



2020 – 2021

IP CRIME AND ENFORCEMENT REPORT

AT A GLANCE



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Disclaimer

The findings, facts and opinions in the IP Crime and Enforcement Report are those of the IP Crime Group members and not necessarily the views of the IPO or the Government. The data has not been substantiated by the IPO.

CHAPTER 1



FOREWORD – IP MINISTER

Economic growth and economic quality

In the financial year 2015/16, the UK Intellectual Property Office (IPO) received just under 55,000 applications to register a trade mark. Last financial year they received over 140,000¹. The nation of shopkeepers has not only moved online to keep trading, it has recognised the value of intangible property – intellectual property. A trade mark is a title deed to a brand and every month the IPO helps thousands of new brand owners establish their ownership.

Increasing numbers of trade mark registrations are a sign of economic strength. But to guarantee the quality of those registrations, justifying their use in fair markets, we must encourage producers and consumers alike to shun counterfeits.

For IP rights to have value there is a shared responsibility between all users of the system. In my forward to the IPO's 2021-21 corporate plan I said:

The profits and responsibilities of IP ownership should not be perceived as the entitlement of an elite group, they should be connected to a diverse, inventive cohort spread throughout the country from start-ups to technology leaders. Similarly, responsibility for protecting the integrity of intellectual property should be pushed outwards so that individual consumers and tradespeople become guardians of the markets they value, need and enjoy².

Research and evidence

To make IP ownership deliver value to the economy, we must ensure that IP consumers understand their responsibilities. Recent reports from the OECD indicate that trade in fake goods continues to increase from an already high level 3.3% of world trade in 2016³. The IPO's 10th wave of the online copyright infringement tracker reports a 23% infringement rate. Although this figure is 2% lower than the previous year, it still represents a threat to our creative industries and an unacceptable level of IP 'crime ambivalence' on the behalf of UK consumers. The online tracker has been reporting on copyright crime in the UK for almost a decade and its data reveals a clear picture. We need to change consumers' perception of copyright theft. As the report suggests, focusing on individuals' circumstances rather than consequences to the industry appears to be the way forward to deliver the message to encourage self-reflection and potential behaviour change.

In September 2020, the first in a series of reports relating to the sale of counterfeit goods showed that 29% of consumers have purchased a counterfeit item, with 17% currently doing so with some frequency. These high percentages of consumer engagement with all kinds of counterfeit trade highlight the need to implement strategies that: deter criminals by apprehending and prosecuting them; raise consumer awareness to disincentivise demand for counterfeit goods; disrupt illegal supply chains; disable illegal websites⁴.

¹ IPO Annual Report and Accounts 2015-16 and IPO Annual Report and Accounts 2020-21

² UK IPO 2021-22 corporate plan 2021

³ OECD/EUIPO (2019), Trends in Trade in Counterfeit and Pirated Goods, Illicit Trade, OECD Publishing, Paris/European Union Intellectual Property Office. accessed 23/6/2021> and OECD/EUIPO (2021), Global Trade in Fakes: A Worrying Threat, Illicit Trade, OECD Publishing, Paris, accessed 23/6/2021.

⁴ IPO Counterfeit Goods Research, July 2020

Future facing

Perhaps the most significant impact of the COVID-19 pandemic is that it has hastened trends already in place. In this report, IP crime prevention specialists comment on the shift in trade from physical markets and retailer establishments to online platforms. The threats to fair trade identified in this report include the corrosive effect of organised crime, which uses international supply chains to disrupt all markets, threatening the credibility of our legitimate industries. Closer to home, reports from law enforcement agencies demonstrate the way that selling through social media and marketing platforms have become means of distributing counterfeit products to consumers.

I would like to thank everyone who has contributed to this report for the hard work and inventiveness that has characterised the work in the time of COVID-19. As the UK economy bounces back from the effects of a tough year, the inventiveness and drive of British consumers, entrepreneurs and corporations will enable us to build back better. We need to remember that the process of innovation itself brings change with it. IP crime prevention is about protecting property, educating consumers, encouraging honest traders and innovators, and clamping down on criminals but at its heart it can only succeed if it is a shared endeavour with public support.

“The profits and responsibilities of IP ownership should not be perceived as the entitlement of an elite group, they should be connected to a diverse, inventive cohort spread throughout the country from start-ups to technology leaders. Similarly, responsibility for protecting the integrity of intellectual property should be pushed outwards so that individual consumers and tradespeople become guardians of the markets they value, need and enjoy.”

EXECUTIVE SUMMARY

At the beginning of last year, The UK Intellectual Property Office (IPO) published its research objectives. These were developed in a world that seems strangely far away – a world without COVID-19. How could objectives devised before the most disruptive event since the Second World War brought global trade to a halt still be relevant? The answer is clear. Although we have all been touched by the tragedy of COVID-19, our direction of travel has not altered.

Groups and organisations who embrace change, who are forward thinking, whose planning is far sighted enough to withstand even a pandemic will succeed. Prior to the pandemic, the IPO's number one planning objective was 'Build data on the role of IP in the UK economy'.⁵

That objective, tailored to the demands of the IP crime and enforcement landscape remains of paramount importance to the IP Crime Group. More importantly, we are beginning to achieve it.

As the online copyright infringement tracker survey developed, the veracity of its data strengthened. After nearly a decade of research it is apparent that sustained reductions in rates of IP crime can only be achieved by prosecuting criminals in a wider context of public engagement with the issue of IP crime.

“Since 2012, the online copyright infringement tracker survey has provided robust evidence of the extent of copyright infringement in the digital sphere in the UK and, equally important, it has given insights into the motivations behind consumers’ decisions to infringe. The understanding that consumer behaviour is crucial to our success as a group is extremely important.”⁶

Public perceptions of IP crime must be changed and consumers must appreciate their responsibilities when using social media and trading platforms. The Industry Trust for IP Awareness' *Find any Film* initiative exemplifies the added value customers perceive through the creation of trusted platforms and branding of our own. Similarly, the contribution from Electrical Safety First shows how clear, branded messaging on products and online builds trust in United Kingdom Conformity Assessed (UKCA) goods, and awareness of the dangers of fakes.

5 IPO Annual Research and Evaluation Priorities 2020/21 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/882258/IPO_Research_Priorities_2020-21.pdf

6 IPO, Copyright infringement tracker survey, 10th wave, March, 2021 <https://www.gov.uk/government/publications/online-copyright-infringement-tracker-survey-10th-wave/online-copyright-infringement-tracker-survey-10th-wave-executive-summary>

Knowledge is power

In July 2020, the first of a series of reports into trade in counterfeit 'physical' goods was launched. The findings of the 2020 *IPO Counterfeit Goods Research* chime with our understanding of online copyright infringement. Consumers (especially young ones, who often support new markets and drive innovation) knowingly purchase counterfeit goods. A little over 30% of British consumers aged between 18 and 34 purchased counterfeit goods during the reporting period. The report states: 'Younger respondents (i.e. 35 and under) were more likely to purchase counterfeit goods and should be a key target audience for any activities aimed at reducing their purchase.' Moreover, it adds: 'Encouragingly, there was a large proportion of people saying they would be likely to stop purchasing counterfeits if exposed to campaigns explaining the significant consequences of counterfeits. With those who were not persuaded, more research and co-creation could help to better understand what may change their minds.'⁷

Talk the talk

Changing consumer behaviour is a notoriously challenging objective but it's not an impossible one. The UK's world class creative industries, its prowess in advertising, communications technology and public relations and the cohesive and diverse nature of the IP Crime Group are well attuned to the challenge. Indeed, many of the 'problems' associated with the proliferation of IP crime in the UK, highlighted in this report, are also 'solutions', employed in our communication strategies.

Social media networks and online trading platforms featuring counterfeit goods and copyright infringing content are the targets for the members of the IP Crime Group who specialise in law enforcement. For PIPCU, Trading Standards authorities, the Anti-Counterfeiting Group (ACG), the Transnational Alliance to Combat Illicit Trade (TRACIT), FACT and Trade Mark and Rights Holders Against Piracy (TRAP), social media and the digital trading environment are threats because they have become vectors for illegal trade.

“For PIPCU, Trading Standards authorities, the Anti-Counterfeiting Group (ACG), the Transnational Alliance to Combat Illicit Trade (TRACIT), FACT and Trade Mark and Rights Holders Against Piracy (TRAP), social media and the digital trading environment are threats because they have become vectors for illegal trade.”

For our members who connect to traders and consumers, the ability to shape dialogues with relevant cohorts of traders or consumers, through social media, offers a new means of communication. In this report NMG and the Real Deal Campaign for Fake-Free Markets' activity online demonstrates awareness of the changing situation. The identification of the value of The Real Deal Online demonstrates the importance of responding to consumer preferences. The Industry Trust for IP Awareness describes how it is engaging with social media influencers to get its messaging to the right demographic. Similarly, the IPO's Education Hub describes engagement with social media as essential to their work during the pandemic. This ability to communicate messaging concerning IP crime through social media and on trading platforms is essential to our practice, now that the initial shock of the pandemic has been negotiated. As communicators our ultimate goal is the average consumer. The IP Crime Group enables us all to develop partnerships that will fine tune our communication so that it chimes with our users.

We don't need to decide if social media is a good thing or not, we need to use it.

⁷ *IPO Counterfeit Goods Research, July 2020*, pg 6 <https://www.gov.uk/government/publications/ipo-counterfeit-goods-research/ipo-counterfeit-goods-research>

Public/private partnership

As well as the IPO's copyright infringement trackers and its counterfeit goods research, two recent reports from Amazon and brand protection specialists, Incopro, exemplify the importance of partnership building and flexibility.⁸ These reports evidence the willingness of platform providers and platform enforcers to engage in policy making and take action. In our report, TM Eye, Snap Dragon and The Premier League blend the views of commercial brand protection and enforcement specialists with those of the wider IP Crime Group. The formalisation of approaches to IP crime from brand protection specialists and brand owners themselves, evidenced by the Amazon and Incopro reports, increases the quality of information available to the IP Crime Group Members and offers scope for developing productive relationships in the future. In this report the UK Intellectual Property Online Protection Group (IPOP) show how commercial, administrative and law enforcement groups can be assembled around clear objectives to take effective action.

Action

ACG's contribution to this report (particularly through its commitment to operational effectiveness during difficult circumstances and the maintenance of international links), PIPCU and Nominet's continued work taking down infringing websites, FACT's well targeted and memorable advertising televised in the Premier League and ongoing operations throughout the country implemented by Police and Trading Standards Officers characterise the durability, commitment and creativity of the IP Crime Group as a whole.

COVID-19 has been challenging. This report shows how we've emerged from it with a clearer vision of what the future offers and a better understanding of how we need to work together to take the lead in the fight against IP crime.

“We don't need to decide if social media is a good thing or not, we need to use it.”

⁸ See: Amazon Brand Protection Report <https://www.aboutamazon.com/news/company-news/amazon-brand-protection-report> Incopro Three Strikes and Your Out 'white paper' <https://www.incoproip.com/insync-community-hub/three-strikes-and-out-how-e-commerce-platforms-can-protect-consumers-from-repeat-offenders/#download>



DEIC /
1º DELEGADO
CRIMES DE
PROPRIEDADE

Polícia



ADVANTAGE



POLÍCIA
DE
POLÍCIA



TRADING STANDARDS SURVEY AND CASE STUDIES SUMMARY⁹

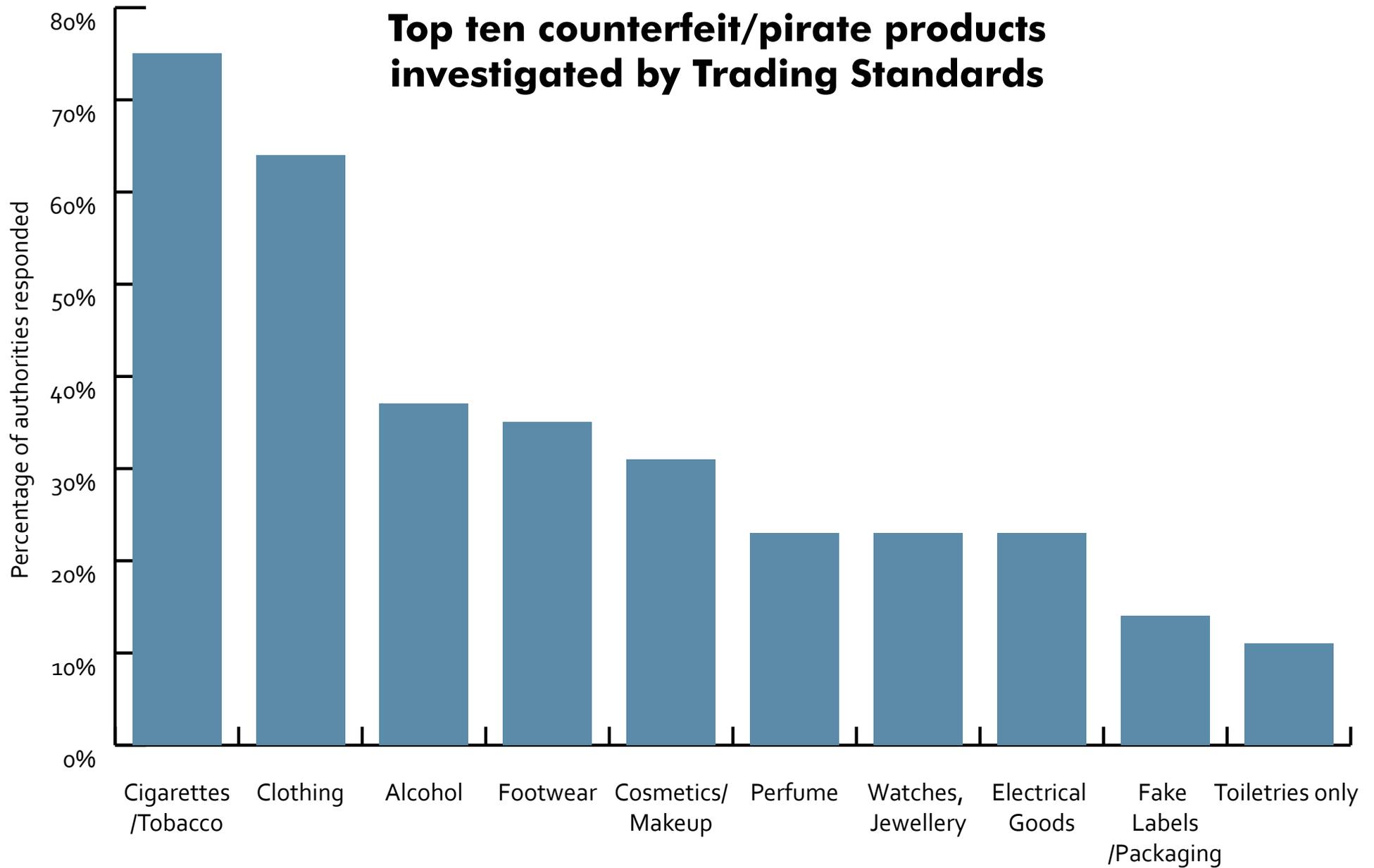
This year 85% of Trading Standards authorities took part in the IPO's survey of Trading Standards activity throughout the UK. This high degree of engagement is valuable and important. The figures provide a snapshot of IP crime during the most unusual trading year in British history. Perhaps their most important take home message concerns the resilience of IP crime. Where other industries faltered, demand for the tried and tested staples of street-level IP criminality - counterfeit tobacco, alcohol, clothing and footwear, electric goods, cosmetics and accessories remained constant. 75% percent of authorities taking part in the survey were actively engaged in preventing counterfeit tobacco from reaching its destination. Trade in counterfeit clothing was investigated by over 65% of authorities and illicit trade in alcohol, footwear, cosmetics, perfume watches, jewellery and electric goods.

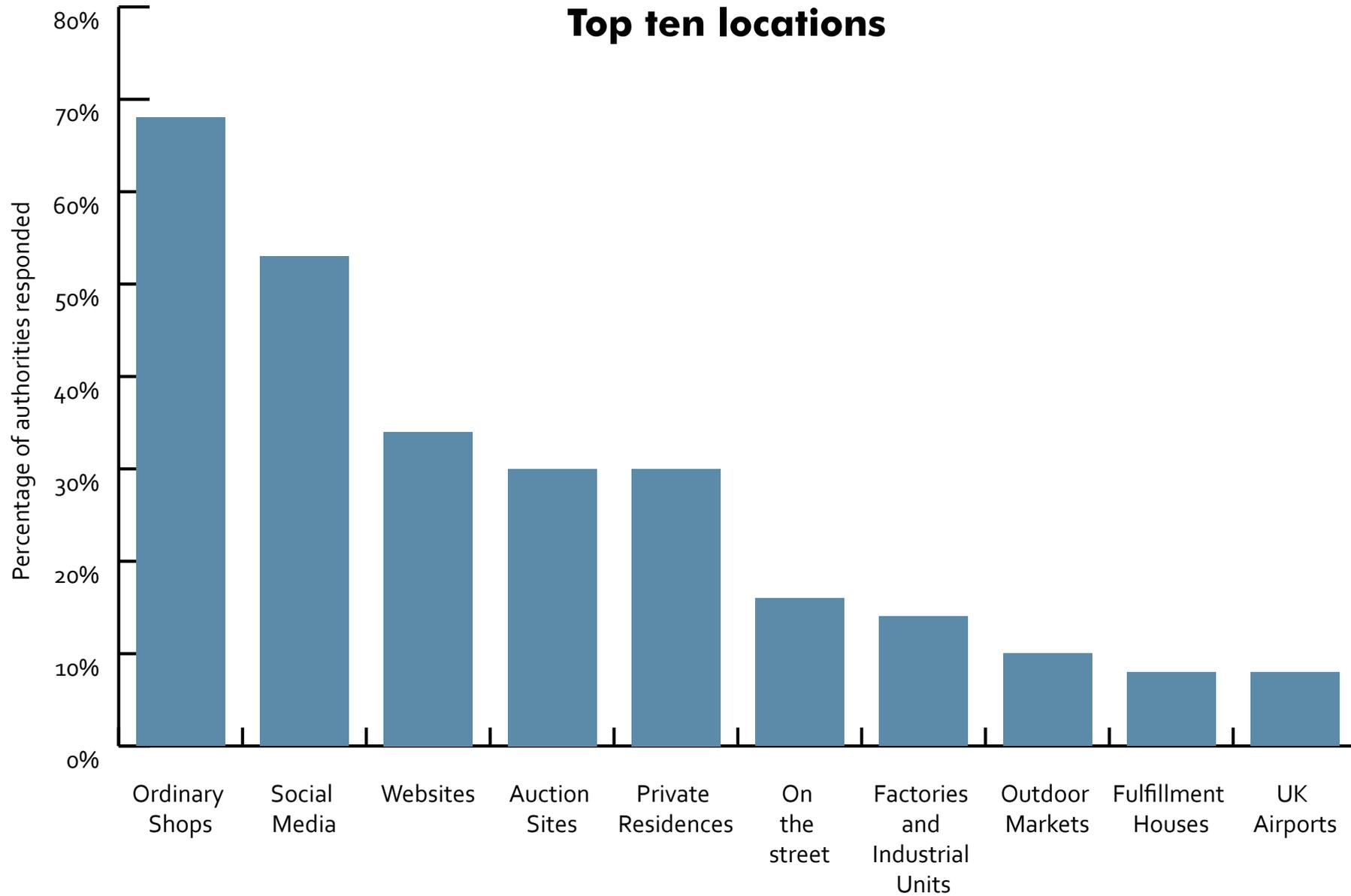
In terms of the locations for IP crime, shops, many of which (because of the fact that they sell food) did not close during lockdown, remained the most significant target for investigations. A little under 70% of Trading Standards authorities participating in the survey recorded operations in this field and selling on the street, through industrial units and at outdoor markets and fulfilment houses, continued to be targets for investigation, albeit at reduced levels. Online, over half of the authorities taking part in the survey investigated cases of IP crime conducted through social media. Websites and auction sites were also significant focusses for investigation, comprising over 30% of participating authorities investigations. Indeed, figures for proactive online monitoring of social media, auction and other online market sites show a continuation of pre-covid levels of engagement across the online environment.

Given the fact that all Trading Standards authorities prioritised pandemic related activities, the sense of business as usual, especially in the online sphere and the continued ability and willingness of officers to engage with IP criminals online and offline is to be admired. The reports in this document provide glimpses of the day-to-day work of Trading Standards Officers as they engaged with difficult and dangerous operations made doubly so by the pandemic. The levels of diligence of Trading Standards Officers and their willingness to 'go the extra mile' are represented in this report.

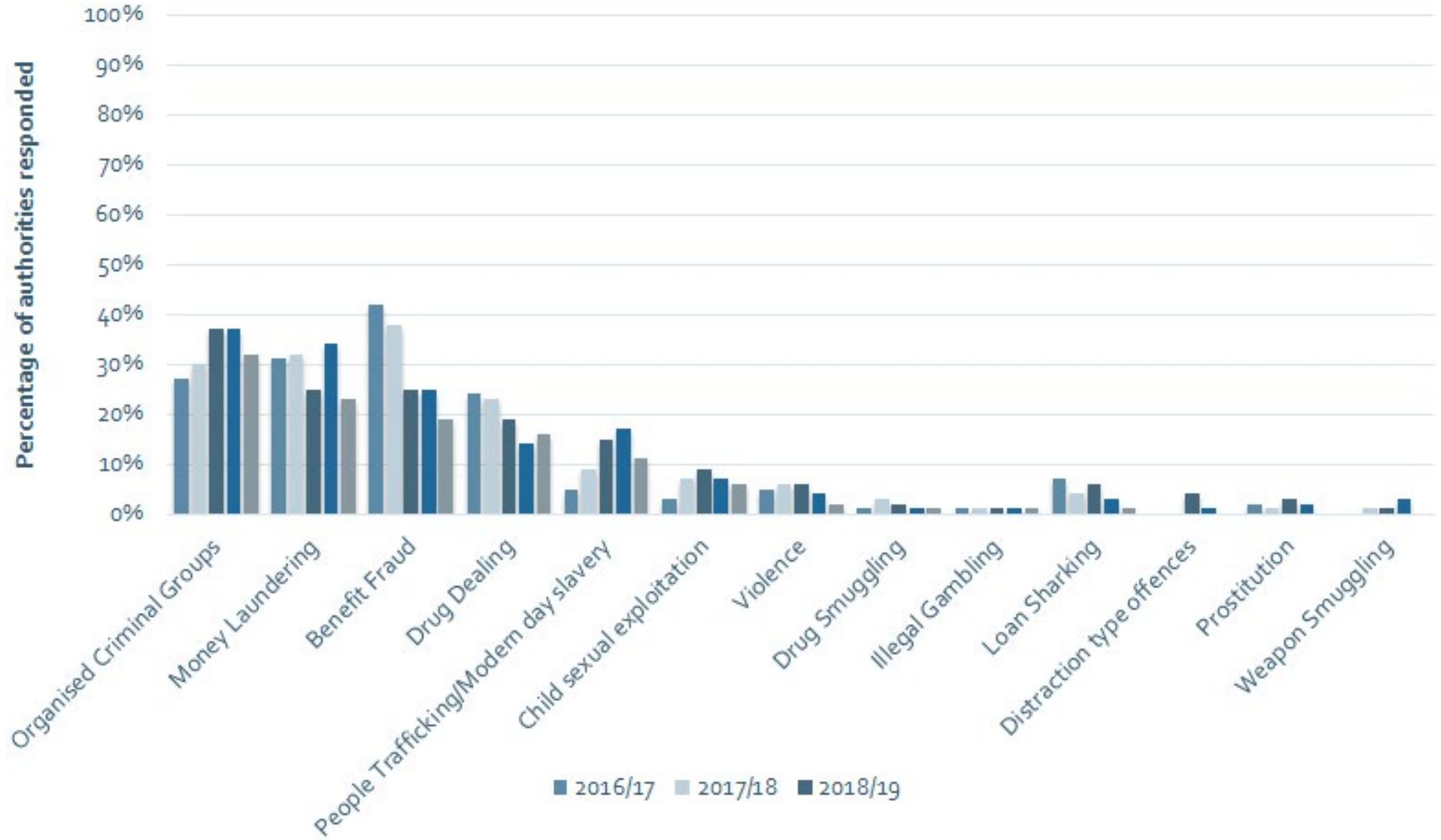
“The figures provide a snapshot of IP crime during the most unusual trading year in British history. Perhaps their most important take home message concerns the resilience of IP crime.”

