



Cummins Anti-Counterfeit Newsletter

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Special Report

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Report counterfeits, start from me! For your safety, please don't directly face the counterfeiters. Please report through the following methods.



**Report hotline:
400-810-5252**



**Report email:
Customersupport@cummins.com**

Parts Market Defense is in Process-Counterfeits in Shanghai Automechanika EXPO



From December 11 to 14 in 2012, Shanghai Automechanika Expo- leading fair in China Automobile Accessory Industry was held in SNIIEC in Pudong New Area, Shanghai. In this year, more than 3600 exhibitors from 36 counties participated in this exhibition, making the scene lively extraordinarily. DCEC, Shanghai Fleetguard and Cummins Machining Co., Ltd took part in this exhibition, showing genuine Cummins products to the audience. However, behind the bustling exhibition, there was also disharmony- counterfeiters of Cummins were existed in this exhibition.

The defense team of Cummins Parts Market fully focused on the exhibition, went around investigating the suppliers and traders of engine parts and used the weapon of law to fight against the counterfeiters on site. Cummins team found that a lot of exhibitors were in violation of Cummins trademark and intellectual property rights. They illegally used Cummins trademark and logo, or lied for their products were genuine Cummins parts, and what was worse, some exhibitors were boasted as authorized dealer of Cummins to cheat visitors. These behaviors seriously damaged legitimate rights and interests of Cummins.

For such behaviors in violation of the interests of Cummins, defense team of Cummins Parts and DCEC immediately complained the exhibition sponsors and expressed strong protest, and required that the exhibitors infringing rights and benefits of Cummins to stop infringement behaviors by providing China's relevant legal documents and certificates. Through unremitting efforts, infringing exhibitors were rectified overnight, removing Cummins trademarks and logos, removing non-compliant products from exhibition shelves and apologizing for offending rights of benefits of Cummins.

Cummins China Parts Defense Team has been dedicated to protecting after-market, prevented various unfair competition and made effort for protection legal rights and profits of Cummins brand and enabling end-users use high-quality and genuine parts.

Cummins China Anti-Counterfeit Strategy in 2013

Cummins anti-counterfeit targets at maintaining the brand image and reputation, manifesting enterprise sense of social responsibility and mitigating the negative effects on fake commodities, forming a complete set of anti-counterfeit methodology step by step in the two years of practical work. In 2013, Cummins China Anti-counterfeit Committee further defined the seven anti-counterfeit strategies in China and enabled the goal of China anti-counterfeit work more explicit and clear.

- System-establishing effective anti-counterfeit system in the whole organization;
- Synergy-all business departments working together to fight against counterfeit;
- Priority-focusing on limited resources on key cases producing enormous influence on business and seeking solutions;
- Network-establishing extensive contacts with government management department, industry associations and non-profit anti-counterfeit organizations;
- Communication-transmitting anti-counterfeit efforts and results to company inside, marketing channel and social media;
- Education-improving counterfeit-proofing sense of customers and employees, training professional anti-counterfeit personnel;
- Calibration-benchmarking from industry leading enterprises

In January 2013, Cummins China Anti-counterfeit Committee Seminar was convened successfully. In the meeting, the representatives from Chinese enterprises and functional departments of Cummins define the key anti-counterfeit work in 2013 as follows:

- Conducting marketing cleaning projects, dismantling the store signboards illegal using Cummins trademark and words in important cities of northwest, southwest and south China region;
- Carrying out benchmarking research on anti-counterfeit work in industry leading enterprises;
- Establishing DCEC Anti-counterfeit Committee, leading anti-counterfeit and channel control work comprehensively;
- Establishing and improving the relationship with government department, keeping close contact with administrative law enforcement departments to support market anti-counterfeit work;
- Establishing on-line monitoring system against infringement of domain name and other internet infringement behavior;
- Perfecting sharing mechanism of anti-counterfeit information library online and offline, etc.

Let's look forward to the achievements of Cummins China anti-counterfeit work in 2013!

