

Holograms Tell Fake From Fendi As Knock-Offs Get Better, Makers of Luxury Goods Reach for High-Tech Defense

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ALLIGATOR SKIN, GOLD zippers and straight stitching used to set apart a bona fide Fendi bag from a knock-off. But with the quality of fake luxury goods rising, Fendi is adding another touch: holograms.

The Italian fashion house, a unit of LVMH Moet Hennessy Louis Vuitton, the world's largest luxury-goods group, has been gradually stitching holograms into the lining of its handbags, boots, suits, scarves and even mink coats costing tens of thousands of dollars.

The rectangular, colored stamps, with encrypted codes visible only with a special magnifying device, are designed to help police and customs officials quickly identify whether a Fendi-branded bag is authentic. The holograms also have a wireless tracking device that allows Fendi to monitor whether a genuine product has slipped out of the company's tightly controlled distribution networks, or whether it's being sold in an unauthorized store. (The tags are deactivated when an item is sold.)

"The best way to fight [counterfeiting] is to stay ahead" of the counterfeiters, says Michael Burke, chief executive of Fendi, whose black-and-brown logo with two mirroring F's is one of the most copied labels in the world. "We want the certainty to quickly determine whether [an item is] fake."

Fendi isn't the only luxury-goods company using holograms, though the fashion industry doesn't like to discuss it. Gucci Group -- which owns the Gucci, Yves Saint Laurent and Bottega Veneta labels -- confirms that it uses similar technology. Companies are skittish about discussing their latest antitheft technology, since they've already seen signs that counterfeiters are copying them.

Holograms have been used for years to ensure authenticity of consumer goods, from tennis rackets to concert tickets. But luxury-goods firms have always believed that their innovative designs and careful craftsmanship were enough to distinguish exclusive wares from fakes.

That's changing. Over the past few years, as counterfeiters have become more sophisticated, the quality of their products have improved. Today, many fake handbags are made of good leather, packaged elaborately and sold (usually unwittingly) in high-end accessories stores. French fashion house Louis Vuitton, also a unit of LVMH, acknowledges that copies of its handbags are sometimes so good that consumers realize they're fake only when they take them into the company's boutiques for repairs.

In addition to holograms, some luxury-goods firms are experimenting with infra-red and ultraviolet inks that can be applied directly to products. The ink is invisible but can be seen under a particular reader; if police or customs officials don't see the tell-tale ink, it's a fake.

Security experts say holograms are difficult, and expensive, to copy. Holograms are made with heavy, expensive machines that create patterns using laser beams. The holograms often include bar codes, images or numbers that are visible only under a special forensic machine.

It costs 15,000 euros, or about \$18,000, to create a hologram's encrypted image plus a few cents for each copy tagged onto products. For fashion houses, that represents "one euro out of a thousand, but for [counterfeiters] it's one euro out of 10," says Marc-Antoine Jamet, who is general secretary of LVMH and serves as the head of France's Union des Fabricants, which lobbies for anticounterfeiting measures.

Still, even luxury-goods executives admit holograms aren't fool-proof. "Holograms are better than nothing, but they are already being copied," says Claudio di Sabato, head of security at Italian fashion house Prada Group NV.

Indeed, police in Naples said they recently uncovered a warehouse with photocopiers used to create fake holograms -- with the basic design but without the deep colors and multidimensional images -- for counterfeit handbags. And a Fendi saleswoman recently said she had already seen a bogus Fendi handbag complete with a hologram.

It's also unclear what effect the holograms will have on consumers. Most women who buy from carts on New York City's Canal Street and roadside stalls around the world know they're buying a knock-off -- and don't care.

For customers who do care, luxury-goods experts say the holograms should allow consumers who buy from secondary retailers or from used-goods stores in the hopes of getting a good deal, to know whether the product is

authentic. But "if the consumer doesn't know how the product or hologram should look, they will be fooled," says Angie Houston, who operates a Web site, mypoupette.com, to educate consumers about how to find real Louis Vuitton products.

"I wouldn't ever base my purchase on a hologram," says Ashley Bates, a 35-year-old graphic designer in Boca Raton, Fla.

Still, Fendi hopes that the added complexity of its holograms and the fact that customs officials and police can smoke out fakes more efficiently will provide an extra deterrent against counterfeiting. The technology is considered so valuable at Fendi that only two people at the company know the codes behind the encrypted holograms.

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