⁹ Full details about the survey and cases studies at: www.gov.uk/government/collections/ip-enforcement-reports

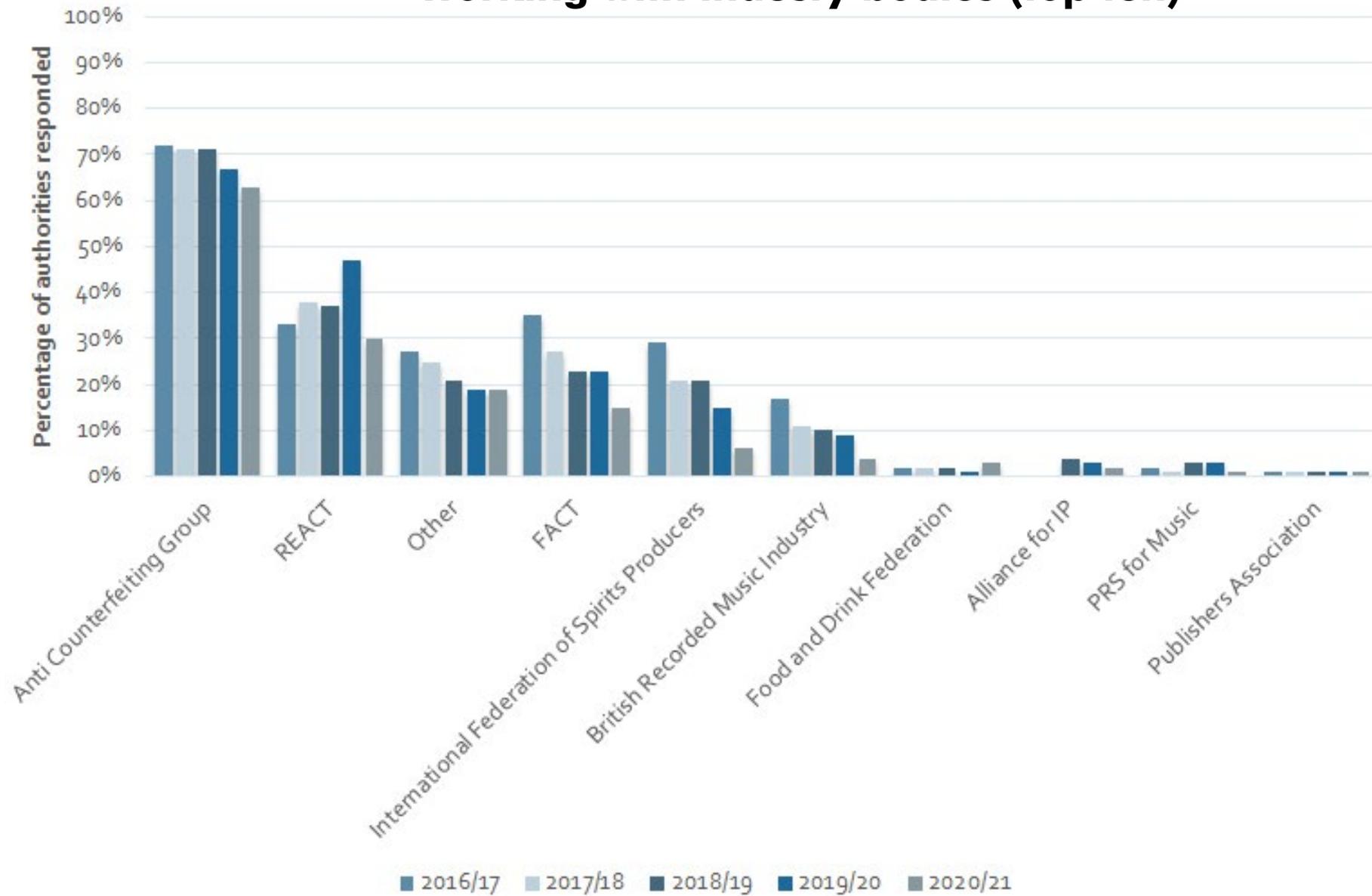




Links to other criminality



Working with industry bodies (top ten)



IP Enforcement Research

Intellectual Property Office (IPO)

The UK Intellectual Property Office (IPO) has been working closely with industry stakeholders to design and deliver research into the infringement and enforcement of intellectual property rights (IPRs). Our primary objective is to assess the level of IP crime in the UK. The aims of research commissioned by and in association with the IPO were set out in the IPO research priorities 2020-21. The focus of current research is to gain an understanding of levels of consumption of infringing content and products within the UK, the motivations behind this behaviour and what educational and awareness raising initiatives might reduce it. We want to understand the motivations behind consumers who infringe and what deterrents, including educational and awareness raising initiatives, might mitigate them. We also want to better understand the mindset of criminals, from the reach of OCGs (organised crime groups) to individual offenders working through disruptive networks on and offline.

Input from industry stakeholders is crucial to the success of our research.

Our first decision regarding the acquisition of data regarding the levels of IP infringement in the UK was to divide infringement into two sectors: illicit trade in digital material (usually, but not exclusively, infringing copyright) made available online and accessed through a variety of devices including phones, TVs, PCs and games consoles and trade in physical goods, accessed through retailers, markets, car boot sales and via social media platforms. Whilst there is often overlap between these sets of products we wanted to shine a light on IP crime and infringement in the online, digital sector, crucial for the success of the UK's creative industries. In 2012 in association with Ofcom and Kantar Media the first of an ongoing series of investigations into copyright infringement was launched.¹⁰ That research continues and statistics discussed in this report relate to the its 11th 'wave' of the Online Copyright Enforcement Tracker (OCI).

Physical Goods

A pilot study for a [Physical Goods tracker](#) was commissioned in 2019. This sought to develop understanding of the scope and scale of infringement of IP rights in physical goods within the UK. It also enquired into the motivations of infringing consumers and to test messaging aimed at dissuading future purchases.

29% of UK respondents reported purchasing a counterfeit item.

17% said that they do so currently on a regular or occasional basis.

Across all categories of counterfeit purchases of physical goods, online purchase via e-commerce sites was the most popular vector for delivery in the bestselling categories of goods, including beauty, hygiene, footwear and electrical accessories. A second wave is currently underway, which will examine the impact of the COVID-19 pandemic on counterfeit purchasing habits and motivations.

“The focus of current research is to gain an understanding of levels of consumption of infringing content and products within the UK, the motivations behind this behaviour and what educational and awareness raising initiatives might reduce it.”

¹⁰ <https://www.ofcom.org.uk/research-and-data/internet-and-on-demand-research/online-copyright-infringement>

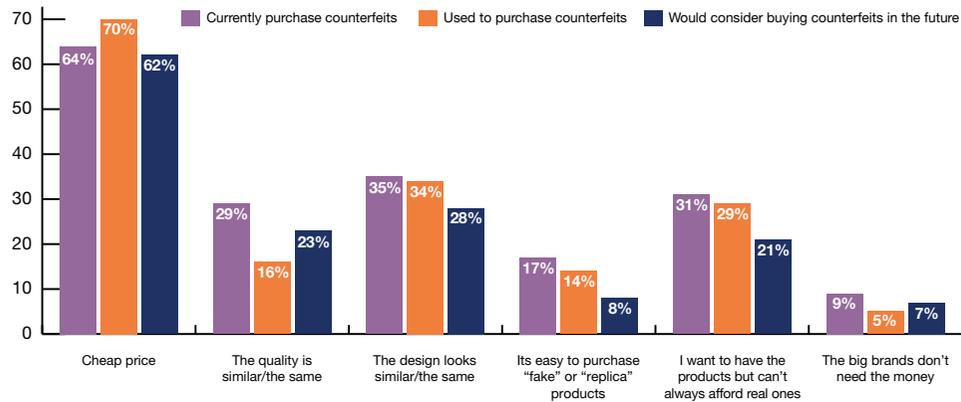


Image: [Physical Goods Tracker report](#), September 2020

Pirated content

The [OCI](#) (Online Copyright Infringement Tracker) has recently published its 10th wave, with wave 11 currently underway. This research aims to understand the current levels of consumption of pirated content within the UK. Findings from the 10th wave indicate no significant effect of lockdown on the consumption of illicit content overall. [A short series of research projects](#), commissioned by Creative industries Policy and Evidence Centre and based on the OCI tracker, were carried out in 2020 to measure the impact of the pandemic on consumption of pirated content.

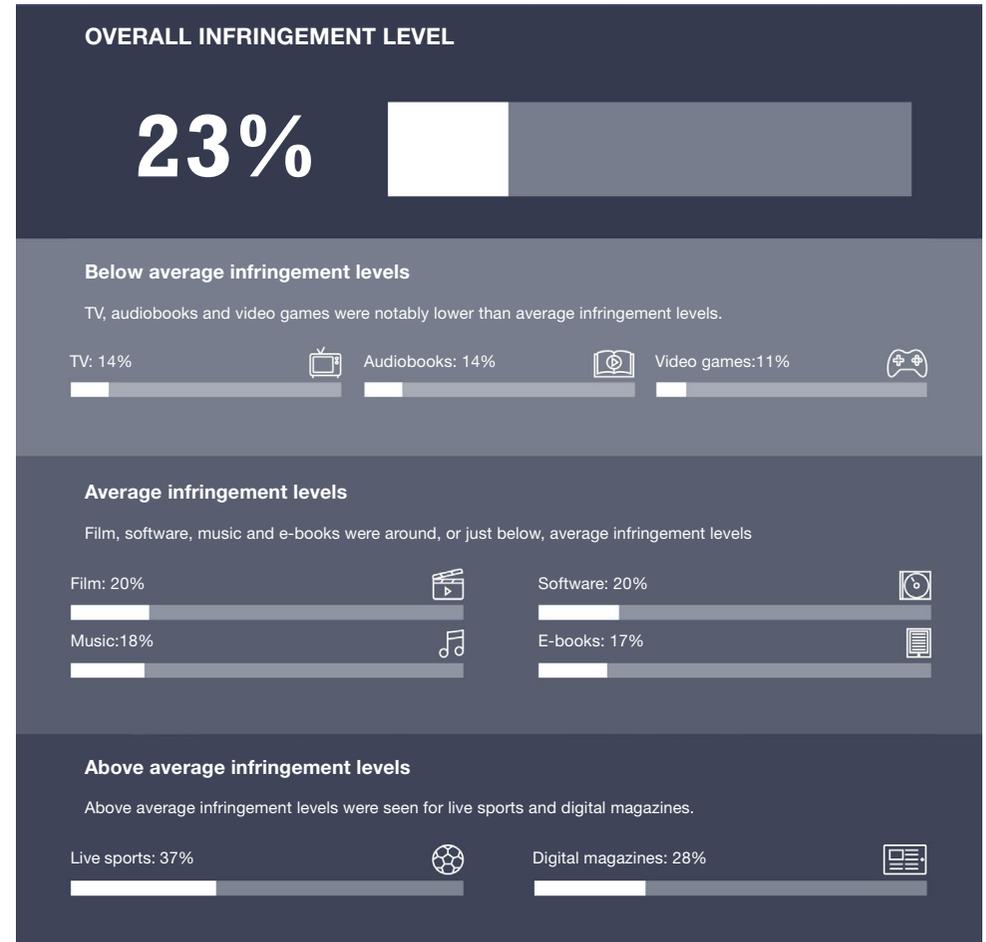


Image: [Online Copyright Infringement Tracker \(Wave 10\)](#), March 2021

Upcoming Research

As well as further waves of the OCI and physical goods trackers, the UK IPO has commissioned research focussing on the infringement and enforcement of IP, in line with the [IPO research priorities 2020-21](#). We are currently examining the impact of endorsements of counterfeits by social media influencers (SMIs) on the views and purchasing behaviours of consumers. This research focuses on the potential impact of reviews and recommendations for counterfeits by prominent social media influencers on consumer habits. These findings chime with preliminary findings from research into physical goods infringement, where it has been shown that consumers who do not purchase counterfeits see lack of quality and regulatory compliance as key motivations for avoiding them. Developing an understanding of both the positive and negative motivations behind consumers behaviour will greatly enhance our ability to direct messaging across the media and inform our policies regarding operational enforcement strategies.

Additionally, a large-scale study of the uses and risks of artificial intelligence (AI) in the enforcement of IP sphere has begun. This research aims to gain an understanding of the current uses, risks and possible future applications of AI.

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CHAPTER 2



IP CRIME TODAY OVERVIEW – THE SCALE AND SCOPE OF IP CRIME

The scale and scope of IP crime

Strategically speaking the year of lockdowns is enigmatic. The dramatic fall in successful prosecutions under the Trade Marks Act identified by the Crown Prosecution Service, from 401 in 2019 to 180 during 2020, and the drop in prosecutions under the Copyright Designs and Patents Act from 23 to 1, must be understood in context. COVID-19 reduced our capacity to mount efficient operations, perhaps more importantly, bottlenecks in processing legal proceedings are only now being unblocked.

Evidence from the front line suggests that engagement with IP crime prevention within our sector reached higher levels. Our annual survey of IP crime, carried out by Trading Standards Officers, had a higher response rate than previous years (85%). A more detailed analysis of these figures is available in our Trading Standards Supplement. With a few exceptions (notably computer spare parts), Trading Standards investigations into IP crime at street level declined during the reporting period. Additional statistics indicate that resourcing challenges presented by the pandemic and the lockdowns themselves were the main cause of this downturn. It is notable that the evidence provided by the ACG shows that small parcel seizures (in this case recorded at Coventry Postal Hub by Border Force, Trading Standards and Coventry Postal Hub) increased. This seems to confirm the view that disruptive consumers may have moved online to buy counterfeits for home delivery, faced with the unavailability of the usual suppliers. This supposition is corroborated by many of the contributions to this report. The IPO, for example, reports an increase in submissions to its intelligence hub. These were significantly higher than the previous year, with a 13% rise in referrals relating to online

crime. TRAP (Trade Mark and Rights Holders Against Piracy) reached a milestone in its mission, actioning its two millionth website takedown. As PIPCU say, 'The pandemic has turbocharged online trade and online crime' as counterfeit goods available through platforms like Amazon, Alibaba, eBay, promoted through social network dealers, disrupted the flow of legitimate trade.

“The IPO, for example, reports an increase in submissions to its intelligence hub. These were significantly higher than the previous year, with a 13% rise in referrals relating to online crime.”

Reset agendas

Difficulties in interpreting statistics gathered during this period suggest that perhaps the best way to describe the balance between crime detection and crime committal is as a score draw. There were successful street-level operations and prosecutions, but they were more difficult to deliver and consequently there were less of them. Online operations, as PIPCU exemplified, continued uninterrupted. Evidence from the NMG, PIPCU and the ACG suggest that the literal closing down of notorious marketplaces for fakes, like Manchester's Strangeways and Bovingdon

Market, severely disrupted street level criminal activity. The pandemic can be regarded almost as a reset button, in which the integration of online trading and activity into all aspects of IP crime was completed.

Online migration

Whilst the scale of street level IP crime seems to have fallen away, its scope broadened. Like everything else, last year IP crime went online. UK Interactive Entertainment (Ukie), Nominet, the PRS for Music, the Professional Publishers Association and the NMG all discuss the development of new strategies and partnerships designed to apprehend and inhibit criminals and to inform and assist consumers. NMG's emphasis of its 'Real Deal Online' offer, whilst also engaging with over 500 physical markets, exemplifies the proactive approaches taken by our members this year.

The IPOs work on the problem of self-storage exemplifies the nature of IP crime today. Rather like the 'Real Deal', the IPO's support for the 'Tick-Box' partnership scheme offers service providers a means of guaranteeing to consumers their adherence to a code of practice, preventing illegality within their facilities. Proliferation of individuals and traders using self-storage as means to exchange and develop products, often coordinate through online platforms and social media, enables inventive, legitimate entrepreneurs and it creates opportunities for counterfeiters to slip illegal goods into marketplaces. Our role is to differentiate between the two.

React, ACG, Trademark and Rights Holders Against Piracy (TRAP), Transnational Alliance to Combat Illicit Trade (TRACIT) and American Apparel & Footwear Association (AAFA) all stress the fact that IP crime cannot be tackled as an exclusively national problem. Notwithstanding the reestablishment of traditional textile manufacturing centres like Manchester, Leicester and London as locations for legitimate and illegitimate clothes manufacturing, trade, largely but not exclusively from centres in East Asia, brought into the UK through a variety of channels, from items posted personally in the post, to consignments shipped through corrupted supply chains, represents a major challenge to our enforcement community.

Ministry of Justice IP crime statistics

According to the Ministry of Justice, 180 people were found guilty of offences under the Trade Marks Act (TMA) and one under the Copyright, Designs and Patents Act 1988 (CDPA) during 2020, compared with 401 and 23 in the previous year.

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|-------------------|------|------|------|------|------|
| TMA Found Guilty | 443 | 398 | 461 | 401 | 180 |
| CDPA Found Guilty | 47 | 47 | 25 | 23 | 1 |

“Proliferation of individuals and traders using self-storage as means to exchange and develop products, often coordinate through online platforms and social media, enables inventive, legitimate entrepreneurs and it creates opportunities for counterfeiters to slip illegal goods into marketplaces. Our role is to differentiate between the two.”

ANTI-COUNTERFEITING GROUP (ACG)

The Anti-Counterfeiting Group (ACG) is a not-for-profit trade association which will be celebrating its 41st year in 2021. Its membership comprises some 170 organisations globally, operating in, and providing specialist advice to, most industry sectors where counterfeiting is an issue. Collectively our members own over 3,500 registered trade marks, the use of which plays a major role in driving and supporting the UK and global economies.

Scope and Scale

As a result of the global pandemic many ACG members reported severe financial impacts, including job losses and budget constraints which have limited their ability to tackle the ever-increasing number of counterfeit goods entering the UK through air, sea, and road, from countries such as China, Hong Kong, India, Pakistan, Bangladesh and Turkey.

Whilst countries that produce high numbers of counterfeits were also hit by the pandemic, counterfeiting activity continued with many traders changing their usual supply methods and turning to online sales via selling platforms, websites, and social media. One ACG member estimated a 40% increase in online sales of counterfeit goods as consumers turned to online buying with retail shops forced to close. Counterfeit goods on offer included electrical products such as chargers and batteries, hair utensils, household goods, toys, luxury goods, consumer goods, clothing and footwear and accessories.

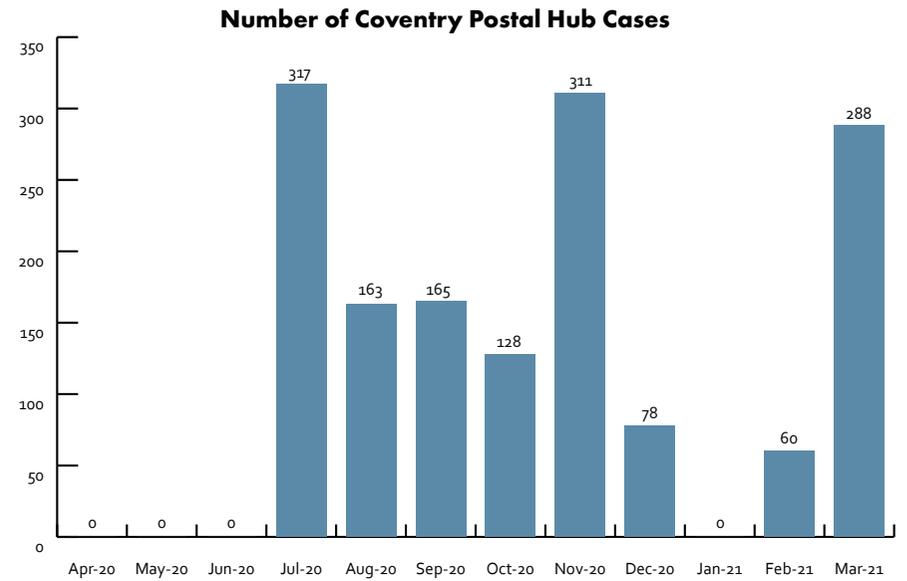
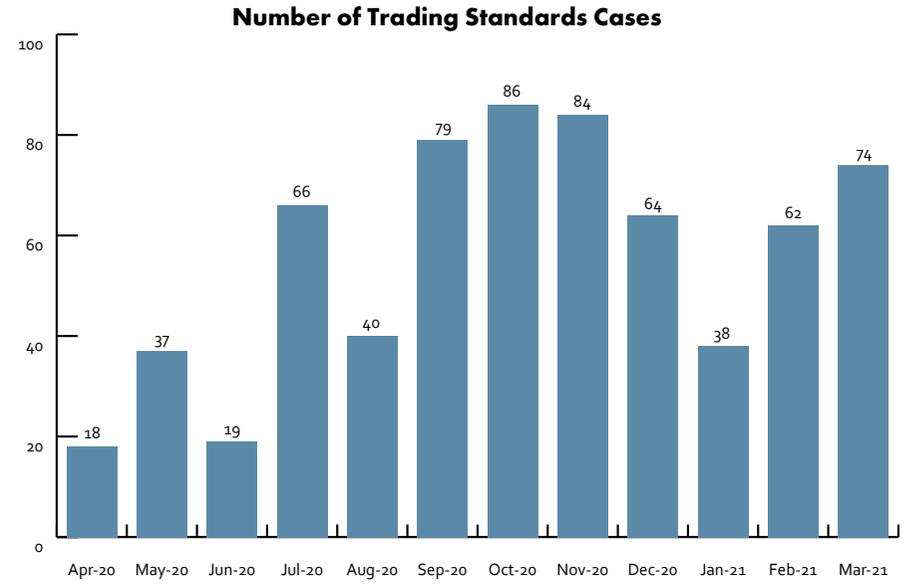
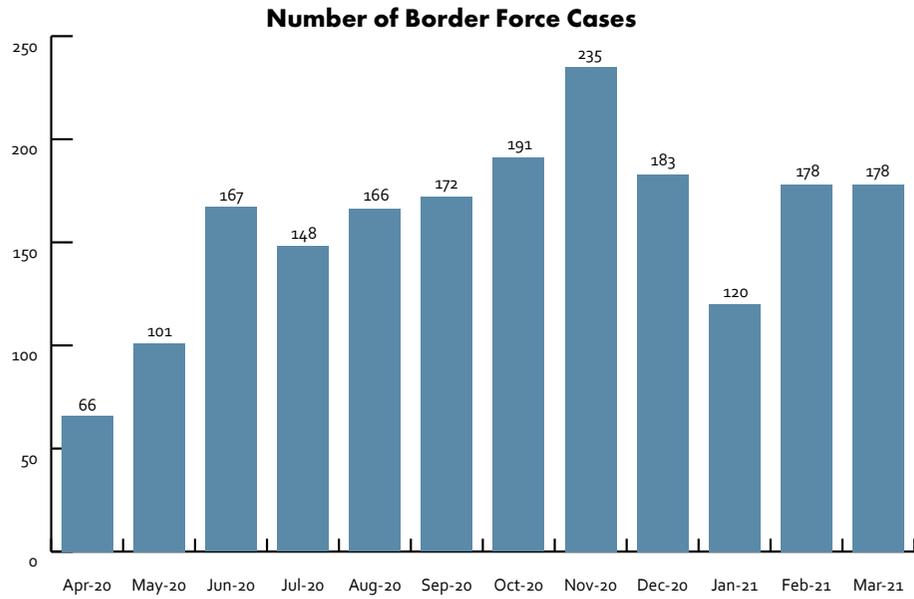
Although, most counterfeit products found in the UK originate from outside our jurisdiction, some established manufacturing locations within the UK including Manchester, Leicester and Birmingham featured as sources of counterfeits during the reporting period. Individuals and organised groups in these areas often import blank garments and other products separately to the badges and logos and then assemble them in the UK.

The graphs and statistics below provide a snapshot of the number of cases generated for one ACG member by Border Force and Trading Standards during the reporting period as well as the number of products seized or detained.

Whilst it is clear that the pandemic reduced the number of Border Force detentions at traditional points of entry, the numbers at the small parcel points (e.g. Coventry Postal Hub) remained high.

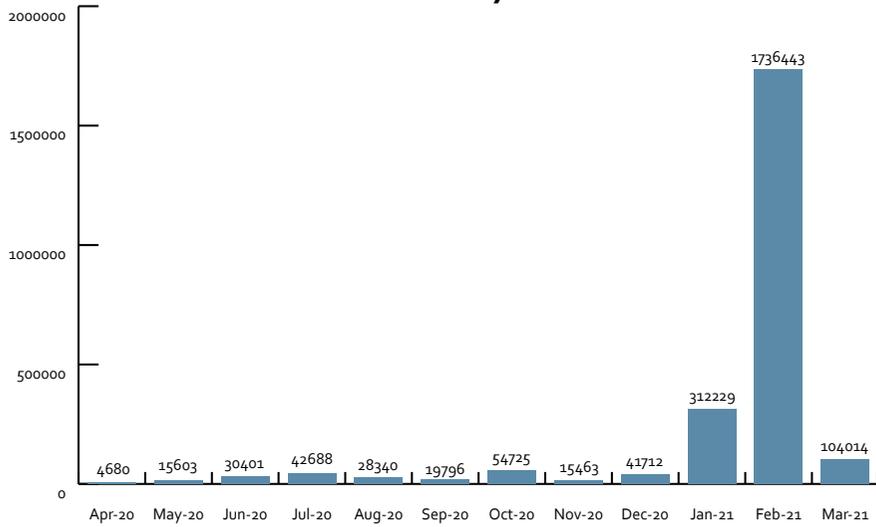
“Collectively our members own over 3,500 registered trade marks, the use of which plays a major role in driving and supporting the UK and global economies.”