China Issued Legal Regulations to Promote Intellectual

Property Rights Protection

The Standing Committee of the National People's Congress solicits public opinion for Amendment of Trademark Law of the People's Republic of China (draft)

Amendment of Trademark Law of the People's Republic of China (draft) was reviewed for the first time in 13th Meeting of 11th National People's Congress Standing Committee on December 28, 2012. Amendment of Trademark Law of the People's Republic of China (draft) is published on the website of National People's Congress to solicit public opinion.

Draft will increase protection on exclusive right of trademark, increase provisions of punitive damages and improve infringement compensation. It is regulated in the Draft that amount of compensation can be determined in the range of 1-3 times of obligee's losses, infringing interest of infringer or license fee of registered trademark for infringing exclusive right of trademark maliciously and seriously. At the same time, if the above three basis can not be checked, the court can increase the limit of amount of damages by 1 million Yuan from 0.5 million Yuan at discretion.

Provisions of modifying Regulations for Right of Communication through Information Network by the State Council

On January 30, 2013, the State Council published Decision of Modifying < Regulations for Right of Communication through Information Network by the State Council which has been put into effect since March 1, 2013.

The State Council decided to modify the provisions of "imposing a fine of less than 100,000 Yuan" in Article 18 and 19 in to "if the illegal turnover is more than 50,000 Yuan, it shall be imposed a fine of more than 1 time but less than 5 time of turnover; if the illegal turnover is zero or less than 50,000 Yuan, it shall be imposed a fine of less than 250,000 Yuan in accordance with the seriousness of the



Counterfeit-Making and Counterfeit-Selling

will Subject to Legal Sanctions !

---CCEC won the criminal lawsuit against counterfeiters

In defiance of law, some unscrupulous manufacturers regard making and selling counterfeits as a shortcut for making money. The counterfeiters don't realize that their behaviors have violated relevant laws and will be punished by law. There is specific provision for producing and selling counterfeits in *Criminal Law of the People's Republic of China*: if producers and sellers adulterate in products, pass fake imitations for genuine, pass shoddy for quality goods or pass unqualified products for qualified products for more than 0.05million Yuan, they constitute a crime; they will be sentenced to two to fifteen years of imprisonment or life imprisonment depending on the gravity of circumstances. In recent days, Chongqing Cummins Engine Co. Ltd(CCEC) successively took a counterfeit-selling company in Chaozhou to court. The defendant paid a terrible price for producing and selling counterfeit generators.

State of counterfeit case

On November 1, 2009, Chaozhou Huijing Foreign Activity Center bought what appeared to be a new Cummins diesel generator set at the price of 0.6 million Yuan in Baoan District, Shenzhen City. After signing contract, the operator and the business manager bought an old Cummins diesel generator set made in America at a low price from Shenzhen generator flea market, then renovated and painted it in factory in Shenzhen. They counterfeited the above generator as produced in Chongqing Cummins Generator Co., Ltd by labeling registered trademark "reproduction", nameplate of generator, fuel pump, battery charger and turbocharger. Then, they delivered the counterfeit and materials related to *CCEC Engine Manufacturer Certificate* to the personnel of Chaozhou Huiqiao Hotel subordinate to

Chaozhou Huijing Foreign Activity Center. When the personnel verified the engine serial number for authenticity, he founded that the product was produced in Chongqing Cummings Company in July 2009, so he did not throw doubt on the generator. In the process of using, the personnel found that there were serious quality and operating problems in the above generator set. Chaozhou Huijing Foreign Activity Center contacted with Chongqing Cummins Company where specially-designed persons were sent to check. It is found that:

1. "Product certificate" provided with the generator was forged and not from CCEC.
2. The engine is a counterfeit and not produced in CCEC in 2009;
3. The trademark on the engine is counterfeit;
4. The authentic engine produced in CCEC was distributed to Shan'xi Province rather than Guangdong Province, which is used in Shan'xi Province normally.

