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COUNTERFEIT DETECTION USING BLOCK CHAIN

[1]Ch. Deepthi, [2]Are.Vineela,

[1] Assistant Professor in the Department of Master of Computer Applications,

QIS College of Engineering and Technology, Ongole, Andhra Pradesh, India

[2] PG Scholar, Department of Master of Computer Applications,

QIS College of Engineering and Technology, Ongole, Andhra Pradesh, India

Abstract: Counterfeit goods pose a significant challenge to consumers worldwide, who often find themselves unwittingly purchasing inauthentic products without reliable means of verification. Blockchain technology, gaining prominence for its ability to establish trust among distrustful parties, presents a promising solution to combat this issue. This paper proposes a blockchain-based approach to address the sale of counterfeit products, wherein manufacturers can securely register authentic product serial numbers on a distributed ledger. Consumers can then leverage these serial numbers to authenticate products prior to purchase, thereby mitigating the risk of falling victim to counterfeit schemes. Blockchain technology ensures the integrity of data by preventing tampering, thereby fostering a trusted environment for transactions. Leveraging Ethereum's smart contract capabilities, the system automates the verification process based on predefined criteria, reducing reliance on intermediaries and bolstering security measures. This innovative application of blockchain technology not only safeguards against counterfeit goods but also empowers consumers with greater confidence in the authenticity of their purchases.

Index Terms: blockchain, counterfeit.

1. INTRODUCTION

In the contemporary marketplace, counterfeit goods pose a pervasive and multifaceted challenge, threatening consumer safety, undermining brand integrity, and eroding trust in online commerce. Defined as low-quality replicas of original products, counterfeits are designed to imitate luxury items at a fraction of the cost, enticing consumers with the promise of savings. The quality of counterfeit goods has evolved to closely resemble their authentic counterparts, exacerbating the difficulty of discerning between genuine and fake products. According to the Organization for Economic Co-operation and Development (OECD), the global trade in counterfeit goods has witnessed a steady rise, comprising 3.3% of global trade [1]. This flourishing illicit trade not only siphons revenue away from legitimate brands but also jeopardizes consumer health, particularly in sectors such as medicine and beauty products.

In response to the escalating prevalence of counterfeit goods, online retailers are intensifying their efforts to combat this menace and safeguard consumer interests. Notably, e-commerce giant Amazon has implemented initiatives such as Project Zero, leveraging machine learning technology to detect and eliminate counterfeit listings from its platform [2]. With a

substantial investment of resources and manpower, Amazon endeavors to uphold the integrity of its marketplace and protect consumers from fraudulent products. Despite these measures, the proliferation of counterfeit goods continues to plague the global market, perpetuating consumer skepticism and undermining the competitiveness of authentic brands.

Within the European Union, a significant proportion of consumers have fallen victim to counterfeit products, unwittingly purchasing items they believed to be genuine [3]. This alarming trend not only erodes consumer trust but also jeopardizes the viability of authentic brands, as disillusioned consumers retreat from online commerce. Moreover, the unchecked proliferation of counterfeit goods not only diminishes the profitability of legitimate businesses but also facilitates the enrichment of counterfeiters at the expense of genuine manufacturers.

Amidst these challenges, there emerges an urgent imperative for a robust and reliable mechanism to authenticate products and restore consumer confidence in online transactions. Blockchain technology emerges as a promising solution, offering a decentralized platform of trust that empowers consumers to verify the authenticity of goods seamlessly. By leveraging blockchain's inherent attributes such as consensus, provenance, immutability, and finality, stakeholders can establish a transparent and tamper-proof ledger of product information, thereby mitigating the risks associated with counterfeiting.

This introduction lays the groundwork for a comprehensive examination of the impact of counterfeit goods on consumer trust and brand integrity in the digital age. Through an analysis of industry trends, regulatory frameworks, and technological innovations, this paper aims to elucidate the potential of blockchain technology to combat counterfeit goods effectively. By exploring the benefits and challenges of blockchain-based authentication systems, this study seeks to inform policymakers, businesses, and consumers alike on strategies to mitigate the risks posed by counterfeit products and foster a more secure and trustworthy marketplace.

2. LITERATURE SURVEY

Counterfeit goods have emerged as a pervasive and escalating challenge in the global marketplace, prompting extensive research and innovation aimed at combating this illicit trade. A comprehensive review of the literature reveals a multifaceted landscape encompassing the economic, social, and technological dimensions of counterfeit detection and prevention.

The Organization for Economic Co-operation and Development (OECD) sheds light on the scale and magnitude of the counterfeit goods trade, highlighting its significant and growing impact on global commerce [1]. According to their findings, counterfeit products comprise 3.3% of world trade, underscoring the urgent need for effective strategies to address this phenomenon. This seminal report serves as a foundational reference for understanding the scope and implications of counterfeit goods on the global economy.