Number of cases for Border Force, Trading Standards and Coventry Postal Hub

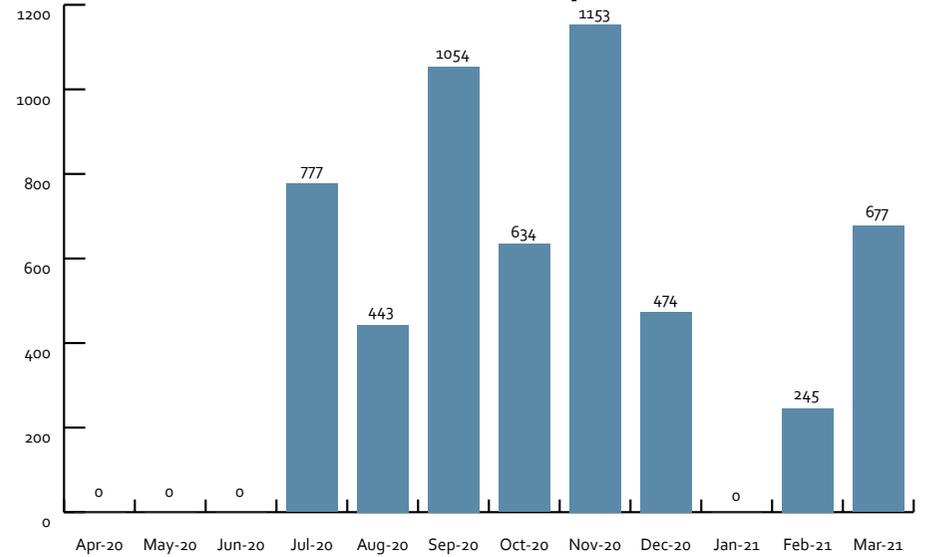


Number of items seized for Border Force, Trading Standards and Coventry Postal Hub

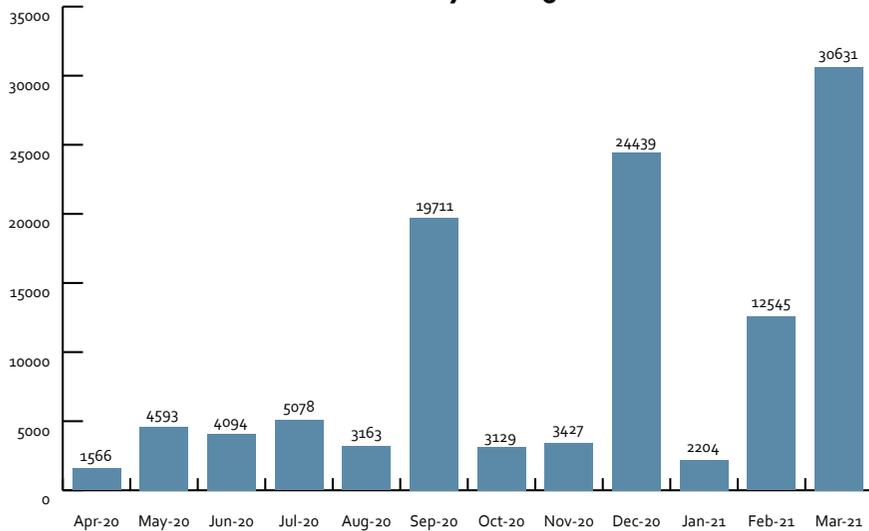
Number of items seized by Border Force



Number of items seized at Coventry Postal Hub



Number of items seized by Trading Standards



Developing/Emerging trends

- The pandemic changed consumer behaviour in that, with almost all retail shops closed, shoppers went online. The resulting explosion of e-commerce had a significant impact on the availability of counterfeit merchandise to both criminal organisations and consumers. Facebook (Profiles/Marketplace) and Instagram continued to draw brand protection teams attention as they sought to mitigate the risk to consumers from buying counterfeit and often unsafe counterfeit goods. Other platforms such as eBay, Twitter, Gumtree, Amazon, and Alibaba were routinely used by counterfeiters selling a range of products.
- Bangladesh is now a major source country for counterfeit goods. Joint initiatives between ACG and Border Force have seen an increased number of Bangladesh based exporters shipping both low and high-quality counterfeit goods to members of the Bangladeshi community in the UK for wider distribution on social media and at physical markets/retail shops. Retail outlets in the London boroughs were destination points for much of this illegal trade.
- A continuing threat is the increased use by OCGs and individuals of self-storage facilities. These facilities are not only used to store counterfeit goods, they also provide addresses which can be used to register limited companies, facilitate the manufacture, distribution, sales of goods and act as return addresses for unwanted counterfeit goods.
- The use of the UK as a stop off point for counterfeit goods destined for other European and international countries is of growing concern to IP rights owners. Recent examples of counterfeit football kits and unsafe phone chargers imported from China and Bangladesh into the UK for onward distribution to countries such as Spain and Italy indicate that the UK is potentially viewed as a safe haven. This could be because of limited Border Force resource targeting counterfeit goods or the perception amongst criminals that the penalties for counterfeit crime are not sufficient to act as a deterrent. Committing IP crime, to a professional criminal, is a gamble worth taking.

Other emerging trends/threats

- Counterfeit pricing strategies: sophisticated counterfeit networks selling high quality counterfeits at close to full price, leading consumers to believe they are purchasing genuine goods.
- Counterfeit product placement: online images of counterfeit goods, primarily tobacco products, are concealed within adverts for unbranded goods, making detection more difficult.
- IT development: algorithms used on social media platforms create opportunities for online counterfeiters to be featured in sales promotions and placed in front of unsuspecting customers.

“These facilities are not only used to store counterfeit goods, they also provide addresses which can be used to register limited companies, facilitate the manufacture, distribution, sales of goods and act as return addresses for unwanted counterfeit goods.”

ANTI-COUNTERFEITING FORUM

The Anti-Counterfeiting Forum helps to exchange, develop and disseminate best practice and intelligence to mitigate against the threat of counterfeits in the electronic and electrical supply chains.

During the last year UK manufacturers of electronic equipment have had to manage significant disruptions to the supply chains. These conditions created market conditions in which counterfeiters of electronic components has been able to thrive. As successive countries introduced lockdowns of varying severity at different times, the virtual collapse of international air traffic severely reduced air freight capacity disrupting the flow of part assembled and finished components. Electronic equipment manufacturers are vulnerable to IP crime because of their reliance on components that are almost invariably manufactured and/or assembled across multiple countries, often in the Far East. As a result of shortage of supply, many component users have been forced to source critical components from unauthorised sources, often referred to as the grey market, creating opportunities for counterfeit component manufacturers, located principally in the Far East.

To some extent, many manufacturers in the UK were cushioned in the early part of the year by the stockpile of components that they and their suppliers had built up in anticipation of disruptions due to Brexit. However, supply chain conditions remained difficult all year and many manufacturers have reported additional problems resulting from the delays in imported shipments arising from additional post-Brexit border inspection processes since the start of 2021.

Several component manufacturers have recently quoted exceptionally long lead times of between forty and sixty weeks for some products and industry commentators have already raised the prospect of some semiconductor products being effectively rationed. Unhelpfully, some components have been removed from sale temporarily in anticipation of market prices increasing in the coming months.

This confluence of factors has forced manufacturers to order difficult to source components from unfamiliar or unauthorised suppliers increasing the risk of inadvertently buying counterfeit parts. However, it should be noted that, generally speaking, industry best practice, developed internationally over the last 15 years (in terms of vendor management and advanced testing techniques) is generally enabling the sector to mitigate against the risk.

Electronic and electrical equipment is an integral part of all modern complex safety and mission critical systems. We depend on these systems every day and the consequences of system failure resulting from the malfunction of a counterfeit component are clearly potentially very serious. It is a testament to the continued vigilance of businesses in those supply chains that the threat is largely being contained.

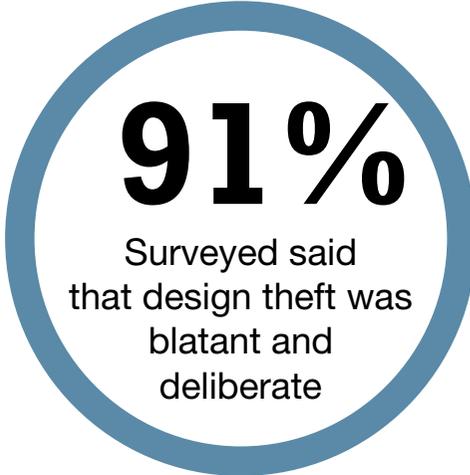
The Anti-Counterfeiting Forum continues to help support the sector by disseminating supply chain intelligence, promoting best practice in counterfeit management and providing impartial commercial and technical advice. While the Forum has been unable to host physical seminars and workshops in the last year, it has run periodic webinars and continues to flow information out to its registered user community through the information alert system on its website.

ANTI COPYING IN DESIGN (ACID)

For over two decades Anti Copying in Design (ACID) has led the fight against design theft on behalf of UK designers. The majority of the UK's designers are lone, micro and SME and, regrettably, cost and time effective redress for blatant copying lacks robust enforcement. Out of 22 cases held at the Intellectual Property Enterprise Court (IPEC) 2020-2021, only three were design cases, two based on unregistered designs rights and one on registered design rights, though two within the design sector relied on copyright. The paucity of cases indicates that access to Court enforcement is not cost and time effective for designers, mostly micro companies, given the scale of design theft.

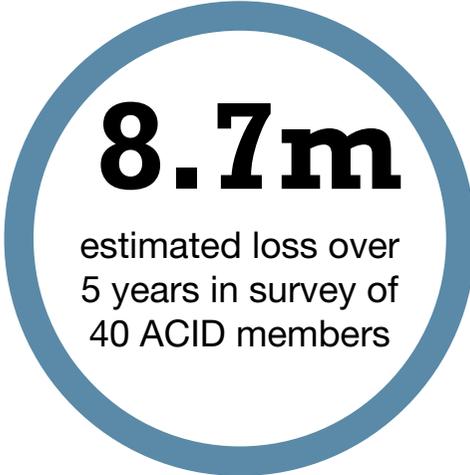
UK designers want parity with other unregistered rights such as copyright which has had criminal provisions since the 19th century and that whereas infringing an artistic work is a criminal offence and has been since then, once the 2D work is turned into a 3D design then infringement ceases to be a criminal offence. This is a nonsense. Are the creative skills of an artist © or songwriter © more valuable than a furniture or lighting designer (relying on unregistered design rights)? Copyright, an unregistrable IP right, lasts for the life of the author plus 70 years, unregistered design right can last up to 15 years, after 5 years a reasonable grant of licence cannot be refused.

A survey of ACID members said design theft was blatant and deliberate. In a more recent survey 40 ACID members reported an estimated **£8.7** million pound loss from design infringement over the last **five** years.



91%

Surveyed said
that design theft was
blatant and
deliberate



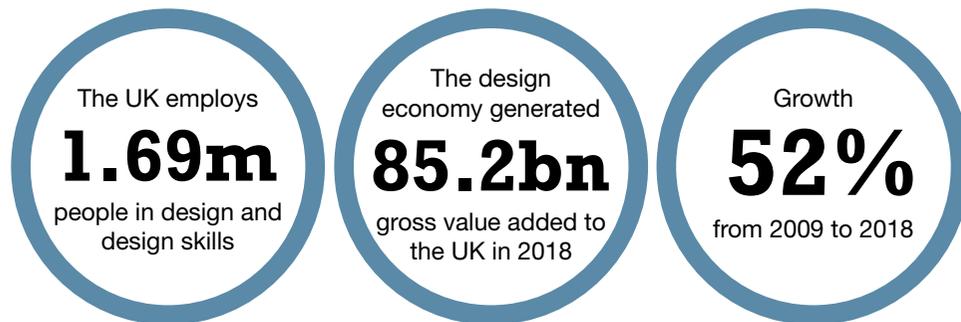
8.7m

estimated loss over
5 years in survey of
40 ACID members

Design Right – the “Cinderella” right?

As a consistent champion for designers, ACID is dismayed that design right is still viewed as a “Cinderella” right and is often not included in the generic description of intellectual property rights by Government and others. There is an unlevel playing field globally for designers with differences in term for registered design rights (some are called utility rights, others design patents) and few countries offering unregistered design rights’ protection which is anomalous given copyright (an unregistered IP right), apart from some nuances, is universal.

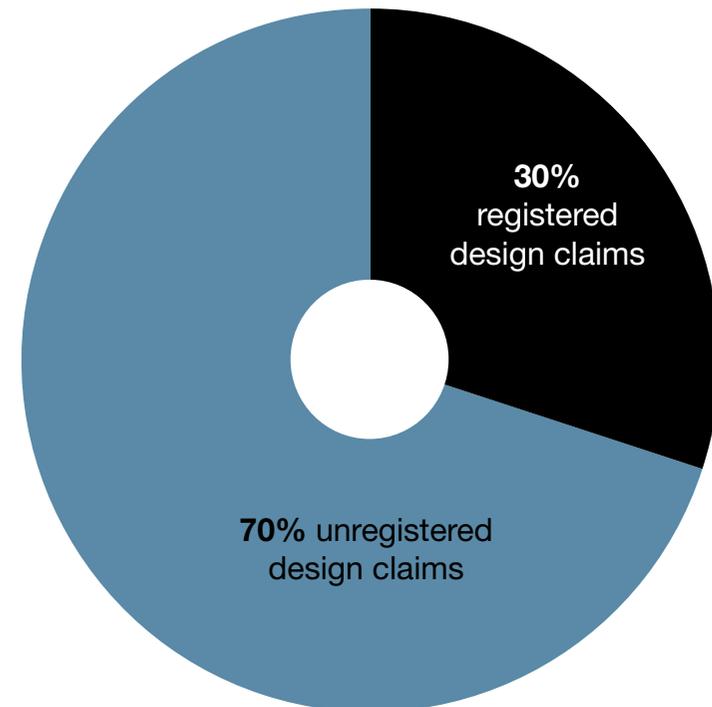
The UK design economy is high value and growing:



For six years ACID has only been able to take part in the UK IP Crime Group discussions because the intentional infringement of a registered design is now defined as a crime, but this is only half the story as unregistered design right infringement remains unprotected by criminal laws. The IP Crime Group continues to be a leading voice of Government and IP stakeholders against IP Crime and its new chair Assistant Chief Constable, Peter Doherty, is determined that IP Crime will be treated in the same way as any other crime.

Emerging trends

ACID’s Legal Affiliates reported that the majority of Design Right claims they handled during 20-21 were based on unregistered designs (70% v 30%). This evidence reinforces a continuing trend that the deterrent effect of making the intentional infringement of a registered design a crime is reflected in the above figures.



UK Designers' Protection eroded by loss of EU27 protection post Brexit.

In January 2020, the UK left the European Union, and UK designers lost the protection of unregistered design protection in EU27. Whilst the UK Government introduced a new UK Supplementary Unregistered Design right to mirror the EU UDR, there is still no clarity on simultaneous publication of designs in UK and EU, leaving UK (and EU) designers disadvantaged. The majority of UK and EU designers rely on unregistered design right. There is no adequate law in place to stop criminals who exploit ground-breaking 3D printing technology to counterfeit on an industrial scale in near perfect quality, unless, of course, a prosecution for fraud or conspiracy to defraud is pursued.

According to the OECD and EU Intellectual Property Office, trade in counterfeit, pirated/copied goods stands at 3.3% of global trade, and growing.



“Whilst the UK Government introduced a new UK Supplementary Unregistered Design right to mirror the EU UDR, there is still no clarity on simultaneous publication of designs in UK and EU, leaving UK (and EU) designers disadvantaged.”

Case study - Retail

In the 2019-2020 [UK IP Crime Report](#), we highlighted a David v Goliath case brought by lone designer Jess Guard of Robe de Voyage against behemoth global retailer Cos. After 6 months of what could have been almost impossibly expensive legal ping pong, ACID stepped in and managed to broker a mediation. Whilst to many this would appear to be a positive outcome, the reality is that with the current strategy of insisting on confidential terms, after tens of thousands of lookalike products had been sold globally, recompense was not reflected in the confidential settlement. Lone designers like Jess do not stand a chance against retail behemoths who produce look alike designs. The trend continues by some major retailers preying on lone designers where there is no level playing field in access to legal representation. The alternative to mediation of pursuing this case through to a final Court hearing would have been impossible for Jess unless she was funded through the process. Litigation remains the luxury of the few.

“Whilst to many this would appear to be a positive outcome, the reality is that with the current strategy of insisting on confidential terms, after tens of thousands of lookalike products had been sold globally, recompense was not reflected in the confidential settlement. Lone designers like Jess do not stand a chance against retail behemoths who produce look alike designs.”

A typical case study example of small UK innovator against a global retailer.



Left - High Street Retailer COS and Right - Robe de Voyage. Original or Copy?

CROWN PROSECUTION SERVICE (CPS)

The Crown Prosecution Service (CPS) prosecutes criminal cases that have been investigated by the police and other investigative organisations in England and Wales. The CPS prosecuted around 10,000 fraud cases in 2019/20 with a conviction rate of 86.4%. The CPS also has a unit dedicated to asset recovery and in 2019/20 over £100m has been taken from criminals' ill-gotten gains. Many of the most complex fraud cases are handled by the CPS Specialist Fraud Division (SFD), based in London and five regional centres. The SFD has built up and continues to work closely with the Police Intellectual Property Crime Unit (PIPCU) attached to City of London Police, and other investigators to enforce intellectual property (IP) crime. A network of local and national lead lawyers who have a specific interest in IP crime ensure co-ordinated and consistent approach. The CPS delivers uses its criminal litigation and advocacy experience to prosecute IP crime, ensuring the right person is prosecuted for the right offence, and to bring offenders to justice wherever possible.

In the past year, COVID-19 had a significant impact on the number of cases progressing through the court system, as the national and regional lockdown restrictions resulted in court closures meaning fewer cases could be heard and concluded. The pandemic restrictions also affected intellectual property crime investigations resulting in arrests and interviews being postponed. Additionally, it hampered the ability for the CPS to engage with other organisations in the IP community.

Our key non-casework achievements over the past year have been:

- The SFD IP Lead delivered a webinar at the Philippines Judges Colloquium detailing the IP work undertaken by the CPS with a focus on cases we prosecuted;
- Contributed to the Sentencing Council Papers on trade marks for the DPP; and
- Continued participation with the Intellectual Property Crime Group (IPCG) and Intellectual Property Online Practitioners' Group (IPOP).

“A satellite TV provider who did a cost analysis of Aimson’s activities deemed that the loss to their company alone was more than £924,000. The loss to the same satellite TV provider from Aimson’s online portal streaming service was estimated to be £1,200,000. Mr Aimson was sentenced to 12 months in prison and POCA proceedings have commenced and are ongoing.”

The Queen v Aimson and Foster

This case involved fraudulent selling of IPTV devices and subscriptions. Daniel Aimson, then a serving Police Officer, and Mr Martyn Foster were both prosecuted for Conspiracy to Defraud. In December 2019 at Manchester Crown Court both defendants entered a guilty plea. Both were involved in the selling of IPTV devices and subscriptions. Mr Aimson was managing the operation and Mr Foster was acting as a paid employee. The total value of sales was at least £655,332.80. A satellite TV provider who did a cost analysis of Aimson's activities deemed that the loss to their company alone was more than £924,000. The loss to the same satellite TV provider from Aimson's online portal streaming service was estimated to be £1,200,000. Mr Aimson was sentenced to 12 months in prison and POCA proceedings have commenced and are ongoing. Mr Foster received nine months imprisonment which was suspended for 18 months. The case was proved largely through financial analysis and intelligence. An important factor in the success of the prosecution was the strong collaboration between FACT and Greater Manchester Police.

Operation Blenheim

This case involved unauthorised use of trade marks. Mr Xia had a large retail shop and stored footwear in a large warehouse in Manchester through Apple Footwear Ltd. Trading Standard seizures across the UK and Ireland indicated a massive counterfeit footwear sale operation across a range of brands. While not wholly selling counterfeit footwear, from 2016 to 2019 Apple Footwear received £2.3 million in sales, collapsing when Mr Xia was prosecuted for three offences of unauthorised use of trademarks. Mr Xia was remanded into custody and pleaded guilty on the day of trial, accepting his particular benefit as £400K, 10% of the business earnings. He was sentenced to two years imprisonment in March 2021. The co-defendants in this case, his wife Ms Lin was sentenced to 8 months imprisonment, suspended for two years and a manager Mr Qu who received a non-custodial sentence. The confiscation hearing is on the 2 August 2021 and is being prosecuted by CPS POC.

“Trading Standard seizures across the UK and Ireland indicated a massive counterfeit footwear sale operation across a range of brands. While not wholly selling counterfeit footwear, from 2016 to 2019 Apple Footwear received £2.3 million in sales, collapsing when Mr Xia was prosecuted for three offences of unauthorised use of trade marks.”

ELECTRICAL SAFETY FIRST (ESF)

Electrical Safety First is the UK charity dedicated to preventing deaths, injuries, and fires, arising from electricity. Around half of the UK's domestic fires are caused by electricity, with most generated by electrical products. In fact, between 2019-2020 in England alone, faulty electrical appliances were responsible for 3,582 domestic fires – which is, on average, more than nine each day.¹¹

Our campaigns' media impact, respected research and in-house technical expertise, means we are recognised by Government and industry as the leading charity and technical authority on home electrical safety.

Fake goods infiltrate every sector, but counterfeit electricals are a particular concern. Aside from property damage, the personal cost can be incalculable. And, while the terms counterfeit and substandard are not synonymous, many fake electrical products omit components, or use counterfeit ones, which can significantly affect the safety and functionality of a product. This can impact not only on consumer safety but also the reputation and brand value of a business.

Each year we run major media campaigns on electrical safety, to increase public awareness and promote behavioural change, many of which focus on the dangers of fake and substandard electrical goods. We also work with the UK and devolved governments to develop effective policy and legislation relating to electrical safety and consumer protection. And we support the electro-technical industry through our research and events, and by disseminating best practice. Electrical safety in the 21st Century requires a cohesive, integrative, approach, so we collaborate and work in partnership with a host of stakeholders, include Trading Standards, the Office for Product Safety and Standards (OPSS), manufacturers, retailers, and consumer protection bodies.

Over the last year, Electrical Safety First has developed a focused, integrated, public affairs and media campaign, to address the online sales of fake and substandard electrical goods. Unfortunately, we were unsuccessful in persuading Government to incorporate dangerous electrical items into its Online Harms Bill. So, we have developed material for an approach which would make online marketplaces legally responsible for hosting listings of potentially dangerous electrical products for sale - and ensure they have the same responsibilities to protect consumers from unsafe products as high street wholesalers and retailers. We are now looking at other avenues to address this important – and neglected - issue¹².

Electrical Safety First also provides tailored guidance on electrical safety for varied audiences - including tenants, landlords, homeowners, and vulnerable groups, with a range of digital tools and guides. All of our work aims to help people protect themselves from electrical risk - including those arising from counterfeit, substandard and recalled products.

¹¹ Figures derived from Home Office FRS data 2019 -2020

¹² For more information, see Partnership and Liaison Activities, Legislative Developments in Chapter 3.

Scale and scope of IP crime

Electrical Safety First regularly undertakes and commissions consumer and stakeholder research, to inform our campaigns and provide evidence-based recommendations supporting effective policy development. Many of our investigations are concerned with the dangers of counterfeit and substandard electrical goods. In the last year, a significant part of our work has focused on the sale of such goods via online marketplaces.

Counterfeit goods can be sold at a fraction of the cost of a genuine item because counterfeiters cut corners. Using specialised labs and our own product safety experts, we check products for authenticity and test them for conformity with established safety standards. While the terms counterfeit and substandard are not synonymous, many fake electrical products omit key components – or use fake ones – affecting both safety and functionality.

“Currently, online marketplaces are not required to inform consumers if they have purchased a substandard electrical product from their site, which leaves thousands unaware of the potential fire and safety risk they have in their home.”

In multiple investigations¹³ we found electrical products - presenting a serious fire risk - are easily available from third party sellers via online marketplaces. Currently, online marketplaces are not required to inform consumers if they have purchased a substandard electrical product from their site, which leaves thousands unaware of the potential fire and safety risk they have in their home. Many consumers are also unaware that they are buying from third-party sellers, rather than an established, reputable manufacturer or retailer.

Each year, Electrical Safety First commissions a large-scale, consumer survey. The last one (February 2021), looked at consumer attitudes to, and understanding of, buying online. It found that:

- 26% believe that most counterfeit electrical products bought online are purchased from online marketplaces.
- 18% believe online platforms will contact anybody who has purchased a product that is discovered to be substandard or counterfeit. This is not the case.
- 24% believe (incorrectly) online marketplace are subject to the same level of regulation as other, ‘bricks and mortar’, retailers.
- 20% say marketplaces would contact somebody who had bought a product that was then recalled.
- 19% wouldn’t buy an electrical product from an online marketplace
- 9% of respondents believe - incorrectly - that online platforms monitor the electrical products that are listed for sale on their site, to ensure they are safe.