Results of counterfeit case

After getting professional verification from CCEC, Chaozhou Huijing Foreign Activity Center immediately report the case to public security organ. As a public prosecution organ, People's Procuratorate in Xiangqiao District, Chouzhou City charged the business manager as crime of counterfeit-selling based on No. [2012]193 indictment and initiated a public prosecution to People's Court on October 6, 2012. The court shall form a collegiate panel to hold a hearing for this case. The case was settled in December 2012.

Provision of counterfeit-making and counterfeit-selling in Article 140 of *Criminal Law of the People's Republic of China*

Any producer or seller who mixes impurities into or adulterates the products, or passes a fake product off as a genuine one, a defective product as a high-quality one, or a substandard product as a standard one, if the amount of earnings from sales is more than 50,000 Yuan but less than 200,000 Yuan, shall be sentenced to fixed-term imprisonment of not more than two years or criminal detention and shall also, or shall only, be fined not less than half but not more than two times the amount of earnings from sales; if the amount of earnings from sales is more than 200,000 Yuan but less than 500,000 Yuan, he shall be sentenced to fixed-term imprisonment of not less than two years but not more than seven years and shall also be fined not less than half but not more than two times the amount of earnings from sales; if the amount of earnings from sales is more than 500,000 Yuan but less than 2,000,000 Yuan, he shall be sentenced to fixed-term imprisonment of not less than seven years and shall also be fined not less than half but not more than two times the amount of earnings from sales; if the amount of earnings from sales is more than 2,000,000 Yuan, he shall be sentenced to fixed-term imprisonment of 15 years or life imprisonment, and shall also be fined not less than half but not more than two times the amount of earnings from sales or be sentenced to confiscation of property.

In December 2012, the People's Court made criminal judgments in accordance with the law: the business manager passed fake imitations for genuine for more than 0.5 million Yuan but less than 2 million Yuan, whose behavior has constituted the crime for producing and selling counterfeits; the business manager has confessed his crime truthfully and shall be given a lighter punishment in accordance with the law. Pursuant to Article 140, Clause 1 in Article 25, Clause 3 in Article 67, Article 52, Article 53 and Article 64 in *Criminal Law of the People's Republic*

I. The business manager commits crime of producing and selling counterfeits, who is sentenced to seven years term of imprisonment and imposed a fine of 300,000Yuan (the fine shall be paid within 10 days from effective date). (Term of imprisonment is the date of executing judgment. The detaining days before executing judgment will commute the same days of term of imprisonment. The term of imprisonment is from June 16, 2012 to June 15, 2019).

II. The CCEC genset in Chaozhou Huiqiao Hotel shall be confiscated.



Anti-Counterfeit Success of DCEC Engine Market

Dongfeng Cummins Engine Co.,Ltd (DCEC) has been dedicated in anti-counterfeit work of engine market unremittingly, cleared counterfeits in market, protected consumers' rights and interests and safeguarded the legitimate rights and interests of company. In the past year, DCEC closely contacted with local law enforcement agencies to complete various anti-counterfeit works in many provinces nationwide, seized more than 10 engines and generators, reduced company's economic losses and saved company's brand reputation.

In early March, 2013, engineer of market management of DCEC received report that a company located in Wujin District, Changzhou City, Jiangsu Province used inferior and wasted parts to assemble and produce engines counterfeiting "Dongfeng Cummins". The products can mix the false with the genuine in appearance, but had serious quality problems and potential safety hazard. After receiving reports, Lu Jingtang immediately contacted with related personnel in Quality and Technical Supervision Bureau in Xiangyang City, Hubei Province to conduct investigation on the company. Finally, we seized 20 counterfeiting engines noting name, address and registered trademark of DCEC for more than 0.57 million Yuan. Now, the infringing company has been transferred to related judicial organs in Changzhou City, Jiangsu Province, waiting for the due trial and treatment.



