

Coded Note Number: **E1030**

Revision: **C005**

Date: **September 14, 2018**

Title: **DETECTION AND AVOIDANCE OF COUNTERFEIT ELECTRONIC PARTS**

This note provides an overview of the minimum counterfeit electronic parts detection and avoidance system requirements for convenience and to assist the Supplier, and does not relieve the Supplier from complying with the specific requirements in [DFARS 252.246-7007](#) and [DFARS 252.246-7008](#) as referenced in Purchase Order (PO) Appendix A.

1. Counterfeit electronic part avoidance and detection system. The Supplier shall establish and maintain an acceptable counterfeit detection and avoidance system for electronic parts delivered under this Purchase Order (PO).
2. Counterfeit detection and avoidance system criteria. The counterfeit electronic part detection and avoidance system shall have policies and procedures that are based on the risk level for potential counterfeit parts, provided that the system meets the following minimum requirements:
 - a) The training of personnel.
 - b) The inspection and testing of electronic parts, including criteria for acceptance and rejection; tests and inspections shall be performed in accordance with accepted Government and industry recognized techniques.
 - c) A process to abolish counterfeit parts proliferation.
 - d) A process for maintaining electronic part traceability in accordance with DFARS 252.246-7008, Sources of Electronic Parts.
 - e) The use of suppliers that are either the Original Manufacturer, the current design activity, or an authorized supplier. Suppliers shall be selected in accordance with DFARS 252.246-7008, Sources of Electronic Parts.
 - f) Reporting to Newport News Shipbuilding and quarantining of counterfeit and suspect counterfeit electronic parts.
 - g) Methods to detect suspect counterfeit parts and rapidly determine if they are counterfeit.
 - h) The system shall be designed, operated, and maintained sufficiently to detect and avoid counterfeit electronic parts. A government or industry recognized standard may be used.

- i) Flow down of counterfeit detection and avoidance requirements, including applicable detection and avoidance system criteria, to all subcontractors at all tiers of the supply chain, including subcontractors for commercial items and commercial-off-the-shelf (COTS) items, who are responsible for buying and selling electronic parts or assemblies containing electronic parts, or for performing authentication testing.
 - j) A process for keeping continually informed on current counterfeiting and information trends, and using such information and techniques for continuously upgrading internal processes.
 - k) A process for screening Government Industry Data Exchange Program (GIDEP) reports and other credible sources of counterfeiting information to avoid the purchase and use of counterfeit electronic parts.
 - l) The control of obsolete parts in order to maximize the availability and use of authentic, originally designed, and qualified electronic parts throughout the product's life cycle.
3. Upon Newport News Shipbuilding (NNS) request, the Supplier shall provide documentation verifying that the electronic part(s) is traceable to the Original Manufacturer, current design activity, or an authorized supplier.
4. The Supplier shall immediately notify NNS in writing by Vendor Quote (VQ) during the Request For Quote (RFQ), or Vendor Information Request (VIR) after PO placement, for the following:
- a) If the Supplier cannot purchase or acquire authentic electronic parts directly from the Original Manufacturer, current design activity, or an authorized supplier, or
 - b) If the Supplier cannot maintain traceability of the supply chain back to the Original Manufacturer, current design activity, or an authorized supplier.
5. Definitions.
- 5.1. Electronic part. An integrated circuit, a discrete electronic component (including, but not limited to a transistor, capacitor, resistor, or diode), or a circuit assembly, and includes any embedded software or firmware.
- 5.2. Counterfeit Electronic Part. An unlawful or unauthorized reproduction, substitution, or alteration that has been knowingly mismarked, misidentified, or otherwise misrepresented to be authentic, unmodified electronic part from the

original manufacturer, or a source with the express written authority of the original manufacturer or current design activity, including an authorized aftermarket manufacturer. Unlawful or unauthorized substitution includes used electronic parts represented as new, or the false identification of grade, serial number, lot number, date code, or performance characteristics.

5.3. Original Manufacturer. The original component manufacturer (OCM), the original equipment manufacturer (OEM), or the contract manufacturer (i.e. a company that produces goods under contract for another company under the label or brand name of that company).

5.4. Authorized Supplier. A supplier, distributor, or an aftermarket manufacturer with a contractual arrangement with, or the express written authority of, the Original Manufacturer or current design activity to buy, stock, repackage, sell, or distribute the part.

Revision History Table		
Rev	Description	Revision Date
C005	<p><u>ADDED:</u></p> <ol style="list-style-type: none"> 1. Intro statement to ensure full compliance with DFARS 252.246-7007 2. Paragraph 1, Revised wording for clarity 3. Paragraph 2: List of overview of system criteria from DFARS 252.246-7007 to assist supplier with complying with DFARS 4. Paragraph 4, “during the Request For Quote (RFQ) to instruct supplier to submit a VQ during RFQ 5. Paragraph 5, definitions to include electronic part, Counterfeit electronic part, authorized supplier, Original Manufacturer <p><u>REVISED:</u></p> <ol style="list-style-type: none"> 6. Replaced reference to OCM/OEM with Original Manufacturer, current design activity, or authorized supplier to specify the sources capable of producing a genuine item 7. Replaced “Electrical, electronic, and electromechanical (EEE) assemblies” with “electronic part” to limit the scope of requirements to electronic parts exclusively. 	09/14/2014

This revision history is provided for convenience and does not alleviate the supplier’s responsibility with understanding and complying with the full coded note.