¹³ See <https://www.electricalsafetyfirst.org.uk/media-centre/press-releases/2018/06/online-18-million-brits-fall-victim-to-counterfeit-electrical-goods-online/> Also, <https://www.electricalsafetyfirst.org.uk/media-centre/press-releases/2020/05/hair-raising-buys-brits-in-lockdown-warned-of-dangerous-electrical-beauty-products-for-sale-on-ebay-amazon-and-wish/>

(Data derived from ESF annual consumer survey, sample size 2,000 UK adults. Research undertaken in January 2020 by YouGov).

We also found that the intention, or inclination, to buy counterfeit decreases with the cost of the electrical item. For example, 25% would buy fake white goods, with provisos: if they had bought before with no problems; if quality/safety were not affected; if they were cheaper than the genuine item; or if a friend recommended them. When purchasing electrical accessories however, this rose to 56%, with the provisos mentioned above, and including 7% of those who would buy a fake if they couldn't find the genuine version.

Developing and emerging trends

In 2020, Electrical Safety First hosted its 12th annual product safety conference, which takes place every November. The event was established to offer a platform where trending and future developments can be brought to the fore, with many of the topics introduced at the event now recognised as critical issues. Each year, we explore key themes and issues impacting on consumer safety and the electrical product industry – with counterfeit and substandard goods always integral elements.

Bringing together a host of expert speakers, the conference attracts an international audience, with delegates ranging from government departments, global retail brands and manufacturers, to importers, designers, lawyers, test houses and consumer protection bodies.

A Sustainable Future

Our 2020 conference had the title, A Sustainable Future and was, for the first time, held online. Hosted over two mornings, it began by considering how the sustainability agenda impacts on a range of critical industry and consumer safety issues. Key speakers included Paul Scully, Parliamentary Under Secretary of State in the Department for Business, Energy and Industrial Strategy, and Graham Russell, CEO of the Office for Product Safety and Standards.

Governments are increasingly interested in the circular economy, which emphasises sustainability and safety in the product lifecycle. Under new UK legislation, planned for this summer, consumer electrical products such as refrigerators, dishwashers, and TVs, must be 'repairable' for up to 10 years. Consequently, for the first time, manufacturers will be required to make spare parts available to consumers – creating a legal 'right to repair'. This seemingly supports both environmental concerns and consumer rights – reducing any built-in obsolescence, extending the product life-cycle and empowering consumers. But right to repair may not be as beneficial as it first appears.

One concern raised at the event was the likelihood of consumers repairing their appliances without expert knowledge and using unauthorised and potentially counterfeit parts. Currently, there is no register of competent, third-party professionals who repair electrical products. But there is at least one shop, or stall, selling unauthorised replacement parts or undertaking repairs, in most UK high streets or markets.

“Governments are increasingly interested in the circular economy, which emphasises sustainability and safety in the product lifecycle. Under new UK legislation, planned for this summer, consumer electrical products such as refrigerators, dishwashers, and TVs, must be 'repairable' for up to 10 years.”

Many manufacturers limit the number of spare parts available to authorised dealers, but under the UK's proposed right to repair legislation, spares for products such as fridges and TVs must now be made readily available. However, some people will always look for a bargain, rather than the genuine product. So there is an additional concern regarding the authenticity of components - particularly those purchased online, which can be fake, substandard, untested, and potentially dangerous. Electrical Safety First is calling on the Government to consider the full implications of right to repair. We believe a network of competent repairers, approved by manufacturers, must be introduced for this well-intentioned policy to benefit both the consumer and the environment - without impacting on safety.

On day two of the conference, our focus moved to IOT and the smart home. Today's products are composed of multiple components from global sources, linked to other elements, installed and maintained by different 'actors'. Combined with the increasing flow of new, innovative smart products, the opportunity for counterfeits – now exhibiting increasing sophistication - and rogue traders, will assuredly increase.

Inevitably, Brexit arose in discussions. There was concern that, without an effective quality control and enforcement system, the UK could see an increasing rise in dangerous fake or substandard products coming to market. The vital importance of sharing intelligence with border controls internationally – and the need for it to be properly recognised and resourced – was highlighted.

“So there is an additional concern regarding the authenticity of components - particularly those purchased online, which can be fake, substandard, untested, and potentially dangerous. Electrical Safety First is calling on the Government to consider the full implications of right to repair.”

FACT

FACT has been at the forefront of IP protection since 1983, creating a model for anti-piracy and content protection that has been replicated globally and has resulted in national and international recognition by governments, law enforcement agencies and the judiciary following landmark criminal and civil cases.

FACT's operations mirror the highest standards of UK law enforcement, using intelligence to develop the best opportunities to protect valuable IP rights. These include disruption and deterrence as well as the ultimate sanctions of criminal prosecution and civil litigation. FACT's extensive experience in IP has allowed expansion and the offering of a wide range of services including investigations into cybercrime and fraud with an international reach and due diligence services for governments and businesses globally.

“FACT's operations mirror the highest standards of UK law enforcement, using intelligence to develop the best opportunities to protect valuable IP rights. These include disruption and deterrence as well as the ultimate sanctions of criminal prosecution and civil litigation.”

Scale of IP crime

In May 2020, we reported that the FACT scanning team removed more than double the volume of film links and illegal streams in April 2020, compared to February 2020. When considering individual titles, two major releases saw nearly three times as many links to illegal streams appearing online.

In January 2021, research commissioned by FACT showed that three out of five people in the UK (62%) are unaware of the risks associated with piracy such as fraud, identity theft and malware. On the other hand, awareness of the illegalities of piracy was high (76%) and once warned of the associated risks, 39% said they would now advise friends and family against illegally streaming.

Case Studies

A1MSN

A1MSN Ltd was a Manchester-based company that sold IPTV devices under 'IPTV Now' brand. It provided unlicensed access to premium television and sports content via eBay and the websites a1msn.com and iptvnow.tv. The operators Daniel Aimson, Rachel Aimson and Martyn Foster were arrested in September 2017.

On 1 June 2020, at Manchester Crown Court, Daniel Aimson was sentenced to 12 months in prison after pleaded guilty to conspiracy to commit fraud. Aimson was already serving a six-year jail term for drugs offences and misconduct in a public office.




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'Breaking Bad' police officer who masterminded cannabis ring to pay for expensive meals and luxury holidays with his glamorous wife gets another year in jail for £5m pirate TV scam

- Daniel Aimson, 39, used his online scam to live a lavish lifestyle with wife Rachel
- The ex-Greater Manchester Police officer made over £655,000 during the scam
- At least half boxes he provided had been pre-loaded with black market software
- Aimson admitted conspiracy to defraud and faces extra year on six years in jail

Image: <https://www.dailymail.co.uk/news/article-8377153/Breaking-Bad-police-officer-masterminded-drugs-racket-gets-extra-12-months-jail-pirate-TV.html>

Schofield

Mark Schofield sold Raspberry Pi devices modified to access to Sky Sports, BT Sports and pre-loaded films.

On 9 June 2020, Schofield pleaded guilty to encouraging or assisting the distribution of infringing copies of copyright works and supplying/adapting articles for use in fraud contrary to s.7 of the Fraud Act 2006, on the basis of the configuration and sale of 1,000 devices.

Despite the court being made aware of Schofield's difficult personal circumstances he was sentenced to 24 months imprisonment suspended for two years and was ordered to complete 240 hours of unpaid work.

UK pirate device seller convicted

By Colin Mann

June 10, 2020

Tweet

Share 1

Share

Mark Schofield has been sentenced to 24 months' imprisonment, suspended for two years at Bolton Crown Court in the northwest of England. He was also ordered to complete 240 hours of unpaid work.

Investigations by intellectual property protection organisation FACT confirmed that Schofield was selling devices that provided access to paid-for content including sport and films via his Facebook page.

Image: <https://advanced-television.com/2020/06/10/uk-pirate-device-seller-convicted/>

Illicit device seller

An individual was identified as a seller of illicit streaming devices from a shop in London. Despite FACT working with the Premier League to issue cease and desist notices, the venue continued to sell the devices. The Premier League therefore privately prosecuted the individual who was sentenced to 36 weeks in prison (suspended for two years) and 150 hours of unpaid work.

Online Harms

We continue to see social media closed groups and encrypted messaging being used to promote and facilitate criminal activity and we supported calls for online harms legislation to cover IP crime and fraud. We note that the Fraud Advisory Panel also called for action to prevent fraud taking place on social media platforms and messaging services.

INTELLECTUAL PROPERTY OFFICE (IPO)

Self-storage Project

Background

According to the Self-Storage Association (SSA) there are nearly 2,000 self-storage sites across the UK covering over 50 million square feet. Self-storage has many definitions but for the purpose of this project it was defined as:

- A securable static space less than 500 square feet in size that is to be used by a person or business for the storage of goods.
- The customer has exclusive and ready access to the space, and ready access means the ability to access the unit at will during normal office hours without intervention.
- Two types of units - shipping containers and buildings which contain a range of small medium and large lockable units.

It was anticipated that the use of self-storage units would increase. This could increase opportunities for the wholesale storage of infringing products.

Work on the project began in February 2020, in collaboration with National Trading Standards (NTS), London Trading Standards (LTS), and the Anti-Counterfeiting Group (ACG).

Methodology

Several themes around self-storage were identified and captured within the overarching project. These themes were placed under three headings: 'Prevention', 'Intelligence' and 'Enforcement'. The first phase of the project focussed on 'Prevention' and identified three objectives.

- Build a relationship with the self-storage industry and increase engagement across the sector by identifying businesses who operate in the self-storage industry.
- Implement an industry wide code of practice to ensure regulatory compliance across the sector and encourage better engagement with law enforcement and the private sector.
- Reduce the appeal of self-storage facilities to facilitate the storage of counterfeit and illicit goods by encouraging greater compliance across the sector and increased enforcement action when appropriate.

The first phase considered developing the existing Tick-Box scheme (originally piloted in 2012 by LTS) to deliver across all self-storage providers under the prevent aspect of the project.

The Tick-Box scheme includes a code of practice which self-storage providers agree to adhere to. Once a provider is approved, they may display the Tick-Box logo on any marketing materials promoting the scheme and demonstrating commitment to preventing illegal activity within their facilities.

Tick Box

Keep it **real**. Keep it **legal**.

Self-Storage Code of Practice

Self-storage facilities provide a valuable service to consumers and businesses in the UK. By displaying this notice and the Tick Box logo, this company is demonstrating its commitment to working in partnership with Trading Standards and other Law Enforcement Agencies to keep this facility free from counterfeit and illicit goods. Only companies abiding by this code of practice are entitled to display the Tick Box logo.

The company's commitment

- ✔ To prohibit the storage of counterfeit and illicit goods, which includes unsafe consumer goods and non-duty paid alcohol and tobacco.
- ✔ To complete robust 'know your customer' identification checks.
- ✔ To provide reasonable assistance to Local Authority Trading Standards Officers and other enforcement agencies with their investigations.
- ✔ To demonstrate a commitment to fair trading and consumer protection by displaying the code of practice prominently for customers and visitors.
- ✔ To ensure all customers are aware and agree to the code of practice before the completion of their rental application form.
- ✔ To ensure all staff understand the code of practice and its responsibilities.
- ✔ To report the storage of counterfeit or other illicit goods such as non-duty paid alcohol or tobacco to Trading Standards via the Citizens Advice Consumer Service on 0808 223 1133.

Local Authority Trading Standards Services can provide the following assistance to help self-storage companies maintain this code of practice:

- ✔ When appropriate, provide information which may assist self-storage companies in their endeavours to identify counterfeit items and/ or individuals involved in counterfeiting crime.
- ✔ Provide advice to self-storage companies on their legal responsibilities in relation to trademark, copyright and product safety infringement activities within their premises.
- ✔ Training on regulatory requirements, which will be coordinated by the national 'Tick-Box' campaign team.



Outcomes

Due to the pandemic and the restrictions in place, audits of premises did not commence until March 2021 and they needed to be completed within a tight timescale of 31st March 2021. Local Trading Standards identified 562 self-storage providers and a selection of those were identified for audits. Most audits were carried out virtually due to the ongoing restrictions.

Working with head offices, currently eight national companies (which equates to 343 physical premises and 1,206 staff) have signed up to the Tick-Box scheme. These companies will be undertaking training on counterfeit and illicit goods in the next phase of the project.

The training will be based on the content of the information leaflet produced as part of the scheme and general awareness of counterfeit and illicit goods. The next phase of the project will continue to work with the self-storage industry and independent providers to expand the scheme to all self-storage providers across the UK.

For more information please visit www.tick-box.org.uk

keep it real

Trading Standards are working with the Intellectual Property Office and the Self Storage Association UK to implement an industry code of practice aimed at deterring criminals from targeting self-storage facilities to store counterfeit and other illicit goods. For further information about the scheme, please contact matthew.knowles@londontradingstandards.org.uk

“Working with head offices, currently eight national companies (which equates to 343 physical premises and 1,206 staff) have signed up to the Tick-Box scheme. These companies will be undertaking training on counterfeit and illicit goods in the next phase of the project.”

Tick Box
Keep it **real**. Keep it **legal**.



IPO INTELLIGENCE HUB

The Intelligence Hub is a team of researchers, financial intelligence officers, financial investigators and analysts which sit within the Copyright and Enforcement Directorate of the IPO.

The Intelligence Hub team maintains strong links and support other government agencies, law enforcement and industry partners. Its aim is to reduce IP infringement and the supply of counterfeit products to the UK, which is reinforced with the IPO funded posts in UK Border Force. Intelligence submissions and referrals are sent to the Hub via the secure intelligence hub email account.

The ongoing development of skills within the IPO Intelligence Hub team ensures continuous improvement in the quality and accuracy of the support, research and intelligence available for our partners. In 2020, for example, we updated our Strategic Threat Assessments for IP Crime have been produced. The IPO Intelligence Assessment focuses on physical products (circulated to Law Enforcement and Government Agency Partners) for use in conjunction with PIPCU's Online Piracy Assessment, to identify threat areas posed by IP Crime which will assist to support the IPO Strategic objectives.

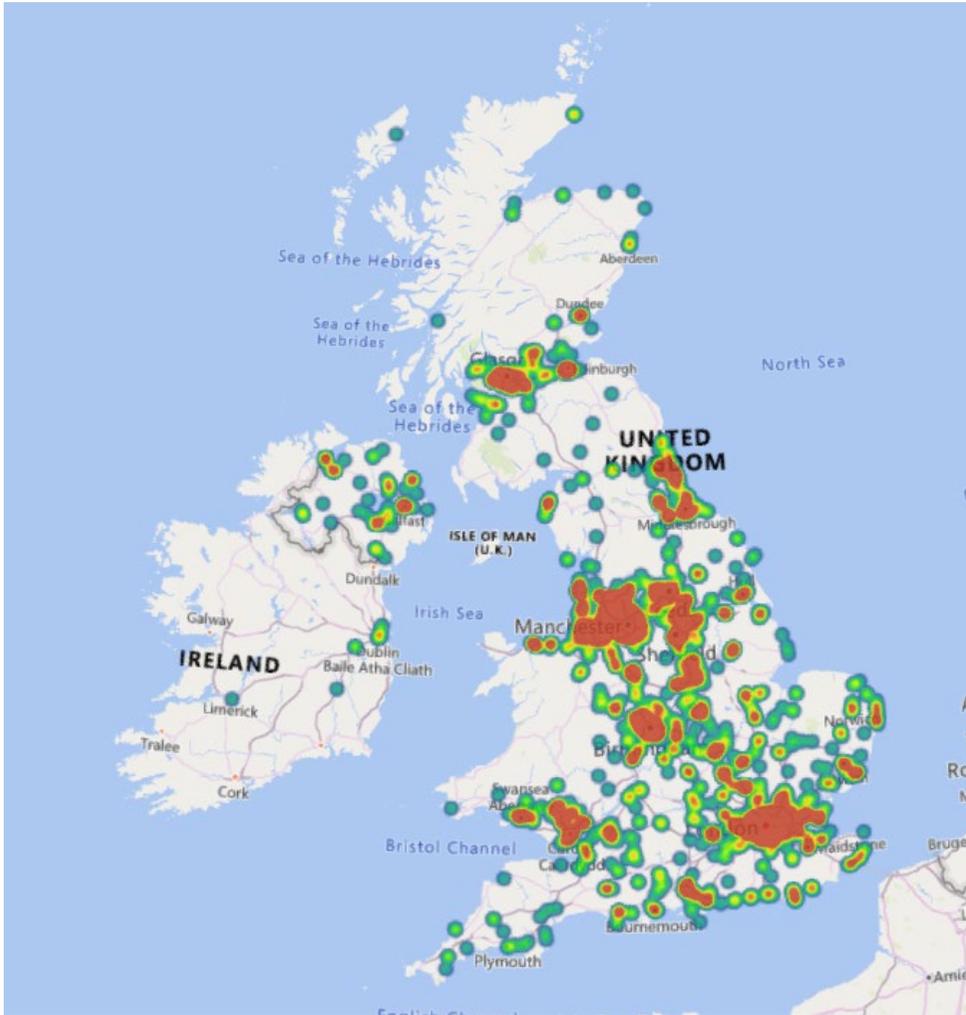
We routinely hold law enforcement partner meetings where emerging threats/trends are identified and awareness bulletins regarding any illicit activity or identified threats disseminated. The Intelligence Hub is proactively engaged in the UK Government's whole-system approach for tackling serious and organised crime, coordinating and sharing intelligence on OCGs across the law enforcement landscape.

For 2021 onwards, the Intelligence Hub is reviewing its strategic analysis capacity and capability and developing options around a programme of ongoing strategic threat analysis that will adequately identify established, new and emerging threats and provide an ongoing strategic threat assessment to inform the strategic direction of the IPO Board, and the enforcement work of the Copyright & Enforcement Directorate (CED).

Hot spot mapping – Intelligence Submissions

The following map identifies areas of the UK where IP crime has been reported for the past two years (April 2019-March 2021). The Team continue to support several protracted investigations of Organised Crime Groups with a presence spread over several locations.

“The Intelligence Hub team maintains strong links and support other government agencies, law enforcement and industry partners. Its aim is to reduce IP infringement and the supply of counterfeit products to the UK, which is reinforced with the IPO funded posts in UK Border Force.”



Statistics and comparisons

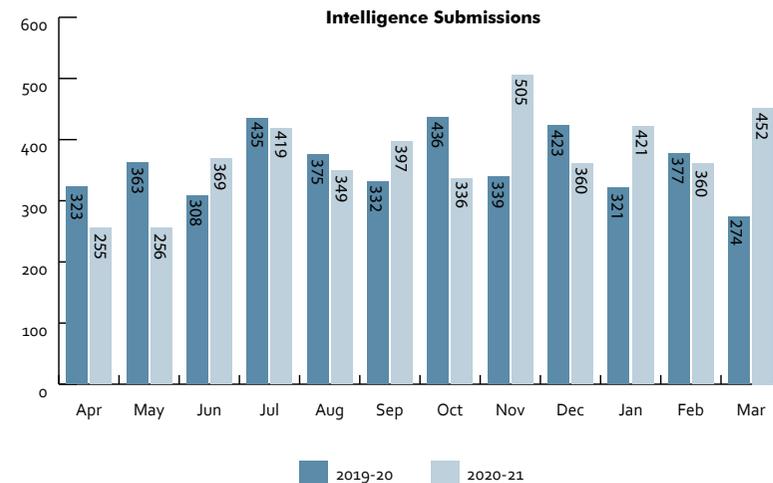
Year-on-year comparisons shows an overall 4% increase in the number of intelligence submissions. There have been considerable peaks of submissions from a number of partner agencies.

Comparison of Intelligence Submissions



The Hub shares an intelligence system with a spectrum of agencies, including Trading Standards. This has resulted in the fluid sharing of intelligence across agencies.

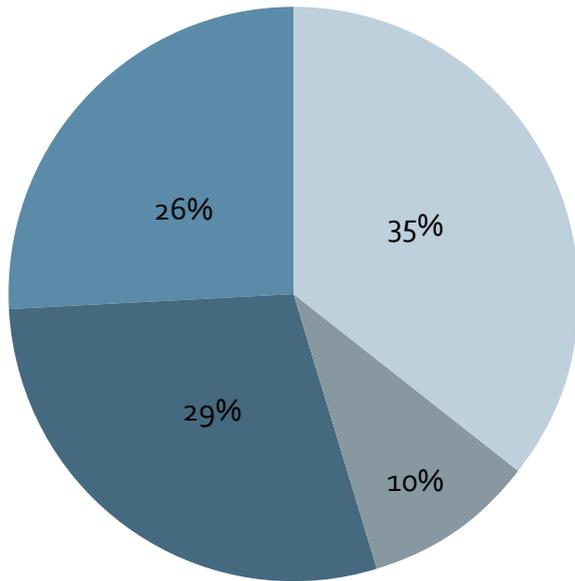
The following chart illustrates the comparison of monthly trends of all intelligence submissions during 2019-20 and 2020-21. It is believed that the COVID-19 pandemic has impacted on the volume of submissions during the start of 2020-21.



Submitting Agencies

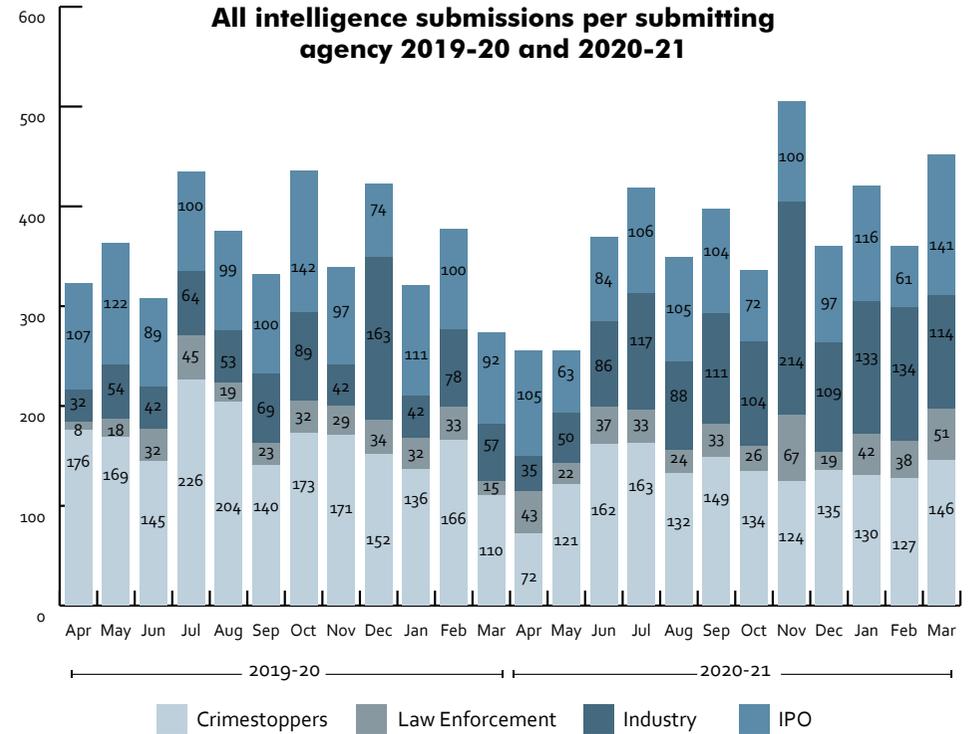
Collaborative partnership working is being carried out with law enforcement, industry and Crimestoppers. The following chart shows the proportion per contributors:

Proportion of contributors 2020-21



There has been an overall increase of submissions compared with the previous year and a fluctuation in the proportion of submissions from partners. Changes in patterns may be indicative of short term, pandemic-specific, adjustments. They may also reveal long term behavioural changes which our policies should reflect. In the last year, there was a notable increase of submissions from industry partners.