DCEC has achieved huge success in anti-counterfeit work of engine market. Without rapid response and action capacity of marketing personnel to counterfeiting engines and close connection with law enforcement authorities of relevant government, not Dongfeng Cummins can effectively prevent counterfeits flowing into the market to infringe the interests and personal safety of consumers, protect the good brand image and make contributions to a more honest and orderly market environment.



CFC---Valuing Market Clearing and Protecting Consumers' Rights and Interests !

As the headquarters of Cummins Filtration System in China, Cummins Filtration System (Shanghai) Co., Ltd (CFC) has been paying attention to market clearing and rights & interests maintenance of Fleetguard® as high-end brand of filter. In recent years, Cummins Filtration System (Shanghai) actively and coordinately launched several anti-counterfeit activities. During second half of 2012, the company had assisted investigating more than 20 counterfeit cases.

In first ten-day of July, 2012, the company received the report from a third party that an underground factory and warehouse was found in Linyi County, Shandong Province. The warehouse stored more than 40,000 import filters counterfeiting Fleetguard brand, involving a value of more than 2 million Yuan. After all goods were confirmed as counterfeits, the company immediately contacted with marketing department and legal department of parts to close down the involved factory and warehouse after coordination and communication. After 4 months, 2 principals involved were detained in accordance with the law and would accept the criminal trial.

From finding sources and tracking, this case has spanned various cities. After finding the place of case, anti-counterfeit departments promptly contacted with local public security bureau-Linyi Public Security Bureau XX Branch at the time when national bureaus carrying out “activity of solve cases”. Local public security bureau contacted with Shanghai Public Security Bureau directly subordinate to Public Security Department. After reflecting the specific circumstances, they jointly investigated and banned the counterfeiting dens nationwide.

Large scale of anti-counterfeit activities play strong deterrent effect , clean up market delicts and stouen consumers’ confidence in pure Fleetguard filter. When CFC actively participating in market anti-counterfeit, it also pays attention to the propaganda and education on dealers and users, and issues manuals for distinguishing true and false filters. Cummins Filtration System (Shanghai) will continue to make effort for market clearing Fleetguard brand and protecting consumers' rights and interests.



Counterfeiting filtering products of Fleetguard



Inspecting site



Arresting parties



Warehouse of counterfeiters



Resolutely Safeguarding Legitimate Rights and Interests of HOLSET®

In 2012, Wuxi Cummins Turbo Technologies Co., Ltd. (CTT) achieved success in anti-counterfeit work in Wuxi, Guangzhou, Chengdu, Xi'an, etc. The company has seized more than 50 counterfeiting machines, governing 2 illegal companies and websites. The related illegal merchants have been arrested legally and punished for 20,000 Yuan.



Inspecting site and buckled products in Guangzhou

In recent years, Wuxi CTT has been safeguarding legal rights and

fighting against counterfeits across the country, such as Zhengzhou, Wuxi, Tianjin, Dandong, Jinan, Fengcheng, Anhui, Huaiyin, Guangzhou, Guiyang, etc., having seized more than 800 counterfeiting products and parts. The counterfeit-making and counterfeit-selling person were given a big blow from 4 successful cases and paid for what they have done illegally.

Counterfeiting turbochargers often attract consumers with low price, but involving huge potential danger. Counterfeits may produce impeller burst pressure, shell cracking, flying debris and even oil on fire. Flying debris may damage engine, penetrate car body, damage passages-by, break down oil pipe, causing fire and threatening life.



Turbine shell broken



Burst Splash Eruption




Compressor casing crack



Turbine shell broken

Choose Genuine Products and Win Telephone Charges Activity

In order to develop the consciousness of terminal users for choosing correct products, Wuxi CTT launched the activity of "choosing genuine products and winning telephone charges" for end-users dial anti-counterfeiting telephone since July 2009. The activity was publicized through various channels as packing boxes, in-store posters, single page, company website, banners, text messages, phone, etc. to encourage more users to inquire true superchargers through anti-counterfeiting system and rejecting counterfeits. To support this activity, Wuxi CTT has invested resources to upgrade anti-counterfeiting labeling and security systems and visited and interviewed end-users, which is supported by more users. So the number dialing anti-counterfeiting telephone rises. Company customer service staff receives more and more telephones for consulting anti-counterfeiting problems. We believe that with increasing publicity, most terminal users will check the authenticity when purchasing turbochargers to buy real HOLSET® turbochargers.