In response to the proliferation of counterfeit goods, online retailers such as Amazon have ramped up efforts to combat fraudulent listings and protect consumer interests. Segran (2021) provides a critical analysis of Amazon's initiatives, including Project Zero, which leverages machine learning technology to detect and remove counterfeit products from its platform [2]. Despite these efforts, challenges persist, raising questions about the efficacy of current strategies in stemming the tide of counterfeit goods.

Consumer perceptions and experiences play a crucial role in shaping the discourse surrounding counterfeit goods. TFL (2021) reports that nearly 1 in 10 consumers in the European Union have mistakenly purchased counterfeit products,

highlighting the prevalence and impact of this issue on consumer trust and confidence [3]. Such insights underscore the importance of understanding consumer behavior and preferences in developing effective anti-counterfeiting measures.

Blockchain technology has emerged as a promising solution to authenticate products and combat counterfeiting in various industries. Hedaoo et al. (2021) present a comprehensive review of blockchain-based solutions for fake product identification, emphasizing the role of distributed ledger technology in creating a transparent and immutable record of product provenance [6]. By leveraging blockchain's cryptographic mechanisms and decentralized architecture, these solutions aim to enhance trust and transparency in supply chains, thereby mitigating the risk of counterfeit goods.

Gupta et al. (2021) propose an Ethereum-based product identification system for anti-counterfeiting, leveraging smart contracts to automate product authentication processes [7]. This innovative approach harnesses the programmability and security features of the Ethereum blockchain to verify product authenticity and ensure supply chain integrity. Similarly, Šandi et al. (2018) explore the application of smart tags for brand protection and anti-counterfeiting in the wine industry, highlighting the potential of blockchain-enabled solutions to safeguard against fraudulent activities [8].

In the context of supply chain management, blockchain technology offers unique capabilities for counterfeit product detection and traceability. Prathipa et al. (2020) propose a blockchain-based framework for counterfeit product detection in supply chain management, leveraging distributed ledger technology to track and authenticate products throughout the supply chain [9]. By creating an immutable record of product transactions and ownership, blockchain enhances transparency and accountability, thereby reducing the incidence of counterfeit goods.

Kumar and Tripathi (2019) explore the use of blockchain for the traceability of counterfeit medicine supply chains, emphasizing the importance of secure and transparent data management in ensuring the integrity of pharmaceutical products [10]. Through the implementation of blockchain-based traceability systems, stakeholders can effectively authenticate and verify the origin of medicines, mitigating the risk of counterfeit drugs entering the market.

Overall, the literature survey highlights the multifaceted nature of the counterfeit goods problem and the diverse range of solutions being explored to address it. From regulatory interventions to technological innovations, stakeholders across industries are mobilizing efforts to combat counterfeit goods and safeguard consumer interests. Moving forward, interdisciplinary collaboration and knowledge exchange will be essential for developing holistic strategies to tackle this global challenge effectively.

3. METHODOLOGY

a) Proposed Work:

The proposed blockchain-based anti-counterfeiting system aims to address the limitations of existing systems by combining the benefits of decentralization, transparency, and automation.

It provides a robust solution to combat the sale of counterfeit goods while actively involving stakeholders across the supply chain and empowering consumers to make informed purchasing decisions.

Blockchain is like a digital ledger that records transactions securely and transparently. In our case, it's used to store information regarding product origins, verification processes, and authenticity checks. Instead of having all the data in one place, blockchain stores records as blocks of data, each with a unique code called a hash.

The use of unique serial numbers generated by manufacturers and recorded on the blockchain makes it extremely difficult for counterfeiters to replicate or reuse product identifiers.

b) System Architecture:

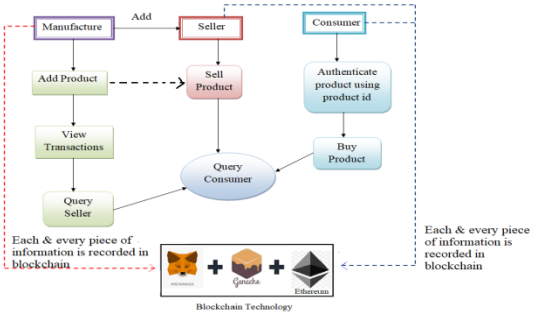


Fig 1 Proposed Architecture

The system architecture employs blockchain technology to facilitate a decentralized ecosystem comprising manufacturers, sellers, and consumers. Manufacturers add product information, view transactions, and query participants. Sellers facilitate product sales, while consumers authenticate products, make purchases, and query relevant parties. Each action and piece of information is securely recorded on the blockchain, ensuring transparency, immutability, and traceability throughout the supply chain. Through smart contracts and cryptographic mechanisms, the architecture enables seamless interaction, verification, and exchange of authentic goods, fostering trust and confidence among all stakeholders.

c) Modules:

To implement this project we used the following modules are Manufacturer, Seller and Consumer. These modules description are given below:

i) Manufacturer Modules

Manufacturer Login: Manufacturers can access the system using secure credentials, enabling them to manage their activities within the platform.