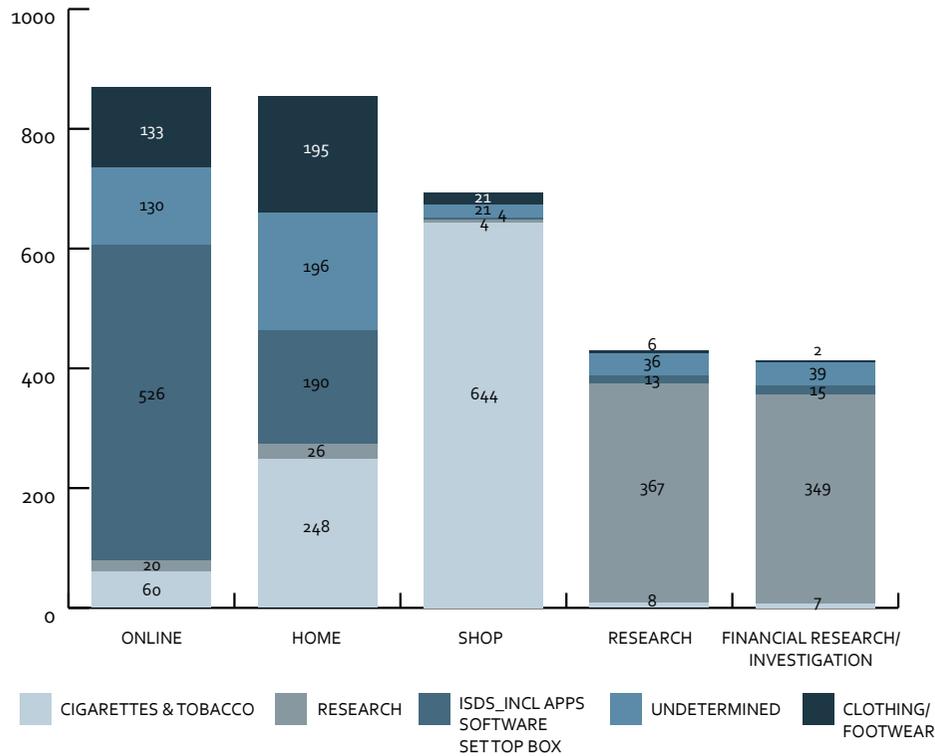
The following chart illustrates the two-year trend of submissions per submitting agency:



Intelligence and research

Intelligence and referrals for investigation are submitted to the Hub by our partner agencies. The following graph illustrates the top five identified locations and product types investigated by the Hub and where further intelligence was generated.

The top five types of investigations carried out during 2020-21



As shown, there were defined differences between digital and physical products with higher proportions of online 'illicit streaming devices' (ISDs), In terms of physical goods made available through direct contact, counterfeit tobacco sales remain a significant problem.

There has been an 43% increase of submissions relating to online activity, this increase aligns to the increase of online activity due to the COVID-19 pandemic. Also, it must be noted that 60% of online submissions were related to ISDs on social media.

Financial Investigation

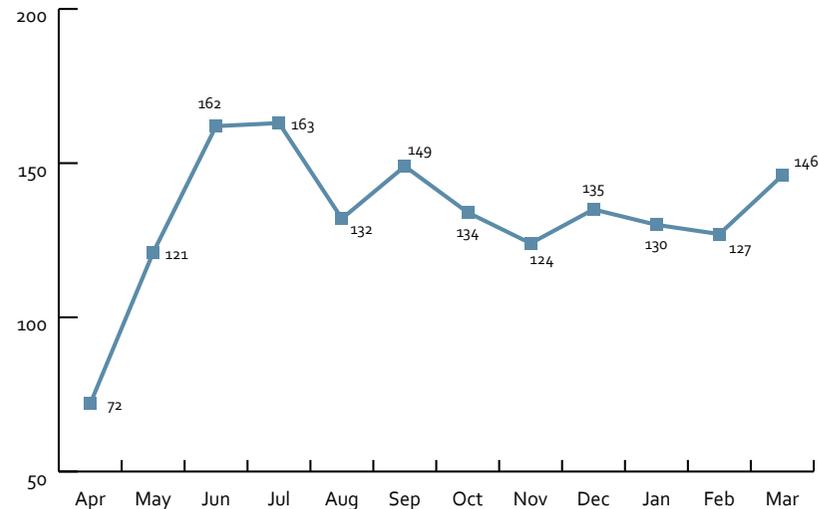
The Intelligence Hub provides financial investigation support to law enforcement. Since 2017, the Hub Financial Investigators have supported investigations where over £2.6m has been recovered.

OCGs involved in IP Crime use intricate methods to avoid detection. A varied cross section of research is being carried out and the strong financial investigation and analytical capability within the Hub continues to improve the support to our partners.

Crimestoppers

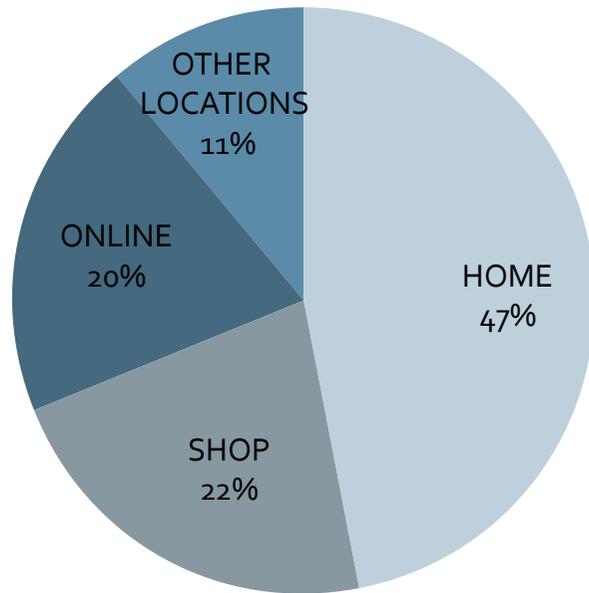
There was reduction of the overall level of Crimestoppers submissions during 2020-21, as illustrated on the chart the submissions have been more consistent for the last three quarters of the financial period.

Crimestoppers Intelligence Submissions during 2020-21



The majority of Crimestoppers submissions (89%) relates to activity with a home, shop or online environment.

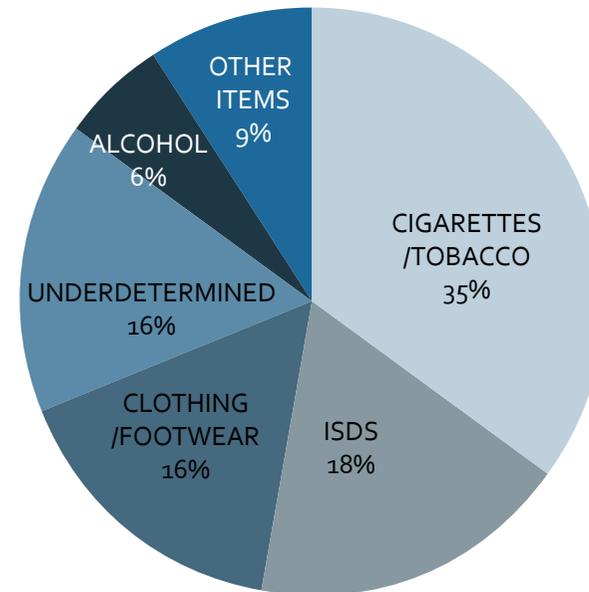
Proportion of reported locations via Crimestoppers during 2020-21



HOME SHOP ONLINE OTHER LOCATIONS

Submissions relating to online crime have fluctuated. When compared with 2019-20, there has been a 13% increase of submissions regarding social media activity and slight reductions of online auction or website activity. The clothing/footwear category within the social media location has increased when compared with the previous year (4.8%). The majority of Crimestoppers submissions related to cigarettes and tobacco (35%).

Proportion of reported items via Crimestoppers during 2020-21



CIGARETTES /TOBACCO ISDS CLOTHING /FOOTWEAR
 UNDERDETERMINED ALCOHOL OTHER ITEMS

For information, the 'other Items' category appearing in this pie chart includes a variety of products, such as DVDs/CDs, handbags, perfume and cosmetics, jewellery and watches.

NATIONAL MARKETS GROUP FOR IP PROTECTION (NMG)



Physical Markets are a great British tradition, providing bargains for shoppers, lively attractions for families and visitors, and an environment for legitimate, local businesses to trade successfully. These markets (which include occasional sales, non-chartered markets, and car boot sales) are regularly targeted by those who wish to trade in counterfeit and pirated goods.

Since its inception in 2008, the National Markets Group for IP Protection (NMG) has been at the forefront of IP protection at markets in the UK. This industry led focus group, made up of a diverse community of private and public sector agencies, works collaboratively for a common cause, to reduce the availability of counterfeit and pirated goods at markets, car boot sales and, more recently, social media platforms.

Through innovative and collaborative programmes, such as the Real Deal Charter and Operation BEORMA, we have influenced policy makers and supported Trading Standards Officers and other law enforcement bodies, contributing to the seizure of several millions of pounds worth of counterfeit goods. Our intelligence led approach has identified previously unknown organised crime groups (OCGs) and changed the face of some of the worst markets in the country.

Since 2015, the group has also focused its efforts on identifying and reducing the impact on businesses and the consumer from the sale of infringing goods on social media and online platforms such as Facebook and Instagram.

During this reporting period, the global COVID-19 pandemic saw a huge shift in consumer traffic to online selling outlets and counterfeiters used this disruption to greatly increase their offer of illicit products, exploiting the loss of jobs and income caused by the pandemic to drive shoppers to buy inferior and sometime dangerous counterfeit goods.

It is estimated that over 100 markets and car boot sales operating in the UK, coupled with thousands of social media profiles, make available counterfeit and pirated goods to the consumer. Whilst the pandemic saw the closure of many physical markets during lockdown, including some of the most notorious for counterfeit goods, we saw an increased usage of social media platforms where traders continue to sell their counterfeit goods.

Products ranging from toys, car accessories, clothing, footwear, vinyl records, film DVD's, handbags, purses, jewellery, watches, perfume, cosmetics, and electrical goods, many of which can maim or even cause fatal injury are available to purchase at far reduced prices to that of the genuine articles.

Most counterfeit products continue to be sourced from China, Pakistan, India, Bangladesh and Turkey. However, NMG initiatives have also shown an increase in UK manufactured goods in cities such as Leicester, Manchester, Birmingham and London. Thousands of counterfeit goods enter the UK economy daily, via sea, air, local sources, and fast parcel ports. These goods are distributed through markets, car boot sales and online marketplaces.

Trade in counterfeit goods activity places a strain on already limited public sector resources and, as evidenced by NMG, there remains a need to develop proactive partnerships between industry, enforcement and government so that our successes in combating counterfeiting can be kept relevant in rapidly evolving markets.

“Thousands of counterfeit goods enter the UK economy daily, via sea, air, local sources, and fast parcel ports. These goods are distributed through markets, car boot sales and online marketplaces.”

Developing/Emerging trends

- NMG members continue to see an increase in the use of social media, smart phone technology and applications to increase the reach and profitability of counterfeiters who take little if no heed of the consequences of their actions.
Counterfeiters using these online platforms are also engaged in other criminal activity, including forgery of passports, driving licenses, fake bank notes and other official documents as well as the use and supply of controlled drugs, weapons, and other illicit trading activities.
- The use of self-storage facilities as a mechanism to import, manufacture, distribute, supply, sell and store counterfeit goods is on the increase. This has been evidenced through several NMG operations which has seen self-storage units used as return addresses and company registration addresses to facilitate the large-scale importation and distribution of counterfeit goods.
- The interaction and collaboration between OCGs specialising in IP crime, as they develop stronger supply chains and distribution mechanisms has been proven by the joint NMG / National TS Operation BEORMA initiative. OCGs share resource, contacts, storage facilities, manufacturing capabilities and financial know-how to widen their reach.

NATIONAL TRADING STANDARDS (NTS)

National Trading Standards (NTS) was set up by the Government as part of changes to the consumer protection landscape in 2012. NTS was formed to bring a clear overview to the policing of the consumer landscape, strengthening the effectiveness of enforcement and ensuring that activities that help consumers to be empowered are delivered cost effectively. These goals link to national and local intelligence about the problems that consumers face. NTS' role is to provide leadership influence, support and resources to help combat consumer and business detriment locally, regionally and nationally. We bring together Trading Standards representatives from England and Wales to prioritise, fund and coordinate national and regional enforcement cases.

Our main Government sponsor is the Department for Business, Energy and Industrial Strategy (BEIS). However, NTS also works with other Government partners such as the Ministry for Housing Communities and Local Government (MHCLG), the Home Office, the department for Culture, Media and sports (DCMS) and the Department for Rural Affairs (Defra) on specific projects that relate to Trading Standards work, utilising our commissioning model with local authorities.

NTS produces an annual National Control Strategy, developed having regard to the National Strategic Intelligence Assessment. We help inform and direct the work of NTS teams and projects and outline the priorities for prevention, intelligence and enforcement activities. Our 'Control Strategy' also links the work done by Trading Standards services at regional and national levels. The Control Strategy is not designed to require local authorities to act. The specific policies local authorities adopt remains a matter for local authority service planning in accordance with local priorities. However, local authority priorities input into the National Strategic Assessment which then influences this Control Strategy.

The NTS National Strategic Assessment recognises that IP crime continues to be a national threat to consumers and businesses in England and Wales. Counterfeit goods are being sold on physical marketplaces, online and through mobile phone apps. The reporting evidence from Trading Standards and its partners indicates that there are strong links between IP crime and serious and organised criminality.

Supply Chains in Markets

The NTS National Control Strategy contains activities designed to tackle areas of IP crime. The main area identified for NTS action which is titled the 'Supply Chains in Markets' programme which oversees several enforcement projects:

Operation Beorma

Operation Beorma is a complex multiagency operation targeting serious and organised criminals, responsible for huge imports of counterfeit goods into the UK and sales at both online and at physical marketplaces.

Since June 2018, the Midlands based Regional Investigation Team (CEnTSA RIT), in collaboration with key enforcement partners including the NTS Intelligence Team, Birmingham City Trading Standards, NMG, Anti-Counterfeiting Group (ACG), Intellectual Property Office (IPO), PIPCU, West Midlands Police and GAIN, have carried out numerous enforcement activities to progress Operation Beorma.

The CEnTSA RIT have continued to progress their investigations significantly despite the restrictions place on them by COVID-19. Several of the investigations have been completed and are now in the court system.

On 2 December 2020, the (CEnTSA RIT) team, supported by Birmingham Trading Standards and the Illegal Money Lending Team, led on a multi-agency exercise in relation to a large-scale counterfeit clothing factory in Leicester that had been identified as a source of counterfeit products being supplied to significant Operation Beorma nominals leads.

Other partner agencies involved included Leicestershire Police, the Gangmasters Labour Abuse Authority, Immigration Enforcement, Fire Service as well as partners from the Anti-Counterfeiting Group.

Three separate units were identified within the same building, and £5 million worth of counterfeit products were seized, including half a million loose labels waiting to be attached to blank products. The seizure is believed to have been the largest of its kind for a decade.

In a separate exercise on 19 December 2020, the team seized approximately 2,000 items of counterfeit products (clothing, perfumes and accessories) from a supplier who was on his way to Wellesbourne market in Warwickshire. The market value of the goods seized is estimated at approximately £30,000.

This enforcement work had a huge impact on the counterfeiting community in the run up to Christmas, as the factory housed many suppliers operating from a number of markets across the UK.

A significant amount of intelligence has been identified as a result of this year's activities and this will provide information to support further work, potentially for the team. It is also likely that intelligence of counterfeiting activity can be disseminated to local Trading Standards Services across the UK for their consideration and potential action.

Operation Magpie

In addition to the activities of the CEnTSA RIT in the Midlands, work is progressing in the Manchester area under the banners of Operation Strangeways and Operation Magpie. Operation Magpie is a multiagency enforcement and disruption project targeting counterfeiting activity in the Strangeways area of Manchester. Greater Manchester Police, Manchester Trading Standards, Intellectual Property Office, City of London Police (PIPCU), Border Force and HMRC are all involved in the project. NTS sit on the Silver Operation Magpie Tasking Group.

The NTS Intelligence Team produced a Problem Profile into counterfeiting and IP crime in the Manchester region. The final version was approved in January 2021. The Problem Profile identified four previously unidentified Organised Crime Groups operating in the region.

In response to the Problem Profile, the NTS National Tasking Group have agreed to support Manchester Trading Standards to enable them to carry out enforcement activities in collaboration with other Operation Magpie partners to tackle the issues identified. Including:

- Take action against landlords who refuse to evict tenants selling counterfeit goods by the use of closure orders.
- Days of enforcement action at self-storage premises in the region. The activity will involve the inspection of premises and execution of warrants.
- Investigate the Organised Crime Groups identified in the Problem Profile through prioritisation and multi-agency tasking process and take appropriate enforcement action.

Self-Storage Facilities Project

A significant enabler in this sector identified in the final report in Phase 1 of Operation Beorma is the use of self-storage facilities to store significant amounts of counterfeit products.

The NTS Intelligence team produced a national Problem Profile identifying the criminality (in particular counterfeiting) associated with self-storage facilities. The findings support the view that self-storage facilities are commonly used for the storage of not only counterfeit products but also illicit tobacco and have links to other criminality. Whereas many agencies recognise the role self-storage facilities play in enabling various types of criminality, it appears no single enforcement agency has a coherent strategy for tackling the matter.

The NTS National Tasking Group agreed to part fund a national project on self-storage which is being facilitated by London Trading Standards and jointly supported by the IPO. The joint NTS/IPO project is a good opportunity to begin the process of tackling this issue, initially by engaging the industry and genuine businesses in raising standards and promoting good practice. It will also provide additional intelligence that could support further work and provide a platform for a multiagency approach. The project was progressed between January and the end of March 2021.

Availability Index Project

The IPO and NTS have been working to create an index within the UK to assist in measuring and assessing the quantity and types of counterfeit goods on sale to the public to provide evidence of the effectiveness of measures to reduce their presence and to monitor changes over time.

One of the biggest challenges in IP enforcement has been to develop an objective understanding of the scale and impact of counterfeiting and whilst there are no simple solutions or formulas to produce evidence of this, there is a need to have a range of data and information that can be relied upon to contribute to it. Likewise, there are many forms of intervention in the criminal markets that are aimed not only at dealing with a particular trader in counterfeits but also at reducing the capability of continuing infringement.

Up until recently there have been no easy or straightforward ways of gathering sufficient data to inform the situation. However, one of the tools that is helping to redress this is the creation of an 'Availability Index'.

Local Authority Trading Standards services have since 2019/20 been commissioned by the IPO to conduct a series of dedicated observations of what counterfeit products are on sale in selected sites that will be maintained over a period of time to provide an initial baseline from which comparisons can subsequently be made. Whilst the impact of COVID-19 led to the suspension of the project throughout 2020/21 (due to market closures) it will shortly recommence for 2021/22 and onwards.

Regional Resource

NTS is responsible for facilitating the regional coordination of Trading Standards work including the protection of intellectual property through a number of national and regional teams. Officers in these teams juggle multiple high-level priorities and last year saw COVID-19 and Brexit added to their workload. This, combined with reduced funding and resources, means that Trading Standards Officers (TSOs) do not usually have the time or resources to focus on IP cases.

The IPO, which aims to reduce IP crime and infringement, has committed funding to specific NTS projects. This funding is extremely important to address particular issues in IP crime, such as self-storage, but does not address the day-to-day resourcing and funding issues for general IP cases.

Following engagement with stakeholders it became clear that industry, other government departments and NTS teams still feel that day-to-day resourcing and funding are issues for IP enforcement. Therefore, the IPO, NTS and the Chartered Trading Standards Institute have been working closely to develop an understanding of the issues faced by TSOs. We are proposing that the IPO funds three pilot IP enforcement champion posts, to be located within selected regions for two years. The posts will have three main functions: supporting local TSOs with IP cases; influencing local officials and the local landscape on the impacts of IP infringement and the importance of IP enforcement, and acting as a conduit for regional IP enforcement support. If approved an oversight group will be set up to monitor and report on the progress of the pilots.

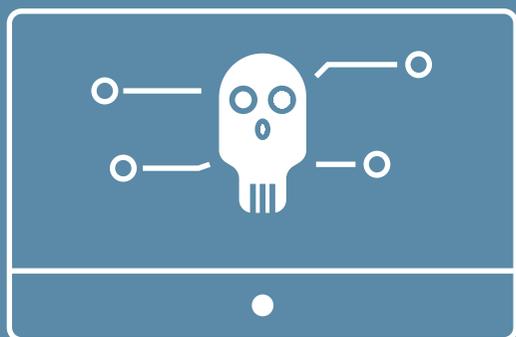
NOMINET

Nominet is responsible for running and keeping the .UK internet infrastructure secure. For over 20 years, Nominet has run the UK internet infrastructure, developing an expertise in the Domain Name System (DNS) that now underpins sophisticated threat monitoring, detection, prevention, and analytics that is used by governments and enterprises to mitigate cyber threats.

Nominet suspends domains following notification from the police or other law enforcement agencies that the domain is being used for criminal activity. It also puts on hold domains at registration where criminal activity such as phishing is suspected by Nominet's systems.

TACKLING ONLINE CRIMINAL ACTIVITY

1ST NOVEMBER 2019 - 31ST OCTOBER 2020



22,158

domains suspended for criminal activity
(compared to 28,937 in the previous year)

Nominet suspends the domains following notification from various law enforcement agencies including:



1. Counter Terrorism Internet Referral Unit (CTIRU)
2. Environment Agency
3. Financial Conduct Authority (FCA)
4. Medicines and Healthcare Products Regulatory Agency (MHRA)
5. Metropolitan Police – Central Specialist Crime
6. Ministry of Defence
7. Police National Crime Agency (NCA)
8. National Food Crime Unit (NFCU)
9. National Fraud Intelligence Bureau (NFIB)
10. Office of Communications (Ofcom)
11. Police Intellectual Property Crime Unit (PIPCU)
12. Trading Standards
13. Veterinary Medicines Directorate (VMD)

21,632
(-6,974 yoy)

Police
Intellectual
Property Crime
Unit (PIPCU)

266
(+88 yoy)

National Fraud
Intelligence
Bureau (NFIB)

232
(+184 yoy)

Financial
Conduct
Authority
(FCA)

7
(-83 yoy)

Trading
Standards (TS)

13
(-18 yoy)

Medicines and
Healthcare
Products
Regulatory
Agency
(MHRA)

Russell Haworth, Nominet's CEO said: 'New anxieties are a bounty for cyber criminals who look to take advantage of others online for their own gains, not least by exploiting the pandemic. This year, we proactively sought to weed out coronavirus-related domains registered for criminal intent and had put on hold almost 4,000 by the end of October. With less than half passing the due diligence we require to reinstate them, it's clearly helping keep scams at bay.'

This work complements our ongoing collaboration with law enforcement. The overall drop in suspensions they requested is driven by fewer PIPCU referrals, which suggests that their work to stop counterfeit goods reaching .UK domains is having an effect. Criminal groups are also starting to realise .UK domains used for scams will be suspended promptly. While that's good news, we remain focused on playing our part to take swift action when alerted to any criminality in the namespace.'

Domain Watch

Nominet's anti-phishing initiative to further increase the security of the .UK zone is designed to quickly identify and suspend newly registered domains that are obvious phishing attempts. If a domain is suspended, the registrant will receive an email informing them what has happened, together with the next steps required if they feel the suspension was not correctly applied.



5,006

Suspended pending additional checks



558

successfully passed additional due diligence and completed the registration process

EXAMPLES OF DOMAINS SUSPENDED THROUGH DOMAIN WATCH:

Private Sector:

- netflixbilling.org.uk
- tesco.me.uk
- canada-goose.me.uk
- supportbqrclqys.co.uk
- halifax-login.co.uk

Public Sector:

- rebate-govuk-return.co.uk
- uhl-nhs.uk
- hertsmeregov.uk
- hmcr.gov.uk
- tax-claim.ov.uk

COVID-19

Nominet has also stepped up checks on new domain registrations referencing the pandemic and related terms to mitigate against fraudulent activity.



3,811

Suspended pending additional checks



1,568

successfully passed additional due diligence and completed the registration process

2020 .UK Expiring Domains Consultation

Nominet are currently reviewing their processes for releasing previously registered domain names for re-registration following a consultation in 2020. Further information is available here: <http://nominet.uk/policy>

POLICE INTELLECTUAL PROPERTY CRIME UNIT (PIPCU)

The Police Intellectual Property Crime Unit (PIPCU) is a department of the City of London Police, the national lead force for fraud. It was established in 2013 with the responsibility to investigate and deter serious and organised intellectual property crime in the United Kingdom.

PIPCU is based in City of London Police's headquarters at Guildhall Yard East. Part of PIPCU's remit is to protect consumers from harm, focusing on intellectual property crime that has public safety implications.

Our activities are characterised by strategy based on four key principles: we want to **prevent** IP crime from taking place by informing public and professional bodies and developing our effectiveness as law enforcement officers in this area. We will **pursue** IP criminals and develop national and international networks capable of bringing OCGs specialising in IP crime to justice. We want to **protect** business owners, consumers and all other stakeholders in the IP ecosystem from the damaging effects of a criminal sector with an estimated value of 3.3 percent of world trade¹⁴. Through engagement with key partners, many of whom are represented in this report, we want to **prepare** new, successful law enforcement operations and develop networks and communication strategies that inform and educated business people and consumers.

Our greatest challenge today is the shift in trade online. Platforms like Amazon, Alibaba, eBay and networks facilitated through Facebook, Twitter and IPTV supplier and other online networks, enable both legitimate and illegal trade. The pandemic has turbocharged online trade and online crime. Our aim is to continue to provide businesses and consumers with a state of the art service capable of prosecuting IP criminals in a fast changing, high tech environment.