Participating way:

1. Scraping red anti-counterfeit label in turbocharger regulator or shell for anti-counterfeit password;
2. Telephone inquiry: dial at 4006710186 with telephone or fixed-line telephone. Input anti-counterfeit password and check authenticity of turbocharger through voice prompt;
3. Text message inquiry: anti-counterfeit password will be sent to telephone. Check authenticity of turbocharger.
4. Anti-counterfeit will record your number automatically. We will select from the numbers for lucky number which will get charges in 10⁰⁰ in every month. The winner list will be publicized in company website.

Cummins Cleaning Signboards of Counterfeit Stores in Xi'an

Market and Achieving Great Success

In Xi'an, when mentioning "Dongfeng Automobile Accessory Street", the authorized dealers and customers would shake their heads. Located in Lianhu District, Xi'an City, it is the largest heavy truck distribution center in northwestern China, involving many counterfeit dealers selling counterfeit Cummins generator parts to customers in Xi'an, north of Shan'xi, Gansu, Ningxia, Inner Mongolia and Sinkiang. When customers entering this street, they will be confused by various "Cummins" brands and cheated to buying non-pure parts, whose interests and benefits were damaged. In recent days, in order to attack on the illegal behaviors damaging Cummins brand and customer's interests, Cummins Anti-counterfeit Committee cooperates with the relevant law enforcement departments to clean up the infringing stores in "Lianhu District, Dongfeng Street Automobile Accessory Market".

Cummins Anti-counterfeit Committee adheres to the spirit of "advancing on the whole, combing prevention and fighting, emphasizing and seeking actual effect" and takes the activity of cleaning up the stores illegally using trademark/name of Cummins as the key work in 2013. The first cleaning activity in Xi'an automobile accessory market won great success.

In December 2012, Cummins and Xi'an Administrative Bureau for Industry and Commerce cleaned up the infringing stores in "Lianhu District, Dongfeng Street Automobile Accessory Market". Cummins initiated legal proceedings against the infringing behavior to Xi'an Administrative Bureau for Industry and Commerce Lianhu District Branch, which was supported by this bureau strongly. At the early stage, Cummins and the relevant law enforcement departments visited the stores and required them provide authorization, co-operative contract and other legal documents. For the stores without relevant legal documents, Cummins and the relevant law enforcement departments compelled them remove the signboard, denoter, light box, "Cummins®", "HOLSET®", and "FLEETGUARD®" on window within 3 days pursuant to the provisions in *Trademark Law of the People's Republic of China*. Finally, 11 infringing stores changed signboards or removed infringing words within binding time.



(Pictures: contrast before and after cleaning up infringing stores in "Lianhu District, Dongfeng Street Automobile Accessory Market". Left picture is the store before cleaning up in July 2012; right picture is the store after cleaning up in December 2012. The words of "Dongfeng Cummins" have been removed completely")



(Pictures: contrast before and after cleaning up infringing stores in “Lianhu District, Dongfeng Street Automobile Accessory Market”. Left picture is the store before cleaning up in December 2012; right picture is the store after cleaning up in December 2012. The words of “Cummins” have been removed completely”)

This activity caused strong response in “Lianhu District, Dongfeng Street Automobile Accessory Market”, setting an alarm on illegal behavior and market percipients infringing exclusive right in mark and exciting the authorized dealers and consumers. After the activity won great success, based on the “point-line-surface; slowly but surely and step-by-step ” principle, relevant activities would be carried out in main cities of Xi’an area, south China, southwest, southeast, east China and other areas. Let's wait and see.



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