Add Product: Manufacturers can add their products to the system, providing detailed information about each product, including its authenticity.

Algorithm 1 ADDPRODUCT

Input: productName, productSN, sellerCode, productBrand, productColor, productPrice, productSize

```
function addProduct (productName, productSN, sellerCode, productBrand, productColor, productPrice, productSize)
this.productName ← productName;
this.productSN ← productSN;
this.sellerCode ← sellerCode;
this.productBrand ← productBrand;
this.productColor ← productColor;
this.productPrice ← productPrice;
this.productSize ← productSize;
this.productStatus ← "MANUFACTURE";
return product;
```

Add Seller: Manufacturers have the capability to add authorized sellers to their network, facilitating the distribution of their products.

Algorithm 2 ADDSELLER

Input: sellerName, sellerBrand, sellerCode, sellerNum, sellerManager, sellerAddress

```
function addSeller (sellerName, sellerBrand, sellerCode, sellerNum, sellerManager, sellerAddress)
this.sellerName ← sellerName;
this.sellerBrand ← sellerBrand;
this.sellerCode ← sellerCode;
this.sellerNum ← sellerNum;
this.sellerManager ← sellerManager;
this.sellerAddress ← sellerAddress;
return seller;
```

View Transactions: This feature allows manufacturers to view and track the transactions related to their products, providing insights into product movement and sales.

Query Seller: Manufacturers can make inquiries about their authorized sellers, seeking information related to their

performance and product distribution

Algorithm 3 QUERYSELLERS

Input:
1: **function** querySellers()
2: *seller[] += get (sellerCode);*
3: *return sellers;*

Input: sellerCode
1: **function** querySeller(sellerCode)
2: *seller ← get (sellerCode);*
3: *return seller;*

Query Consumer: Sellers can access information about consumers who have purchased their products, potentially for marketing or customer relationship management purposes.

.**Query Customer:** Manufacturers have the ability to inquire about consumers who have interacted with their products, potentially for feedback and marketing purposes.

ii) Seller Modules

Seller Login: Sellers can access the system securely, gaining the ability to manage their product sales and interactions.

Sell Product: Sellers can list their products on the platform, specifying product details and authenticity, making them available for purchase by consumers. Before that they have to purchase products from manufacturers.

Query Consumer: Sellers can access information about consumers who have purchased their products, potentially for marketing or customer relationship management purposes.

iii) Consumer Modules

Consumer Signup & Login: Consumers have the option to create an account or log in securely, enabling them to engage with the platform.

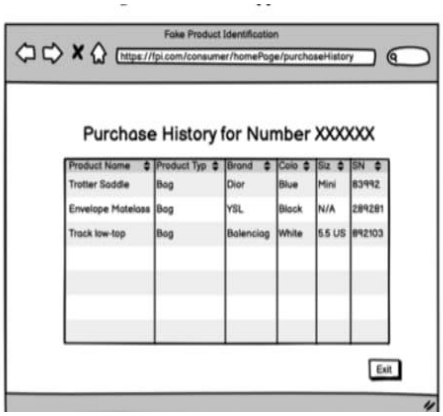
Authenticate Product: Consumers can use the system to verify the authenticity of products before making a purchase, ensuring they receive genuine items.

Buy Product: Consumers can browse the available products, make purchases, and complete transactions securely through the platform.

Query Consumer: This feature allows consumers to view their own transaction history for reference.

d) Blockchain Integration:

Blockchain serves as an unchangeable ledger, storing a complete and tamper-proof record of product information. This includes details about a product's manufacturing, distribution, and other essential data throughout its entire lifecycle. This ensures that the information recorded is accurate and reliable, providing transparency and trust in the product's history.



Blockchain allows for a secure process of product verification. Stakeholders, such as consumers, manufacturers, and regulators, can confirm the authenticity of a product by tracing its history recorded on the blockchain ledger. This transparency enables reliable authentication, crucial for ensuring genuine products and preventing counterfeits.

Blockchain's decentralized nature involves distributing data across a network of nodes, eliminating a single central authority. This structure significantly reduces the risk of data manipulation and fraud, enhancing the overall security of the system. It eliminates the vulnerability of having a single point of failure, making it a robust and tamper-resistant platform.