“Through engagement with key partners, many of whom are represented in this report, we want to prepare new, successful law enforcement operations and develop networks and communication strategies that inform and educated business people and consumers.”

¹⁴ OECD <https://www.oecd.org/newsroom/trade-in-fake-goods-is-now-33-of-world-trade-and-rising.htm>

PROFESSIONAL PUBLISHERS ASSOCIATION (PPA)



The PPA stands
for professional
publishers.

The Professional Publishers Association (PPA) stands for professional publishers, representing magazine media and business information publishers in consumer, customer and business sectors in the UK. The sector represented by PPA contributed an estimated £3.74bn of Gross Value Added to the UK economy in 2019¹⁵.

Whilst PPA is historically synonymous with magazines, businesses within the sector have been particularly impacted by the transition to the digital economy, with publishers embracing change to deliver content across multiple platforms. The platform on which audiences engage is still significantly led by printed magazines. 93% of PPA members still publish printed magazines. However, connection with audiences is now commonly by virtually any connected device including online events, mobile and video services.

The opportunity to create trusted high-quality content, whilst also securing a return on the investment in that content, has fundamentally changed in the digital landscape compared with traditional markets and monetisation through advertising and copy sales. However, the transition has not been without challenges.

“Whilst PPA is historically synonymous with magazines, businesses within the sector have been particularly impacted by the transition to the digital economy, with publishers embracing change to deliver content across multiple platforms.”

¹⁵ https://cdn.ppa.co.uk/media/2021/05/13/PPA_Sector_Insight_Report_Report_2021_%5bSummary%5d.pdf

Digital markets places have opened doors to those who wish to secure their own rewards from enabling unauthorised access to digital magazine publications and services. These include methods of piracy which are very familiar to other sectors within the creative sectors now working in a digital environment. They include 'read-online' and use of linking and referrer sites and Bit-Torrent. In addition to downloading of entire editions from unauthorised sites services which support the unauthorised pulling of articles, recipes, designs, pictures or sections from digital magazines for republishing on other sites is an increasing concern.

Tenth edition of the IPO tracking study into the extent of online copyright infringement, digital behaviours and attitudes among people aged 12+ in the UK¹⁶ recently indicated that the overall level of infringement (i.e. anyone who had used an illegal source for digital magazines in the past three months) was 28% in 2020 year. The proportion who had used only illegal sources (17%) was higher than those who had used a mix of legal and illegal (11%).

PPA members engage directly with identifying and reporting infringements whilst also using services such as the Copyright Infringement Portal operated by the Publishers Association¹⁷ and the Text Tracker service operated by NLA Media Access¹⁸.

However, without the engagement, resources and support of the organisations highlighted in this report, the sector represented by PPA would be unable to seek redress from those who use IP crime to link with serious organised crime. Changing the attitudes and behaviour of consumers to challenge and reduce IP crime remains vital for the sector. It relies upon legitimate returns for its investment in educating, informing and entertaining the estimated 44.3 million consumers in the UK who are reached each month by the magazine media and business services sector.

¹⁶ <https://www.gov.uk/government/publications/online-copyright-infringement-tracker-survey-10th-wave>

¹⁷ <https://www.publishers.org.uk/our-work/content-protection-and-enforcement/copyright-infringement-portal/>

¹⁸ <https://www.nlamediaaccess.com/publishers/publisher-services/online-article-tracking-system/>

“Changing the attitudes and behaviour of consumers to challenge and reduce IP crime remains vital for the sector. It relies upon legitimate returns for its investment in educating, informing and entertaining the estimated 44.3 million consumers in the UK who are reached each month by the magazine media and business services sector.”

PRS FOR MUSIC



PRs for Music is the UK's leading collection society, bringing together two collection societies: the Mechanical-Copyright Protection Society (MCPS) and the Performing Right Society (PRS). It undertakes collective rights management for musical works on behalf of its 140,000 members. PRs for Music was formed in 1997 following the MCPS-PRS Alliance. In 2009, PRS and MCPS-PRS Alliance realigned their brands and became PRs for Music.

PRs protects and develops their songwriter, composer and music publisher members' performing rights, and collects royalties on their behalf whenever their music is played or performed publicly.

MCPS also represents songwriters, composers and music publishers – representing their mechanical rights, and we collect royalties whenever our members music is reproduced as a physical product – this includes vinyl, cassette, CDs, DVDs, digital downloads and broadcast or online.

Music is still a massively pirated commodity, with stream-ripping services leading the way as the method most used to freely obtain copyright content. Aggregators, cyberlockers, direct download and torrent sites also remain problematic for the music industry. In addition, we have noticed an increased number of reports of Usenet, a network where users exchange posts and create discussion platforms or newsgroup.

Pirates continue to earn revenue from displaying advertising on their services, but cryptocurrency, as a method of payment or donation, is also becoming increasingly notable on pirate sites, with Bitcoin being the preferred token for payment.

Tackling IP Crime

Stream-Ripping Piracy

Stream-ripping, which is currently the most popular method of piracy, is at the top of our priorities. We have concentrated our efforts on disrupting or removing stream-ripping services, particularly apps and plug-ins. We use web crawlers to locate new services. A number of stream-ripping apps have been located and removed from the following app platforms:

- Microsoft App Store
- Samsung Galaxy Store
- Google Play Store

In addition, several stream-ripping extensions and plug-ins have been located and removed from the following browser stores:

- Microsoft Edge
- Opera Addons
- Google Chrome
- Mozilla Firefox

We have had the most success with the Microsoft App Store, where 131 apps have been reported and taken down.

Member Anti-Piracy System

The Member Anti-Piracy System, better known by its acronym MAPS, celebrated its 5th birthday in March 2021. The online tool, which continues to be our most successful anti-piracy method to date, is used by our publisher and writer members with the purpose to cut-off instances of piracy at the source, helping to ensure that legitimate licensed services can be more easily found and that *PRS for Music* members receive fair remuneration for use of their repertoire online.

Since the online system was launched in 2016, it has:

- Reported over 6.8 million URLs to sites linking to or hosting *PRS for Music* repertoire.
- Removed 75% of infringing URLs.
- Sent over 545,000 live links to Google and Bing for delisting results from its search pages.
- Been instrumental in forcing 1,346 infringing sites to cease operating completely.

The data from MAPS allows us to investigate non-compliant sites and disrupt their activities with the assistance of the City of London Police IP Crime Unit (PIPCU), via Operation Creative.

Operation Creative

Our work with PIPCU over the years has proved that Operation Creative is a valuable anti-piracy initiative for *PRS for Music* whereby we have been able to extend our enforcement efforts outside of the UK to disrupt pirate sites and starve them from earning revenue. To date, we have submitted 365 sites to the initiative of which 73% are no longer operational.

The Music Mission

PRS for Music has been lending its support to The Music Mission (TMM), a project managed by AudioLock which aims to tackle pirate dance music paid sites and shift revenue to legitimate licensed services.

TMM selected 2,136 different domains which were likely to achieve maximum positive effect and efficiency. Those sites were then crawled and approximately 2.88 million unique links were sent to Google to de-list from its search results. Delisting was only one part of the project, with 136 sites also being taken offline and 20 site operators identified. The result showed:

- The average age of the music in the top 100 Global Track Chart protected by TMM, more than doubled.
- The top 10 releases in the Global Releases Chart initially comprised of 30% of the music protected by the TMM which rose to 80% after the delisting process.
- The top 10 oldest tracks in the Global Top 100 Track Chart rose to 60% from 10% of music protected by the TMM once the delisting process commenced.

The evidence confirms that TMM is having a positive and direct impact on music sales. Further information can be found on the site <https://themusicmission.net>.

REACT

Emerging Threat – Suspect Customs Consignments from Bangladesh to the UK

React is a not-for-profit organisation with over 30 years of experience in tackling the counterfeit trade. React has over 300 members, 30+ years of experience and is active in 115 countries. A key part of React's service is Customs Enforcement for its membership - part of which is filing customs recordals.

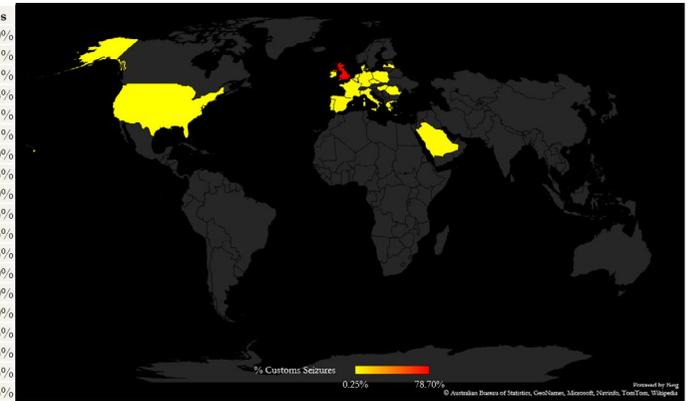
A customs recordal is a legal measure that an IP owner can utilise in order to enable enforcement at a customs border. This is based on the suspicion of IP infringement and is facilitated by IP holders registering their trade mark with the relevant customs authorities.

This enables React to analyse and track trends within this dataset. One such trend is the growing supply channel of suspect goods from Bangladesh to the UK.

As seen in the below data and graphic above almost **80% of all seizures**, with a consignor origin of Bangladesh, were seized in the UK.

“As well as unlicensed, illegal, production and distribution networks, there exists a grey area in which fabricators, designers, commissioners and suppliers operate in both the legitimate and illegitimate sectors simultaneously.”

| Seizure Country | % Customs Seizures |
|--------------------------|--------------------|
| United Kingdom | 78.70% |
| Germany | 3.01% |
| Italy | 3.01% |
| Spain | 2.76% |
| France | 2.01% |
| Czech Republic | 2.01% |
| Saudi Arabia | 1.50% |
| Ireland | 1.25% |
| Poland | 1.00% |
| Netherlands | 0.75% |
| Belgium | 0.75% |
| Latvia | 0.75% |
| Portugal | 0.50% |
| Denmark | 0.50% |
| United States of America | 0.50% |
| Malta | 0.25% |
| Greece | 0.25% |
| Romania | 0.25% |
| Hungary | 0.25% |



The majority of seized items were from the textile sector - including articles such as t-shirts, underwear and trousers – all from leading international brands. It must be clarified that certain brands mentioned and part of this dataset have no official production facilities in Bangladesh.

The first question to tackle is why Bangladesh?

As the world's second-largest exporter of clothing (after China), this region has a huge garment industry, and the production capacity to fuel it. These same production facilities (as well as purpose-made counterfeiting operations created with local expertise) are likely involved in the bulk manufacture and shipping of suspect goods, internationally created and positioned outside formal supply chains. As well as unlicensed, illegal, production and distribution networks, there exists a grey area in which fabricators, designers, commissioners and suppliers operate in both the legitimate and illegitimate sectors simultaneously.

The second question is why exactly is the UK the destination of choice?

There are multiple factors at play, some of which is clear in the React customs data.

The UK has one of the largest Bangladeshi populations in the western world, with the latest data available from the UK census putting this figure over 400,000. Evidence relating to the consignees (those receiving the goods) from the dataset suggests that social links between the UK Bangladeshi community and those in Bangladesh enables a high volume of independent supply chains to function. There are reliable, sophisticated and developed logistics routes that are established between the two nations. Whether that be air- or sea-based consignments, goods can flow with relative ease. Whilst data suggests a correlation between IP crime and community, we need to assess our approach to IP crime prevention, enforcement and informatics within specific geographical areas and cultural sub-groups carefully. We need to engage with an important part of British society, we do not want to alienate it.

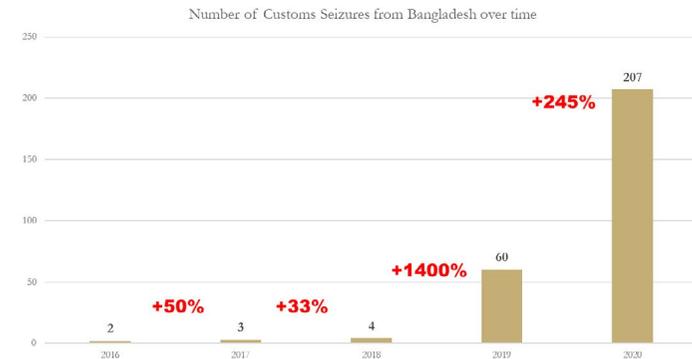
The huge demand for clothing in the UK drives demand for genuine and counterfeit goods. In 2018, the amount spent on clothing and footwear in the UK was estimated to be £1,015 per household. This value attracts criminal activity and promises substantial revenue from illicit activity.

React Intelligence Units, alongside React Online Enforcement encounter a large presence of UK-based sellers online, offering suspected counterfeit clothing across multiple channels. This reflects demand both from resellers in the UK as well as consumers ready to purchase them.

The graph on the right demonstrates that the issue of suspect goods from Bangladesh being seized in the UK is growing at a rapid rate, with dramatic rises in the recording of seizures in both 2019 and 2020.

Customs Consignments Seized in the UK from Bangladesh

- Consistent year-on-year increase since 2016 with a sharp increases in detection in both 2019 & 2020



The React customs data illustrates the growing number of seizures, relating to infringing textiles products transported from Bangladesh to the UK. These are often destined for UK-based consignees and are being seized at various customs border locations in the UK. In order to tackle this emerging trend, a multi-faceted and multi-stakeholder approach is needed.

“Whilst data suggests a correlation between IP crime and community, we need to assess our approach to IP crime prevention, enforcement and informatics within specific geographical areas and cultural sub-groups carefully.”

REAL DEAL



Established in 2009 by the National Markets Group for IP Protection (NMG), the Real Deal Campaign for Fake-Free Markets is a successful cross-sector partnership initiative that unites local authority Trading Standards services, marketplace operators, industry associations and copyright and trade mark owners with a common commitment to tackling the sale of IP infringing goods at UK markets. As a preventative programme, the Real Deal sits alongside the enforcement work coordinated by the NMG and has developed two best-practice models: the first focuses on physical markets (including local authority-run and privately-operated markets and car boot fairs); the second applies to the digital arena of social media buy-and-sell groups. At the heart of each is a Charter/Code of Practice, which invites a market operator or selling group administrator to engage with their local authority Trading Standards service and commit to maintaining a 'fake-free' zone.

To date, more than 500 physical markets in the UK have made this pledge.

As a result of lockdown measures in 2020 and 2021 and the increasing migration of shoppers online, markets across the country are focusing on rebuilding footfall from shoppers, attracting new traders and staking their place at the heart of local communities. For many market operators that means strengthening their quality assurances, including promoting their market as a fake-free zone. One such market is Newcastle-under-Lyme which started its journey towards Real Deal status in collaboration with Staffordshire County Council Trading Standards prior to the start of the pandemic. Despite the difficult operating conditions, the market team and Staffordshire Trading Standards Officers remained committed to achieving this. As a result, they became the first to sign the Real Deal Charter after lockdown measures were relaxed, confirming that counterfeit products and other illegal goods will not be tolerated at that location.

At the signing of the Charter, Cllr. Stephen Sweeney, Newcastle-under-Lyme Borough Council Cabinet member for finance, town centres and growth, said: 'Seeing the Real Deal logo is a visible reminder that shoppers can expect to buy only genuine and quality goods from our hardworking traders – not fakes, pirated or potentially unsafe items. We want them to enjoy their purchases and protect traders from losing sales.'

Throughout 2020, the Real Deal continued to roll out its parallel programme, the Real Deal Online. It's key resource, the Real Deal Online Toolkit, which has been developed by NMG members and the National Trading Standards eCrime Team, provides legal backgrounds, practical guidance and templates to assist Trading Standards Officers in tackling IP crime on social media selling groups. To date, the toolkit has been taken up by 115 Trading Standards authorities. One of these, Angus Council, launched its Real Deal Online programme in December, announcing 'Our Trading Standards team is all set to tackle the con-artists who sell fake goods on social media.'

'In the run up to Christmas, Trading Standards Officers will be seeking out and identifying all buying-and-selling groups in the Angus area that are operating on social media. They will then contact the online administrators of these groups to make them aware of their legal responsibilities and to invite them to follow the Real Deal Online Code of Practice. Selling groups that agree to follow the Real Deal Code of Practice, will be allowed to display the Real Deal logo™ which will act as a visual assurance to shoppers and to traders that it is a fake-free shopping zone.'

Both Real Deal programmes offer cost efficiencies to local authority Trading Standards services. At physical markets the Real Deal Charter helps Trading Standards Officers to assist market operators in self-policing to prevent the sale of IP infringing products. Likewise, the Real Deal Online programme provides Trading Standards teams with an opportunity to reach large numbers of social media selling group administrators, buyers and sellers in a cost-efficient manner. Individual Trading Standards services that have implemented the programme have each typically reached around 41,000 Facebook selling group members who belonged to groups that signed-up to the Real Deal Code of Practice.

The Real Deal project is funded by IP rights owners and their representatives. In 2020-2021, these include: the BPI, the Industry Trust for IP Awareness, P&G, Palmer Biggs IP Solicitors, the Premier League, React, Sky, Superdry, Surelock, Ted Baker, WRI Group and other brand members of the ACG. Their financial support has ensured the campaign's longevity over the past decade and underpins its sustainability for the future. Furthermore, the campaign is endorsed by all the key stakeholders who have an interest in ensuring fake-free trading, including the Chartered Trading Standards Institute (CTSI), Trading Standards Scotland, the National Trading Standards e-Crime Team (NTSeCT), the IPO and by industry groups representing the interests of IP rights owners, market operators (NABMA) and market traders (NMTF). It has been cited as best practice by UK IP Ministers and the EUIPO.

More information is at www.realdealmarkets.co.uk. Copies of the Real Deal Online Toolkit are available for Trading Standards Officers on request from the Real Deal office, email info@realdealmarkets.co.uk



Image: Newcastle-under-Lyme Market Charter signing 1st June 2021

At the signing of the Real Deal Charter at Newcastle-under-Lyme Market, Staffordshire County Council's communities leader, Cllr Victoria Wilson, said: *'No one wants to see counterfeit goods on sale in our communities. It's bad for our local economy, the goods can be unsafe and legitimate local traders can be driven out of business. The Real Deal campaign has already been a huge success in Staffordshire. It gives us all the opportunity to work together to combat the sale of illicit, counterfeit goods.'*

TRADE MARK AND RIGHTS HOLDERS AGAINST PIRACY (TRAP)

The COVID-19 Pandemic and related lockdowns has seen a shift in our efforts from traditional bricks and mortar enforcement in favour of online enforcement to counter a rapid growth in fraudulent online activity.

Sadly, this year TRAP actioned its two millionth takedown.

It should be understood that all platforms hosting counterfeit products profit from either the actual sale of individual products or from charging for the use of their platforms; so it is especially frustrating that the pandemic and Brexit provided some marketplaces with a convenient excuse for not expeditiously removing infringing items when all of their other activities appeared to continue unfettered by changes to working practices.

TRAP continue to target:

- Commercial/business sellers
- Print on demand companies
- Social media advertisements
- Sponsored advertising
- Online marketplaces
- Standalone websites

South East Asian counterfeiters remain the biggest threat to the legitimate marketplace due to number of accounts across all platforms, selection of products and price.

Entities such as Moteefe or Teezilly that allow users to create their own branded print on demand store using their own chosen website address are known as White Sites. These platforms in tandem with social media advertising are now becoming an increasing issue.

Redbubble (a print on demand marketplace) takedowns have increased by 1000% due to expanded product ranges. A single design can now be applied to over 92 product variations and there is seemingly no efficient way for the owners of the site to effectively police their marketplace.

E-commerce providers such as Shopify, Shoplazza, Shopbase & Big Cartel are havens for bootleggers with reports being made on a daily basis. Whilst the providers are fast to act on notices of infringement, they are slow to close down the domains of repeat offenders.

“This has had a marked effect on the availability of illicit product across the site Globally. TRAP have been given greater access to reporting tools and now work in partnership with Amazon in removing infringing goods.”

However, there has been some good progress with Amazon. Amazon has changed its strategy against counterfeiting from being reactive to being very proactive. This has had a marked effect on the availability of illicit product across the site Globally. TRAP have been given greater access to reporting tools and now work in partnership with Amazon in removing infringing goods.

Highest grossing bootleg products online are current tour merchandise and vintage re-prints of deleted official designs.

This year court cases have been very much on hold with the exception of a case dating back to 2018 involving Mr Garry Warren of Bognor Regis. Having been identified as being behind an eBay store named 'Rockshirtz', test purchases made and evidence packs compiled by Surelock Investigators on behalf of TRAP. After handing to West Sussex Trading Standards a raid was carried out where almost 2,000 counterfeit items were found. Artists affected by this activity included Iron Maiden, Queen, The Beatles, Motorhead, AC/DC, Guns n Roses, Metallica, Jimi Hendrix, The Rolling Stones, Pantera, Linkin Park, Black Sabbath, Sex Pistols, Avenged Sevenfold and Green Day amongst many others.

Mr Warren was sentenced to a 12 month community order with 130 hours of unpaid work, which although not as severe as other sentences given to similar perpetrators, will hopefully provide an adequate deterrent to others. (See West Sussex case study for more details).

Last year in numbers

| | |
|--|--------------------|
| Markets raided | 9 |
| Retail outlets raided | 7 |
| Wholesalers raided | 6 |
| eBay/screen printers raided | 5 |
| Pieces of music merchandise seized during raids | 6411 |
| Infringing face coverings reported | 127,523 |
| Number of infringing products removed to date by TRAP | 2,163,975 |
| Value of bootleg products removed by TRAP to date | £23,844,184 |

TRANSNATIONAL ALLIANCE TO COMBAT ILLICIT TRADE (TRACIT) AND AMERICAN APPAREL & FOOTWEAR ASSOCIATION (AAFA)

TRACIT is a not-for-profit membership organisation fighting against illicit trade globally. Its member companies encompass 1,500 globally recognised brands and subsidiaries, operate in 190 countries and employ 800,000 people. TRACIT is supported by a global network of Alliance Partners that represent over 800 companies. Collectively, they constitute a transnational business voice that stands with TRACIT against illicit trade and its negative impacts on society.

The American Apparel & Footwear Association (AAFA) is the national trade association representing apparel, footwear and other sewn products companies, and their suppliers, which compete in the global market. Representing more than 1,000 world famous name brands, AAFA is the trusted public policy and political voice of the apparel and footwear industry, its management and shareholders, its three million U.S. workers, and its contribution of more than \$350 billion in annual U.S. retail sales.

A new gateway to an old problem

Stepping up the fight against fraudulent advertising and counterfeiting online

The exponential growth of e-commerce during the COVID-19 pandemic is a harbinger of consumer retail markets of the future – and the significant, ever-increasing market shares that e-commerce companies will command. This development has intensified the need to ensure that the business practices of e-commerce and social media platforms sufficiently prevent bad actors from offering unregulated, unsafe or otherwise fraudulent products to online shoppers.

Consumers are entitled to an online shopping and browsing experience that is safe and secure from fraud. Nonetheless, a new report¹⁹ from the Transnational Alliance to Combat Illicit Trade (TRACIT) and the American Apparel and Footwear Association (AAFA) shows that fraudulent advertising is rapidly emerging as a new risk to consumers shopping online – presenting a new gateway to the massive world of counterfeiting and piracy available on the Internet.

In fact, the report highlighted 70 major international brands that were targeted by fraudulent advertisements on Instagram and Facebook since 2017, some of which received up to a quarter of a million views before they were detected. Consumers are lured in by high discounted offers that lead to websites designed to look like the official e-commerce store of the brand owner, only to receive counterfeits or oftentimes

¹⁹ <https://www.tracit.org/featured-report-fraudulent-advertising-online.html>

nothing in return. This is alarming because fraudulent advertisements are all over social media networks like Facebook and Instagram, or other popular websites like YouTube or Google, where people typically do not expect to encounter fraud. Millions of consumers are exposed to thousands of fraudulent advertisements taking them to thousands of illegitimate e-commerce websites that defraud and/or sell counterfeit products and deceitful services. What is worse, is the fact that platforms are making vast sums in revenue from hosting and enabling these adverts.

The UK Competition and Markets Authority, Advice of the Digital Markets Taskforce said: 'We recommend government take action to address unlawful or illegal activity or content hosted on platforms which could result in economic detriment to consumers and businesses. ...[such as] scam advertisements and the sale of counterfeit goods.'²⁰

“This is alarming because fraudulent advertisements are all over social media networks like Facebook and Instagram, or other popular websites like YouTube or Google, where people typically do not expect to encounter fraud.”

What are the causes?

Advertising has long been regulated by governments to ensure that messages are truthful and do not mislead reasonable consumers about aspects of a product or service. In some countries, there is also consideration of fairness, which focusses on whether an advert causes substantial consumer injury.

However, similar controls are not sufficiently applied to advertising on the internet.

