investigation?

A: Xerox will continue to investigate the source of these counterfeit goods and will prosecute the perpetrators to the fullest extent of the law.

Q: Does this counterfeit toner cause any service problems for the Phaser 780?

A: Many counterfeit cartridges have leaked toner into the printer causing image quality and reliability problems. Customers are urged to remove counterfeit cartridges immediately and use genuine Xerox toner. For more details, visit www.xerox.com/office/counterfeitalert.

Q: Are any other Xerox products affected by this situation?

A: No, the Xerox Phaser 780 color laser printer is the only product affected by this case.

Q: Are any other manufacturers affected by this situation?

A: All printer manufacturers must deal with the issue of counterfeit supplies, but in this particular case Xerox is the only affected vendor.

Customer Questions

Q: How can I tell if I have counterfeit toner in my possession?

A: Xerox has posted a document to its website detailing how people can determine if the Phaser 780 toner they have in their possession is genuine. For more details, visit www.xerox.com/office/counterfeitalert.

Q: What should I do if I discover that I have counterfeit toner in my possession?

A: Customers are encouraged to contact their supplier to arrange for an exchange for genuine Xerox cartridges.

Q: Why should I be concerned about counterfeit consumables?

A: Customers who use counterfeit products risk experiencing toner leaks, low yields, inferior print quality, and high cartridge failure rate. There is also the possibility that counterfeit supplies products may cause damage to the equipment.

Q: I've recently had a toner leakage related service issue with my Phaser 780, could this be connected to the use of counterfeit toner?

A: There is a possibility that it could be connected. You should view the "How to detect counterfeit toner" document at www.xerox.com/office/counterfeitalert.

Q: I've recently had a toner leakage related service issue with my Phaser 780 and I have counterfeit toner in my possession, is this connected? If so, what will Xerox do for me?

A: Xerox is not financially liable for damages caused by counterfeit toner. Contact your supplier for resolution to any service related issues.

Q: What if my Xerox equipment is damaged by a counterfeit product?

A: Xerox is not financially liable for damages caused by counterfeit toner. Contact your supplier for resolution to any service related issues.

Q: Will Xerox honor a warranty or service contract claims if a counterfeit product damages my printer?

A: Xerox is not financially liable for damages caused by counterfeit toner. Contact your supplier for resolution to any service related issues.

Q: What are the warning signs that a product may be counterfeit?

A: If you are experiencing degradation in the performance of your printer, or if the printer begins behaving differently after the installation of a consumable, a counterfeit supply may be the cause. In this event, we recommend customers visit our online support website or contact customer service.

Q: What is the best way for me to be sure I purchase a genuine Xerox product?

A: Xerox suggests that customers purchase from a reputable reseller, or from Xerox directly. Purchasing from an unfamiliar or unknown source may place customers at risk.

Industry Trends

Q: What is piracy?

A: According to the Imaging Supplies Coalition (ISC), a not-for-profit trade association dedicated to protecting consumers in the imaging supplies industry, piracy is the unauthorized copying or use of trademarks, copyrights, patents, trade dress or name. Various types of piracy include trademark counterfeiting, trademark infringement, copyright infringement, trade dress, patent infringement, trade secrets, and telemarketing fraud.

Q: What is the estimated impact of piracy to the supplies industry?

A: According to the ISC, losses due to counterfeiting and fraud in the imaging supplies industry exceed \$1 billion per year. From the smallest manufacturers, to the largest, such as Xerox and HP, the entire industry is victimized by piracy.

Q: How big of a problem is piracy/fraud in the United States?

A: No one really knows for sure. According to the ISC, it has been estimated that counterfeiting of trademarked copyrighted merchandise makes up between 4% and 5% of all world trade – costing companies over \$350 billion in sales worldwide each year. The estimate for U.S. companies is over \$200 billion each year.

Q: Is Xerox the only corporation experiencing problems?

A: No. Counterfeit supplies are an industry-wide problem.

Q: Why does this matter to Xerox?

A: All original equipment manufacturers (OEMs) need to be concerned when it comes to counterfeiting. The Xerox brand name promises customers a high-quality product. Counterfeit products compromise the trust that customers have in the Xerox brand.

Q: Are there any health or safety risks resulting from inappropriate chemical components in counterfeit supplies?

A: There is no information available at this time on the safety of counterfeit supply products.

Combating Counterfeiting

Q: Do any action groups exist to stop counterfeit activity?

A: Yes. The Imaging Supplies Coalition (ISC) is a not-for-profit trade association comprised of original manufacturers (OEMs) of consumable imaging supplies (ribbon, toner, inks, cartridges, etc.), and equipment. This group has joined together to protect customers by combating illegal activities in the Imaging Supplies industry. For more information on ISC, visit www.isc-inc.org.

Q: Is Xerox part of the ISC?

A: Yes. Xerox is proud to be a founding member of the ISC and an active participant in the “When in doubt, check it out!” program.

Q: Does the ISC have any consumer programs for authenticating products?

A: “When in doubt, check it out!” is the motto of the most successful program launched by the ISC to date. This process allows wholesalers, dealers and consumers an opportunity to submit questionable goods to the ISC for authentication by the manufacturer.

Q: Does Xerox have a program like this? What is Xerox doing to combat counterfeiting?

A: Xerox works to combat counterfeiting in a number of ways. In addition to its participation with the ISC, Xerox has an in-house corporate security organization working to protect Xerox customers and the Xerox brand name from counterfeiters. Xerox Corporate Security routinely works with the FBI, Attorney Generals’ offices, Postal Inspector’s Office, and local law enforcement agencies to pursue acts of piracy and fraud.

Xerox is dedicated to educating consumers on this issue so they can make informed purchase decisions and protect the value of their equipment investment. More information on counterfeiting is available at the Xerox website www.xerox.com.