Smart contracts execute predefined processes, such as updating product status and initiating verifications, thereby improving efficiency and fostering trust in product identification and tracking.

Blockchain's transparency and consensus mechanisms ensure that all participants within the network share the same information, and they can trust the accuracy of this information. This trust is paramount for combating counterfeit products and improving transparency within supply chains. It helps foster collaboration and ensures that all parties can rely on the data recorded in the blockchain ledger.

e) Ganache:

Ganache is a user-friendly interface for monitoring Ethereum blockchain activities. It simplifies tracking of accounts, transactions, and smart contracts, making it accessible even for users without in-depth blockchain expertise. Ganache offers detailed transaction information, including sender, receiver, amounts, gas usage, and success status, aiding debugging and ensuring transaction accuracy. It also tracks smart contract deployments, confirming correct deployment and functionality. This transparency simplifies monitoring and verification processes.

Ganache lets us dive into the details of each block on the Ethereum blockchain. We can find out when a particular block was added, what transactions took place within it, and how much computing power (gas) was used. Ganache also enables data retrieval from stored blocks, allowing developers to access and analyze specific block information.

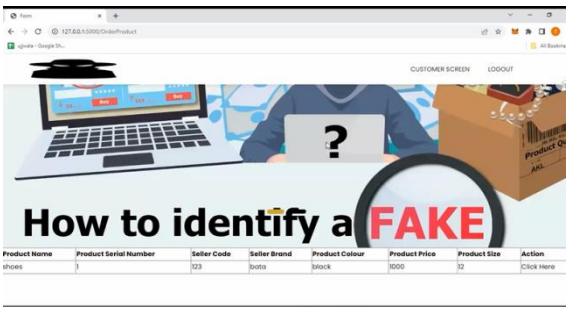
f) Metamask:

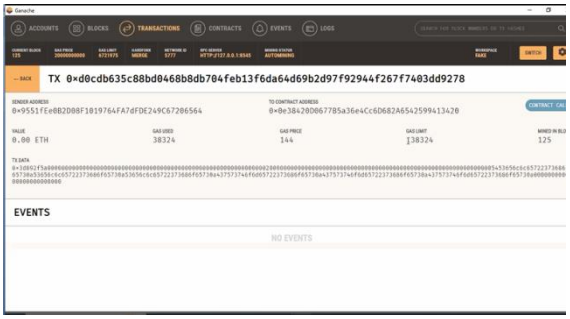
Metamask is both an Ethereum wallet and a browser extension. It simplifies cryptocurrency management and provides direct access to DApps, making interactions with blockchain applications easier.

In the project, Metamask ensures secure Ethereum transactions, promoting transparency by showing the deduction of ETH as

fees. This transparency maintains accuracy and ensures confident, reliable financial interactions within the system.

4. RESULT





Ganache Screen

5. CONCLUSION

In conclusion, the project harnesses blockchain technology to empower consumers in distinguishing genuine items from counterfeits, fostering trust and confidence in their purchases. By integrating blockchain within supply chains, the initiative effectively combats counterfeit products, elevating transparency and reliability across industries. Collaborative efforts with stakeholders promote standardized blockchain integration protocols, further enhancing counterfeit prevention measures. Through a user-friendly interface, consumers can easily verify product authenticity, instilling confidence in everyday purchases. Ultimately, by diminishing counterfeit products and associated risks, the project emerges as a pivotal guardian for consumers and markets, while highlighting the sustainability benefits of its support.

6. FUTURE SCOPE

The future scope of the system extends beyond its initial industry success, potentially revolutionizing sectors like pharmaceuticals, electronics, and luxury goods. Integration with emerging technologies like Internet of Things (IoT) devices promises real-time tracking and monitoring capabilities, bolstering supply chain efficiency. Furthermore, leveraging Artificial Intelligence (AI) and machine learning holds promise for analyzing patterns and detecting counterfeiting anomalies with greater accuracy. This multifaceted approach not only enhances counterfeit prevention but also drives innovation and efficiency across diverse industries, paving the way for a more secure and transparent global marketplace.

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Authors

[1] Mrs. Chepuri Deepthi, currently working as an Assistant professor in the department of Computer Science and Engineering, QIS college of Engineering and Technology, Ongole, Andhra Pradesh. She did her B. Tech from Uttar Pradesh Technical University, Lucknow and M. Tech from JNTUK,Kakinada. Her area of interests is Machine Learning, Artificial Intelligence, Cloud Computing and Programming languages.

[2] Ms. Are.Vineela, currently pursuing Master of Computer Applications at QIS College of Engineering and Technology(Autonomous), Ongole, Andhra Pradesh. He completed BSC in Computer er Science from Sri Harshini Degree College, Ongole, Andhra Pradesh. His areas of interests are Block Chain