The root cause of the problem is that most social media and e-commerce platforms accept advertising without proper controls or sufficient verification of an advertiser's identity as they enter commercial advertising relationships with them. Additionally, the problem is compounded by the fact that weaknesses exist in this system that enable advanced technologies to generate and place the adverts. These fraudulent adverts would have no purpose if it were not for larger failures of the online advertising system which allow fraudulent, infringing and otherwise rogue websites and domains to exist.

²⁰ Advice of the Digital Markets Taskforce (publishing.service.gov.uk)

What are the dangers?

- **Consumer risks** - Fraudulent adverts give innocent consumers a false impression of authenticity. Counterfeit goods are generally of poor quality, will not last, are not guaranteed, and may be dangerous.
- **Business and brand owners** - IP theft in the form of trade mark counterfeiting and copyright piracy stifles economic growth and job creation by discouraging innovation, reducing incentives for companies to invest in R&D, and inhibiting creative industries from realizing their full potential.
- **Data privacy** - Most fraudulent websites show a disregard for data privacy, including customer data, security, and financial information. Since these websites rarely implement online security features, consumers are often exposed to credit card fraud, identity theft, and other cybercrimes.
- **Organised crime** - As noted by EUROPOL, 'Trading in counterfeit products is a relatively low risk activity, involving minimal penalties whilst providing high profits, and will increasingly attract [organised crime groups] previously involved in other crime areas.'²¹ The fraudulent and infringing adverts discovered on Facebook, for example, often share similar characteristics, suggesting that organized crime groups or illicit networks are behind these fraudulent ad campaigns. Further evidence of a sophisticated, coordinated criminal approach is found in the common application of the deceptive/misleading technological features and techniques.

“The fraudulent and infringing adverts discovered on Facebook, for example, often share similar characteristics, suggesting that organized crime groups or illicit networks are behind these fraudulent ad campaigns.”

What needs to be done?

Enhanced 'Know Your Business Customer' protocols

It is imperative that websites and social media platforms know who they are working with when accepting payment for online adverts. By gathering and verifying an appropriate amount of data on who is utilising their advertising services, the platforms will be better able to (i) assess risk levels and proactively identify bad actors; (ii) avoid recidivist infringing activity from previously removed accounts; (iii) provide data on infringers to affected consumers, rights holders, and law enforcement.

Rigorous review of advertisement prior to publication

To ensure that their terms of service are being adhered to, and that no innocent consumers are being defrauded by fraudulent, scam advertising, all adverts published on a site or platform should be reviewed for infringing content, both proactively and where high risk has been flagged, manually. In addition, the external sites to which such adverts link should also be reviewed to determine their authenticity.

²¹ SOCTA. (2013). EU serious and organised crime threat assessment (SOCTA 2013). The Hague: European Police Office. Available at: <https://www.europol.europa.eu/activities-services/main-reports/eu-serious-and-organised-crime-threat-assessment-socta-2013>

Effective reactive measures against fraudulent advertisers

To act as an effective deterrent to illegal advertising activities, platforms must establish strong, effective, and enforced measures against advertisers who have been found to infringe their terms of service. This should go beyond termination of the advertising agreement and include actions such as removing the infringer's account and blocking the advertiser from the website or platform.

Ensure consumers and rights holders can report and share information about fraudulent advertisers

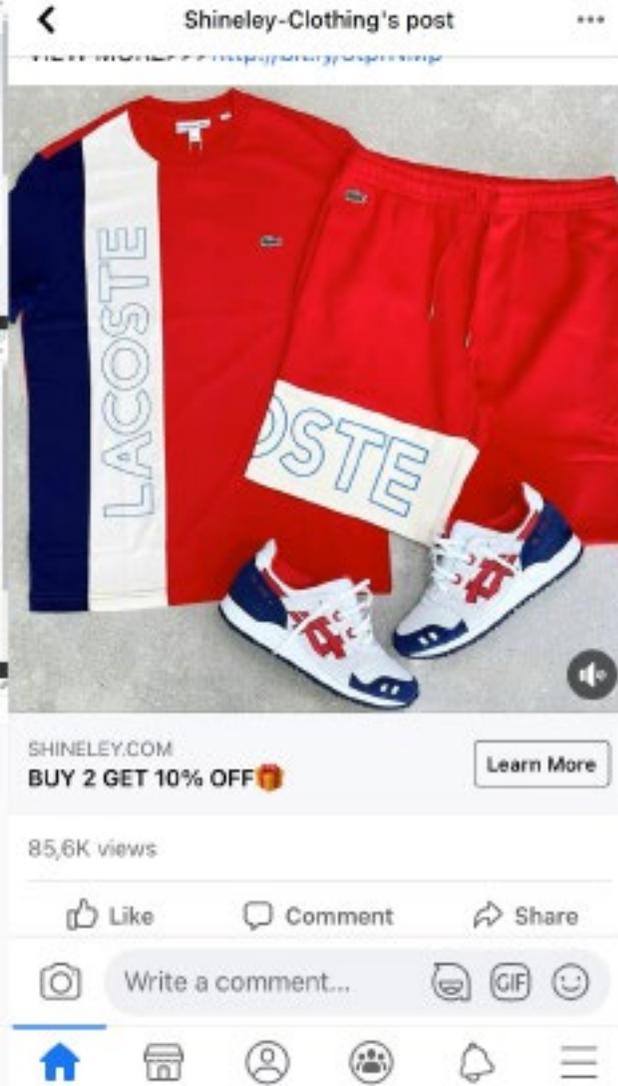
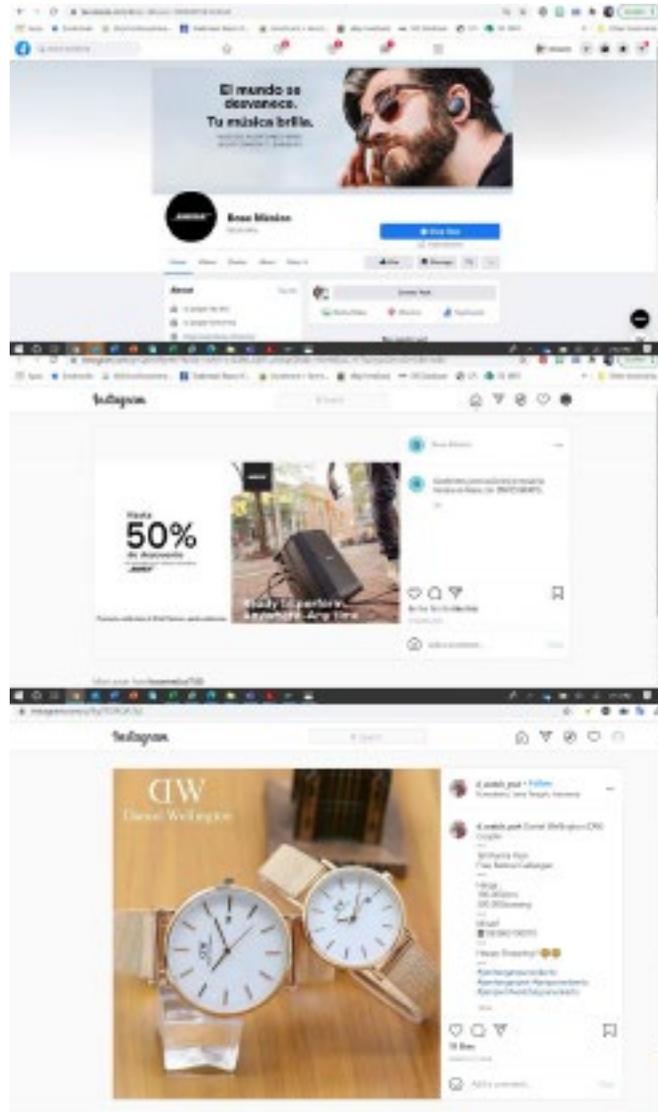
Until such time that advertising on websites and social media platforms have a robust system to prevent bad actors, there needs to be avenues for consumers and rights holders to share information that can be used to dismantle criminal networks currently operating on their platforms. Currently, while adverts can be reported and removed, platforms have been slow to implement system improvements and data sharing initiatives that could assist in blocking bad actors accessing advertising.

“Currently, while adverts can be reported and removed, platforms have been slow to implement system improvements and data sharing initiatives that could assist in blocking bad actors accessing advertising.”

Establish requirements for an e-business license for advertisers

Such a license would require verification of (i) financial disclosures that can be corroborated by third parties (e.g., bank statements), and (ii) physical location information that can be supported by government records or trusted third parties. Such a system could be accompanied by a central registry ideally, managed by a highly secure, disinterested party or industry group to maintain the licenses.

Examples of fraudulent advertising online:



UK INTERACTIVE ENTERTAINMENT (Ukie)

Ukie (UK Interactive Entertainment) represents over 500 companies that create and support the video games sector. With over 2,000 companies and 50,000 workers our mission is to ensure UK is the best place to make games.

Online

Game publishers and consoler makers make it harder to pirate games by implementing technical measures and the 'Free 2 Play' model. There is still a community that will 'crack' games and make them available online. At Ukie, we continue to monitor 200 websites where games are made freely available, removing over 250k links over the last 12 months. Infringing games files are often 20 or 30 GB which takes a long time to download therefore by removing 80% of all infringing links found within 24 hours prevents users completing the download.

Many game titles now have in-game purchasing options which has resulted in criminals exploiting the markets and players. From software to help cheat within the game or purchase cheap currency/in-game items the scale and size of the Unauthorised Digital Goods ('UDG') continues to grow. Working with payment platforms and hosting providers helps remove or restrict access to the websites and therefore stopping players potentially being victims of fraud.

Piracy and UDG sellers are moving to Messaging service to evade detection from more mainstream platforms. Services such as Discord, Telegram and WhatsApp are used to offer and sell items to buyers. Often, the gateways to these groups are social profiles which are reported to disrupt and prevent users gaining access to the illegal trading platforms.

Merchandising

There is still an issue with counterfeit merchandise as fans are eager to buy items of their favourite games. With print on-demand sites making it easy for a seller to make tens of thousands of branded items available, it has become a 'Whac-a-Mole' approach, finding and reporting the items as they are made available across all the major platforms.

“At Ukie, we continue to monitor 200 websites where games are made freely available, removing over 250k links over the last 12 months. Infringing games files are often 20 or 30 GB which takes a long time to download therefore by removing 80% of all infringing links found within 24 hours prevents users completing the download.”

Retro consoles

Availability of unlicensed retro consoles continues to be an issue as marketplace platforms enable international sellers, often from the Far East, to sell devices preloaded with thousands of game titles. UK based sellers purchase the devices in bulk and sell online or at events. By contacting sellers and taking down listings, Ukie is reducing the number of devices available and ensuring officially licensed items are promoted higher on the marketplace platforms.

Unlike other content industries (e.g. music, film), video console manufacturers are able to seek to restrict piracy through the use of security measures ('TPMs' or 'technological protection measures'), deployed on both consoles and authentic games. However, every generation of video game console has eventually been 'hacked' (i.e. the TPMs protecting against piracy have been circumvented), which then allows users to play unauthorised copies of video games for free. In most cases, the hack is in the form of a hardware device, such as a USB dongle or modification chip. These hardware devices are produced on a commercial scale, primarily in mainland China and then distributed throughout the world through physical retail outlets and e-commerce websites. These devices are commonly referred to collectively as '**circumvention devices**'. The most popular circumvention device for the Nintendo Switch is the SX Pro which together with the SX OS circumvents Nintendo's TPMs to allow the playing of unauthorised copies of Nintendo Switch games.

As the industry grows and changes so do the issues around IP infringement. Ukie working with the IPO, law enforcement agencies, Trading Standards and other partners continues to disrupt and prevent infringing activity.

“These hardware devices are produced on a commercial scale, primarily in mainland China and then distributed throughout the world through physical retail outlets and e-commerce websites. These devices are commonly referred to collectively as ‘circumvention devices’.”



CHAPTER 3



TACKLING IP CRIME – OVERVIEW

Two distinct, successful approaches to enforcement during the time of COVID-19 characterise the IP Crime Group's record during this period. The UK Intellectual Property Online Protection Group (IPOP) nurtures contacts, networks and partnerships across the IP crime protection landscape. The awareness of the need to attract more partners from different sectors, to connect to law enforcement authorities and the legal profession itself, to engage with policy development and delivery, brand owners and technical specialists, and to deepen our understanding of the motives for IP crime, is work that will secure the success of the IP Crime Group in the future. Connectivity is our strength.

At the same time, the reports from Trading Standards Officers and from the ACG demonstrate the equal importance of a determination to act. Collaborations between the ACG, PIPCU and other Police Forces, Trading Standards and Border Force authorities throughout the UK, notwithstanding the difficulties associated with delivering successful, complex operations on the ground, show resilience and confidence. NMG cites its own involvement in operations like Big Ben and Beorma during this difficult period.

PIPCU's success through online operations like Ashiko and Creative is underlined by its news that North West PIPCU is operational and has already seized counterfeit goods worth £1.7m. The Premier League reports delisting over 400m links to live streaming via Google, whilst independent IP enforcement specialists, TM Eye and Snap Dragon, demonstrate the value of brand-driven enforcement action delivered by specialist practitioners with specialist knowledge and know-how and clearly defined objectives. TM Eye alone accounted for 80% of all the prosecutions in the UK for trade mark offences in 2020.

“The Premier League reports delisting over 400m links to live streaming via Google, whilst independent IP enforcement specialists, TM Eye and Snap Dragon, demonstrate the value of brand-driven enforcement action delivered by specialist practitioners with specialist knowledge and know-how and clearly defined objectives.”

‘Half of all illegal streamers get hacked’.

FACT, the ACG and the IPO through its long-term collaboration with Aardman Animations, all report on continued public engagement. FACT's ability to implement new, relevant ideas, like the slogan above, and place them in the right places (in this case onscreen in empty football grounds as Premier League matches were televised), alongside successful long-term projects, like The Industry Trust for IP Awareness' *Find any Film* and Crimestoppers campaigns, characterise inventive approaches to public IP crime awareness raising. They recognise our own brands and develop them with the same sense of stewardship the brand owners we seek to protect employ.

Training

A key aspect of our work, alongside outreach to consumers and new contacts, is the dissemination of best practice within our group. Members of the ACG offered training on IP enforcement to 1,100 Trading Standards Officer and 904 Border Force officials and its members also delivered workshops to practitioners in the USA and Russia through the delivery of training online.

International

PIPCU, through its work with Brazil's ANCINE and ANATEL, in association with US enforcement agencies, launched Operation 404, a ground-breaking international IP crime prevention collaboration. Operational effectiveness is the light that guides administrative specialists in the sphere of international cooperation and Operation 404 exemplifies this. In this report, the background work the UK has engaged in by developing contacts with the Brazilian law enforcement agencies is showcased. Similarly, the ACG's commitment to connectivity underpins the fact that combined strategies, involving networks of practitioners, spanning borders and cultures is an essential aspect of our work. The global nature of IP crime demands an international response and the contributions from the Transnational Alliance to Combat Illicit Trade (TRACIT) and American Apparel & Footwear Association (AAFA) demonstrate how the IP Crime Group continues to build productive partnerships.

“In this report, the background work the UK has engaged in by developing contacts with the Brazilian law enforcement agencies is showcased. Similarly, the ACG's commitment to connectivity underpins the fact that combined strategies, involving networks of practitioners, spanning borders and cultures is an essential aspect of our work.”

3A CONNECTIVITY

ELECTRICAL SAFETY FIRST

Consumer Campaigns

A key part of Electrical Safety First's work involves running high profile media campaigns, to raise consumer awareness of electrical risk and encourage behavioural change.

In addition to our own, specific campaigns – many of which focus on the dangers of counterfeit and substandard electricals - we also 'piggyback' onto dedicated national or international events, such as Black Friday, to obtain maximum exposure of our safety message. This year, our media activities focused on the risks of buying from online, third-party sellers, in support of our policy work addressing the online sales of fake and substandard electrical goods. Information on our accompanying public affairs work in this area can be found under Partnership and Liaison Activities.



**BUYING SMART
TECH THIS
CHRISTMAS?**

MAKE SURE YOU BUY DIRECTLY FROM THE
MANUFACTURER OR A HIGH STREET NAME YOU KNOW
AND TRUST TO AVOID COUNTERFEIT PRODUCTS

Electrical Safety First

Electrical Fire Safety Week 23 - 29 Nov 2020



**HEADING ONLINE
TO SHOP FOR GIFTS
THIS CHRISTMAS?**

WATCH OUT FOR COUNTERFEIT AND SUBSTANDARD
ELECTRICAL PRODUCTS THAT POSE A HIGH RISK
OF ELECTRIC SHOCK OR FIRE

Electrical Safety First

Electrical Fire Safety Week 23 - 29 Nov 2020



**ARE YOU BUYING YOUR
CHRISTMAS GIFTS
ONLINE?**

BUY DIRECTLY FROM THE
MANUFACTURER'S WEBSITE OR FROM A
TRUSTED HIGH STREET NAME

Electrical Safety First

Electrical Fire Safety Week 23 - 29 Nov 2020

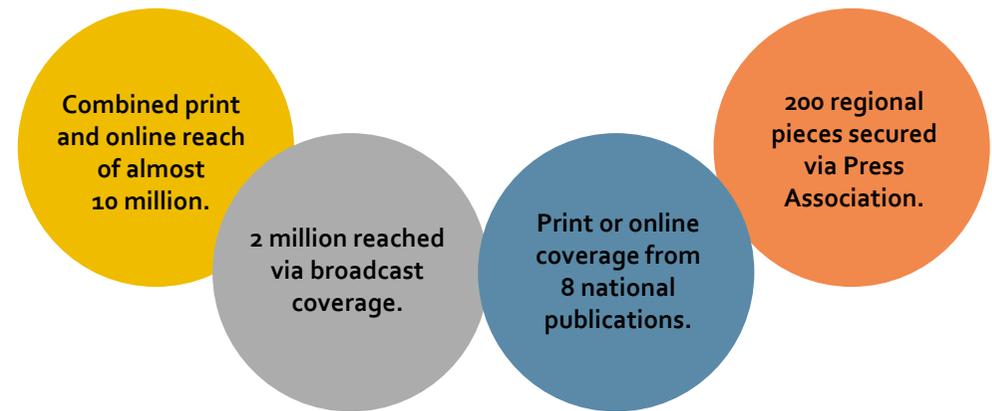
Hair-Raising Buys - May 2020

Over the last year, COVID-19 and the pandemic have accelerated social and cultural change. One example of this is the increasing move to online shopping - another is a more 'DIY' approach to personal care. As beauty salons and hairdressers were forced to close, people wanted to recreate the salon experience at home.

In May 2020, we ran a campaign around the risks of buying beauty products online from third-party sellers – urging consumers to only shop online from tried and trusted retailers and manufacturers (As previously noted, in multiple investigations we found substandard and counterfeit electrical products easily available from third-party sellers via online marketplaces). The campaign was informed by our consumer research²², which showed that 40% (just over 21 million) of people in the UK had already bought, or planned to buy, an electrical beauty product from an online marketplace to use during lockdown. In support of the campaign, our in-house technical experts undertook a visual assessment of a snapshot of such items available on Amazon Marketplace, eBay and Wish.com. We found all were substandard or fake.

Extensive media coverage was gained, in print, online and via broadcast media. Coverage included, The Daily Mirror, The Independent, The Sun and ITV.com

Coverage for Hair Raising Buys Campaign



Electrical Fire Safety Week November/December 2020

An annual event, involving a number of different bodies, Electrical Safety week saw the Charity continue with our theme of buying safely online. The media campaign focused on forthcoming Christmas shopping, as our research found 59%²³ of people in the UK were preparing to buy their gifts online. The Charity also produced a number of short videos for Trading Standards Scotland, with tips for safe online shopping during the festive period.

Digital Tools for consumers

We have developed a range of free apps and tools to help people reduce electrical risk, including our 'Check It Out'²⁴ browser extension. This alerts shoppers when they are buying an electrical product from a third-party seller on Amazon and eBay. Initially available on Chrome, this year we launched versions for Firefox, MS Edge and Safari. In 2021, the extension will be further developed to encompass other marketplaces, including the increasingly popular Instagram Marketplace.

²² Research undertaken by Censuswide for ESF, from 11.5.2020 – 12.05.2020, with a sample size of 2009 adults, representative of the general population.

²³ Research undertaken by Censuswide for ESF, from 26.10.2020 – 29.10.2020, with a sample size of 3002 adults, representative of the UK general population.

²⁴ <https://www.electricalsafetyfirst.org.uk/check-it-out/>

Expert Comment - Using Our Voice

As Electrical Safety First is recognised as the expert voice in home electrical safety, our investigations and comment are often covered by national print, broadcast and online media. In addition, we provide support to media investigations into substandard and counterfeit products and their impact on consumers.

Examples of recent expert comment in the media include appearances on ITV's *Tonight* programme and the BBC's *Watchdog*, where we reviewed the programme's own investigations into dangerous electrical products sold online.

Partnership and Liaison Activities

We live in an electric world, where electrical safety requires a 360-degree approach. So collaborative work is as necessary to us as our consumer awareness activity. Electrical Safety First often operates in partnership and liaises with a range of stakeholders - including Trading Standards and the Office for Product Safety and Standards (OPSS) - as well as manufacturers, retailers and consumer protection bodies. We also work with policymakers to develop electrical safety legislation on issues such as counterfeits, online sales platforms, recalled and safer products, and the smart home.

Office for Product Safety and Standards (OPSS)

Back in 2018, an Electrical Safety First report, *Hot Bargains, Killer Deals*, had highlighted issues – including counterfeits, or recalled or unchecked items - around second-hand electrical goods sold online. This led to OPSS commissioning the Charity to undertake an initial scoping of the offline sales of second-hand electrical goods in the UK market.

Following a pilot study, eight regions were investigated and a range of 222 second-hand outlets were visited, providing a representative sample of the UK market. Selection criteria included Indices of Multiple Deprivation, to confirm assumptions regarding poverty and supply/demand for second-hand electricals. Research outcomes showed a sustained appetite

for second-hand electricals via offline sales, with a significant number being sold untested for safety, recall status, or identification as the 'genuine' product.

Our research also highlighted a need for risk mitigation through increased legislative awareness and enforcement. So, in collaboration with the Chartered Trading Standards Institute and supported by OPSS, Electrical Safety First developed a dedicated training programme for TSI Officers. Initially intended to run in August 2020, the pandemic only slightly delayed the programme, which took place online between 14 and 30 of September. Providing key information for identifying substandard, counterfeit and dangerous electricals, the programme reached 334 TSI Officers throughout the UK. We entered this training programme into the OPSS Regulatory Awards, where it was recently awarded 'Highly Commended'.

Facilitation

We take a joined-up approach to electrical safety, including brokering relationships to support our aim of reducing electrical risk.

Wireless Power is a consortium which has developed a programme allowing an automated verification of compliance with safety standards and other regulatory requirements. While the application has been adopted by Amazon USA and Amazon Japan, as a means of identifying fake and substandard products on their platform, it has yet to be adopted by Amazon UK or Amazon Europe. Electrical Safety First facilitated contact between Wireless Power and the OPSS, to contribute to the latter's Product Safety Review call for evidence.

Government Engagement and Awareness Raising

Electrical Safety First is committed to highlighting the dangers of electrical counterfeits and substandard goods in its engagement with Westminster and the Devolved Governments. Our activities include providing briefings and supporting legislators in raising critical electrical safety issues, through parliamentary questions, debates and consultations.

Pre-pandemic, the Charity undertook a rolling programme of events to engage with parliamentarians and influencers throughout the UK. While lockdown has obviously precluded these, regular communication has continued, with a particular focus on how readily dangerous electrical items are available from online platforms.

Legislative Development – Online Harms Bill

Repeated calls for online marketplaces to take responsibility for the products sold on their websites has not been heeded. So Electrical Safety First welcomed the Government's plan for an Online Harms Bill, outlined in a White Paper published in April 2019.

The stated intention was for the Bill to establish a system of accountability and oversight for tech companies. It encompasses a range of 'harms' arising from social media, fake news or frauds, that are widespread on the web. But we consider online harm to go beyond the Government's current definition, because dangerous electrical goods can have a life-changing impact. This becomes particularly important given the rising tide of counterfeit and substandard electrical products - which our research has found is focused on online outlets.

Electrical Safety First, supported by other key stakeholders, campaigned strongly for the Online Harms Bill to include electrical goods. Our media campaigns reinforced our call for the Government to better regulate online marketplaces and we launched an online petition in support of this call in October 2020. By the end of March 2021, we had over 25,000 signatories. Almost 8,000 emails and 1,700 tweets were sent by signatories to their MPs, asking them to support the Bill – with every sitting Westminster MP contacted by at least one of their constituents.



However, despite extensive campaigning by the Charity and other interested parties, the Online Harms Bill has failed to address the growing problem of unsafe electrical items sold by online marketplaces. In response, we have developed material for an approach which would make online marketplaces legally responsible for hosting listings of potentially dangerous electrical products for sale. And ensure they have the same responsibilities to protect consumers from unsafe products as high street wholesalers and retailers. We are now exploring other avenues to address this important – and currently neglected - issue.

In other work, we have been closely involved in the development of Scotland's new consumer protection body, Consumer Scotland. Our amendment to the Consumer Scotland Act related to the new body establishing a recall database. However, Consumer Scotland will have a wide remit to investigate areas of consumer harm, which we expect will be extended to reviewing the dangers of counterfeit and substandard electrical items, in the future.

All-Party Parliamentary Group (APPG) for Online and Home Electrical Safety

Electrical Safety First acts as the secretariat for the APPG for Online and Home Electrical Safety, a cross-party group of MPs concerned with protecting consumers from electrical risk. Its purpose is to raise parliamentary awareness of issues relating to electrical safety in the home and to promote the prevention of accidents from electrical products. In recent years, the APPG has been increasingly concerned with online sales and has worked to expand the scope of the Government's forthcoming Online Harms Bill, to include dangerous counterfeit and substandard products being sold online.

Working Groups and Initiatives

Electrical Safety First engages with various bodies to promote product safety and compliance. Our Chief Executive, Lesley Rudd, is a member of ESSAC, the Electrotechnical Standardization Strategic Advisory Council - which provides the British Standards Institution with high-level, strategic advice and guidance for the UK's electrotechnical industry.

Our Technical Director, Martyn Allen, also sits on the Electrotechnical Market Surveillance (EMS) Group, an industry-led body concerned with electrical installation equipment. Its objective is to ensure all items, from switches to cables, are safe, compliant and genuine. And our Communications Director, Emma Drackford, is a member of the Emerging Risk and Product Issues Group, a roundtable of retailers and manufacturers who look at product safety trends and issues affecting the retail market. We also continue to collaborate with the Anti-Counterfeiting Working Group, and the National Consumer Federation.

The Charity was formerly a member of the Government's Working Group on Product Recalls and Safety, which helped establish the Office for Product Safety and Standards (OPSS). We have continued to develop our relationship with the OPSS, with information on some of the work we have undertaken for it detailed previously.

Electrical Safety First is also a member of key British Standards Institution (BSI) committees, including: CPL/61 *Safety of Household and Similar Electrical Appliances*; PEL/22 *Power Electronics*; PEL/33 *Power Capacitors*; and EPL/108 *Safety of Electronic Equipment Within the Fields of Audio/Video, Information Technology and Communication Technology*.

EU Engagement

IMCO - Internal Market and Consumer Protection Committee of the European Parliament.

While the Charity has maintained communication with IMCO - which oversees the legislation for the EU's rules on the Single Market - liaison following Brexit and a pandemic has, inevitably, been limited. Consequently, we campaigned on key product safety issues, which were previously raised in Brussels, to be addressed by the UK's forthcoming Online Harms legislation. (As this was unsuccessful, are now exploring other avenues to address this important but neglected issue). European liaison is also maintained through our engagement with various European and international bodies, with some examples below.

CENELEC - European Committee for Electrotechnical Standardisation

Agreed standards are an important tool in addressing the increase in counterfeits by offering an acknowledged means of identifying a genuine article. The CENELEC platform supports experts in developing a range of European standards. The Charity had campaigned strongly – and successfully - for the UK to retain full membership of CENELEC after Brexit. Our work with CENELEC continues through our membership of British Standards Institution (BSI) Committees.

International Engagement

Electrical Safety First was invited to take part in a major report undertaken by KPMG for the Electrical Safety Authority (ESA), which has jurisdiction over Ontario, Canada. The report was commissioned in response to the growing sales of consumer electrical products being sold on digital marketplaces. To establish best practice, the ESA wanted to

understand how other jurisdictions around the world -namely, the UK, US (California and Florida) and South Korea - are regulating and adapting to this global trend.

Speaking Engagements

Our Technical Director of the Charity, Martyn Allen, is a regular speaker on product safety issues, from counterfeits to sustainability, at a number of high-profile industry and consumer protection events. Most recently, Martyn presented at the 2020 annual International Consumer Protection Health and Safety Organisation (ICPHSO) conference and was a keynote speaker at a major international brand event.

Community Engagement

Electrical Safety First believes that by supporting grass-roots organisations through project-based partnerships, we can provide a direct benefit to communities. We established our Fire Safety Fund over a decade ago, to help organisations undertake activities or campaigns which reduced the number of fires in UK homes, many of which arise from substandard or counterfeit electrical products. Funding has been awarded to diverse organisations, including regional Fire and Rescue Services, Trading Standards, Local Authorities, and charities. In the last round of awards, 18 organisations received funding of up to £5K for regional initiatives.

As a result of the pandemic and the accompanying lockdown, many of the activities planned by award holders could not be undertaken. We are also aware that COVID-19 and the current economic climate have created new challenges for those we aim to help. So, we are currently reviewing the Fire Safety Awards, to identify areas of improvement and best meet the needs of the vulnerable groups and individuals we support.

Supporting Enforcement

Our product safety screening programme allows us to identify and communicate potential safety issues and make a visible contribution to both market surveillance and standards development. The Charity follows up all identified product failures, liaising with the retailers and manufacturers concerned - and ensures that the relevant authorities are always informed of our actions. Our product research outcomes are detailed in reports that support evidence-based policies, as well as informing our consumer awareness campaigns and best practice support for industry.

Electrical Safety First also has a long-standing relationship with Trading Standards, throughout the UK, and we have been able to provide a range of training to support the identification of counterfeit and substandard electrical items. Most recently this developed via a training programme arising from our research for the OPSS. We also work closely with Trading Standards when our research identifies an unsafe electrical appliance, to help remove these products from the UK market and support related enforcement activities. And we continue to make available our 'Plug Checker' - a simple device which helps easily identify if a plug is not compliant with UK regulations – to TS Officers throughout the UK.



“Funding has been awarded to diverse organisations, including regional Fire and Rescue Services, Trading Standards, Local Authorities, and charities.”

INDUSTRY TRUST



Promoting the value of
copyright and creativity

As the UK film, TV and video industry's consumer education body, **The Industry Trust for IP Awareness** finds new and sustained ways to tackle an ongoing problem: video piracy, in its many forms.

2020 presented unprecedented challenges that few predicted, and which fundamentally changed the lived experience of many. However, while cinemas sadly shuttered during lockdown, Trust insights showed that piracy persisted and, in some cases, increased. As such, the work to encourage behavioural change in current infringers, and to dissuade non-infringers from taking their first steps into illegal piracy, continues to be critical. The latest Trust insights produce vital information around the impact of COVID-19 on infringement behaviours, as well as providing new opportunities to fight the ongoing battle against content theft.

Research: The Insights That Drive Us

A central purpose of the Trust is to provide members with invaluable data powered by the most recent research. These findings are updated and shared quarterly via our ongoing 'infringement tracker'.

In September 2020, new Trust research revealed that those who illegally download or stream TV, film and sport content face a higher risk than ever of negative personal and financial consequences. From viruses and hacking to identity theft and fraud, our figures demonstrated that more than half of current copyright infringers have fallen victim to at least one of these adverse effects, a significant increase from 2019.

Nearly one third of people (**29%**) illegally accessing content online have been infected with a virus, malware or ransomware, an increase of **14%** since December 2019. And, while viruses and malware present a risk to the safety and security of consumers' devices, illicit streaming sites also pose a growing threat to users' personal and financial details, with the number of consequential victims of fraud doubling in the last eight months alone. Subscribers to those illicit streaming sites face an even greater threat of serious fraud with over **a quarter** falling victim to serious fraud, as well as other immediate financial threats such as multiple charges for single transactions.

The Trust's goal is for audiences seeking out entertainment online to enjoy the safest, best quality experience they can – something which is even more vital when research shows that infringers are also more likely to spend heavily across legal routes to purchase.

Stop At Search

The Trust continues to join forces with wider creative industry partners to accelerate the delivery and impact of cross-industry education efforts. That effectiveness is showcased clearly by the success of and sustained engagement in our Crimestoppers campaign, which highlights both the risks and illegality inherent to infringement at the point of search. Presented under the Crimestoppers banner and crafted in collaboration with the MPA, Premier League and Sky, the fifth phase of this successful, disruptive search campaign has demonstrated its value with clarity delivering over **12m** impressions across both PPC and Banner Adverts. A post-campaign commissioned study also confirmed that users exposed to the campaign were **86%** less likely to search for illegal streams.



Further bursts of activity will run across 2021 as the campaign consistently overperforms against expectations and performance indicators.

New Generation, New Behaviours

As part of the Trust's educational strategy, a new school resource was launched in November 2020, focusing on the value of intellectual property, and developed in partnership with the advertising industry's educational body, Media Smart.

Focusing on film and TV piracy and the impact that it has on the creative industries, the resource introduces key concepts of copyright and copyright infringement to **11–14-year-olds**. By encouraging them to reflect on their choices when considering whether to illegally access content by exploring the risks to individuals, the campaign highlighted the associated impact on the film and TV industry, and wider links between copyright infringement and organised crime. Through real life scenarios and an engaging film featuring influencer [Luke Franks](#) and Sky One presenter [Jacqueline Sheppard](#), students were encouraged to identify the consequences and impact of piracy and to assess how serious they can be. Since launch we have seen **1,012** total educational resource downloads and over **1000** views per month within the MediaSmart [website](#).

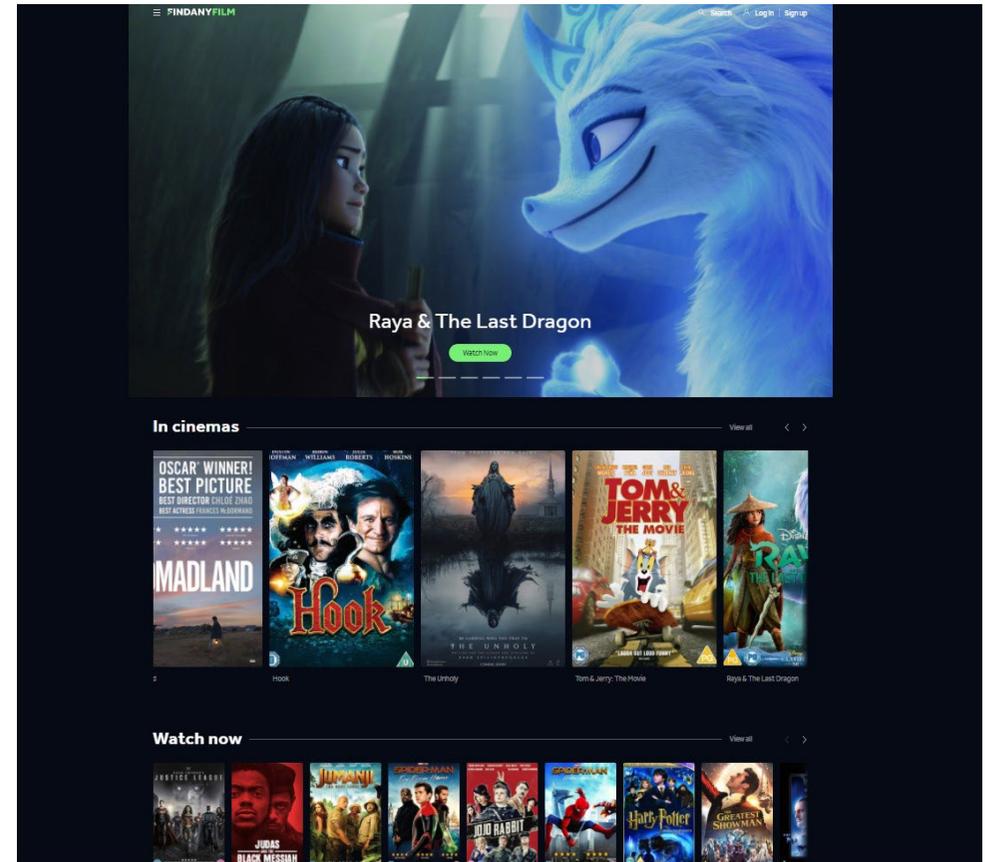




Search For Legal Sources – FindAnyFilm

FINDANYFILM.com

As the only official industry-approved search, find and watch tool for UK consumers, FindAnyFilm allows users to access content across all genres, from blockbuster films to cult classic boxsets. The site serves and provides an essential call to action for all anti-piracy outreach, meaning that using FindAnyFilm.com ensures that consumers in the UK can be certain that the content they love comes from a legitimate source, avoiding the personal risks inherent in accessing pirated content. Consistently being upgraded and evolved to meet the ever-demanding needs of the UK population, recently the Trust integrated Disney+ content into the service, allowing FindAnyFilm users to search, find and watch Disney content across all formats; from cinema screenings to physical disc, digital transactional and now SVOD.



INTELLECTUAL PROPERTY OFFICE (IPO)

IPO Education Hub

We engage with teachers and educators throughout the UK to inform and educate about intellectual property and to encourage young innovators and creators to raise their awareness of Intellectual Property Rights (IPR).

We work with educational establishments and organisations promoting the importance of intellectual property and the role it plays in business.

The Campaigns and Education team also use an array of social media channels to promote our resources and the importance of intellectual property. On our dedicated website www.crackingideas.com we host a broad range of teaching and learning materials related to intellectual property, plus projects and activities.

With schools from all regions returning to face-to-face learning in March, we refocused our attention to targeting teachers with our resources and Cracking Ideas competition. Work with TES (Times Education Supplement) continued to showcase and demonstrate the value of teaching IP as part of wider key skills of value to responsible citizenship and career prospects. [Three articles](#) appeared on nurturing innovation in young people, piracy and creator and engaging activities to introduce IP. The articles have been positive in directing traffic to our resources and site and users.

The Cracking Ideas competition has had a challenging start to the year, with distance learning impacting on engagement and downloads. We have selected partners with complimentary objectives / audience to disseminate the competition. First News, a weekly tabloid & digital newspaper ran a mini challenge which has so far generated a significant proportion of total entries. In addition, we launched a challenge with 'Kids Invent Stuff', a YouTube channel that brings young people's inventions to life, which will run from March to May.



With the continued challenges in reaching teachers whilst they are covering the curriculum under tighter time constraints, we have chosen to work with partners with existing routes to our audience. In June, we will present at Big Bang Digital, the 20 minute talk, fronted by Senior Patent Examiner, Dr Mark Lewney 'The Future ain't what it used to be' presents a history of the future exploring fundamental unpredictability and how science and technology will change in the coming decades.

Continuing with Big Bang, for the first time we will sponsor an award at the annual Big Bang Competition. The prestigious awards crown the GSK UK young engineer and young scientist and will be announced alongside the Big Bang Digital. 'The Intellectual Property Office award for Outstanding Innovator' will recognise a project that answers the challenges of today and demonstrates a significant technological, design or cost improvement on what has previously been available. The winner will be announced in late June.

The final of the Cracking Ideas competition and the mini challenge with Kids Invent Stuff will be announced in June. The winning entry judged by Aardman will win an Aardman model making session for the school. Whilst the Kids Invent Stuff winner will be unveiled in a YouTube film in early July once the design has been built and tested.

“Continuing with Big Bang, for the first time we will sponsor an award at the annual Big Bang Competition. The prestigious awards crown the GSK UK young engineer and young scientist and will be announced alongside the Big Bang Digital.”

IP in Practice – IP Enforcement Training for Trading Standards Officers

The IPO has continued to fully fund and contribute content for contractor delivered training for Trading Standards Officers during 2020/21, moving to an online delivery model and restructuring all our content to ensure it works in this environment. Courses have successfully been delivered via Teams and feedback from course attendees is very positive.

Trading Standards Officers continue to support IP Crime work in their Local Authorities and with a recent recruitment of new officers we are encouraging all Authorities to take up our offer of fully funded training. In 2020/21 we trained 190 Trading Standards Officers in the North East, North West, Central and East of England regions.

In April and May 2021, we trained another 77 officers in the London and Wales regions.

UK INTELLECTUAL PROPERTY ONLINE PROTECTION GROUP (IPOP)

The UK Intellectual Property Online Protection group (IPOP) is uniquely positioned as a collective of experienced and successful practitioners in online investigations working together to develop initiatives and to share best practice on the protection of intellectual property, using an evidence-based approach derived through international standards.

“IPOP meets quarterly and facilitates dedicated groups addressing the key threats its members face together (currently these are focussed on hosting infrastructure, payments for counterfeit and piracy, and advertising).”

IPOP’s members span Government, Law Enforcement, leading Trade Associations, Rights holders, Internet Service Providers and Broadcasters. IPOP meets quarterly and facilitates dedicated groups addressing the key threats its members face together (currently these are focussed on hosting infrastructure, payments for counterfeit and piracy, and advertising). IPOP’s chair is Phillip Davies, Group Director for Anti-Piracy Partnerships for Sky, and Deputy Chair is Eddy Leviten, Chief Operating Officer at FACT and former Director General of the Alliance for IP.

IPOP seeks to build collaboration within industry and with external partners to better tackle the threat of IP crime. IPOP members support the UK IPO in building the national threat assessments and support research for the UK IP Crime report. IPOP also supports law enforcement, CPS and other Government agencies in knowledge building and training.

IPOP has helped steer work that will be directed through the IP Crime Group focussing on hosting; gathering and sharing intelligence on providers that are compliant and also on those that will require intervention and/or enforcement action. This will form part of the UK’s strategy for improving the IP landscape and generate best practice that can be applied globally.

3B ACTION

ANTI-COUNTERFEITING GROUP (ACG)

The ACG and its members continue to be at the forefront of several campaigns and initiatives to reduce the availability of counterfeit goods and evidence the scale of this serious criminal activity.

Through its Intelligence and enforcement coordination role the ACG have:

- Worked in partnership with the National Markets Group, National Trading Standards and Local Authority Trading Standards, teams providing actionable intelligence, physical assistance on raid actions, transportation, storage, and destruction of seized items thereby reducing the financial burden on enforcement partners and enabling them to take more intelligence led multi-agency actions. ACG and members have invested thousands of pounds in transport, storage and resource costs in order to enable these actions to take place.
- Continued to work in partnership with Manchester City Council, Greater Manchester Police, North West PIPCU and others under the auspices of Operation MAGPIE, developing new and innovative ways to reduce the availability of counterfeit goods in the Strangeways area of Manchester.
- Initiated joint intensification exercises with Border Force at Heathrow resulting in the detentions of tens of thousands of counterfeit goods and the identification of supply chains and UK based traders.

“ACG and members have invested thousands of pounds in transport, storage and resource costs in order to enable these actions to take place.”



Image: ACG's intensification exercise with Border Force at Heathrow Airport

- Supported through intelligence led coordination and physical support, other National operations such as Operation BEORMA, Operation BIG BEN and others.
- Initiated Operation CAROL, focusing on the sale of counterfeit goods on Facebook in the run up to Christmas 2020. This multi-agency operation saw the removal of over 100,000 infringing listings from the platform and 95 prolific traders reported to the authorities.

In addition to our support of direct action, ACG have engaged with an array of enforcement partners including:

- Border Force at Coventry International Postal Hub, Southampton, Felixstowe, Heathrow Airport, Birmingham Airport, East Midlands Airport, Langley postal hub;
- Trading Standards authorities including – RCT, Merthyr Tydfil, Swansea, Carmarthen, Torfaen, Ealing, Kent, Essex, Suffolk, Wandsworth, Caerphilly, Devon and Somerset, Glasgow, Aberdeen, Nottingham County, Liverpool, North Yorkshire, York, East Sussex, West Sussex, Surrey, Flintshire, Gwynedd, Powys, Newport, Blaenau Gwent, Cambridge, Warwickshire, Hertfordshire, Lincolnshire, Sheffield, Leicester City, Leicester County, Manchester, Salford, Brent & Harrow, Camden, Northern Ireland, Nottingham City, Tower Hamlets, Barking & Dagenham and Birmingham;
- Police – PIPCU City of London, Metropolitan Police, Sussex, Devon and Cornwall, South Wales, Gwent, Dyfed Powys, Northern Ireland, Garda, West Mercia, Surrey, Avon and Somerset and Greater Manchester Police and Lincolnshire Police;
- Other - Intellectual Property Office Intelligence Hub, National Trading Standards e-Crime Team, National Trading Standards Intelligence Team, HMRC, Border Force and the Government Agency Intelligence Networks.

Provided training and awareness sessions:

- The pandemic restricted ACG's ability to run its IP roadshows which are normally held four times a year. However, the secretariat adapted its offering and provided virtual training programs, reaching even more enforcement and government officials during the reporting period.
- 1,100 Trading Standards Officers received training from ACG and member brands on product identification and emerging trends.
- 904 Border Force Officers from across the UK also received training on supply chain routes and product identification, enabling them to detain goods on entry to the UK.

These training days raise awareness amongst law enforcement and government agencies and allow enforcement and government partners to interact with ACG member brand representatives to learn more about product counterfeiting, methodology of the counterfeiter, how to spot a fake as well as input from key IP organisations such as Chartered Trading Standards Institute, Office for Product Safety and Standards and the Intellectual Property Office.

- The virtual training environment provided new opportunities to reach a more diverse audience so, in addition to the enforcement agency training, the ACG ran two international awareness sessions focusing on the IP enforcement regimes in the USA and Russia. Representatives from customs organisations and legal experts from the relevant countries, as well as UK Border Force and lawyers, presented on a range of topics to an audience of 218 global brand industry representatives.
- Roundtable discussions with online platforms completed the ACG's virtual training opportunities to our member brands and partners with sessions being held with eBay, Amazon, Alibaba and Pinduoduo.

ACG is recognised for its lobbying ability, networking and its intelligence coordination role. The aforementioned projects, along with other similar activity, enabled ACG to lobby and influence government to address major counterfeiting activities in the UK. We are founder members of the IP Crime Group and value that membership and the benefits that the group brings to strengthen the UK's ability to tackle this criminality.

“Representatives from customs organisations and legal experts from the relevant countries, as well as UK Border Force and lawyers, presented on a range of topics to an audience of 218 global brand industry representatives.”

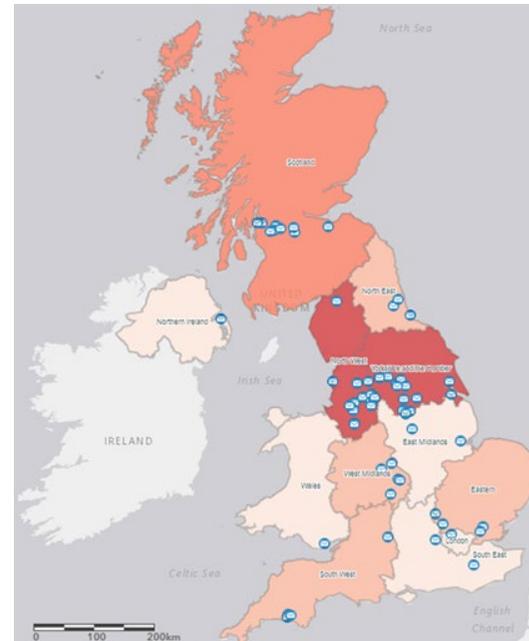
FACT

COVID-19 has posed challenges for FACT. The pressures on police and Trading Standards resources have led to delays in ongoing investigations and actions of up to 12 months and we are now also aware of pressures in the courts. We continue to present intelligence and reports to law enforcement and hope that the return to normality will see cases progressed and cases coming to court.

FACT operations continue to target lower-level offenders selling ISDs and IPTV subscriptions on social media. These provide unauthorised access to our client's content. This is a very effective strategy with an overall success rate of over 90%. A total of 84 'cease and desist' notices were sent out over the last year, with 70 offenders fully removing infringing content following receipt of a notice. Investigations into 14 cases continue, prosecutions will be targeted at continuous offenders.

This map shows the locations of offenders targeted by 'cease and desist' notices this year.

"A total of 84 'cease and desist' notices were sent out over the last year, with 70 offenders fully removing infringing content following receipt of a notice. Investigations into 14 cases continue, prosecutions will be targeted at continuous offenders."



FACT map – locations of where 'cease and desist' notices were issued during 2020-21

Awareness raising

FACT have continued to raise consumer awareness of the risks associated with illegal content with several waves of messaging over the last year in the form of promoted tweets, display advertising and banner advertising. In October and November 2020, FACT-branded adverts were hosted on the perimeter of 12 Premier League matches, warning of the risks of illegal streaming using the theme of cybersecurity. Consumers have also been targeted with promoted tweets and banner and display advertising directing consumers to landing pages hosted on the FACT website.



Image: FACT-branded adverts hosted on the perimeter of 12 Premier League matches, warning of the risks of illegal streaming using the theme of cybersecurity.

WELCOME TO THE DARK REALITY OF STREAMING

The temptation to search for pirated content increases when times are tough. And times are tough. But that one illegal download could create a whole host of unexpected problems – that's why we're here to tell you the facts.

Contrary to popular belief, illegal streaming isn't a Robin Hood crime. Hackers, fraudsters and cybercriminals want to harvest your data for all sorts of reasons, but saving you money isn't at the top of their list. Unfortunately, it's quite the opposite.

That free movie download or discounted stream of the big game could come at a cost. It could involve hacking your device. Or worse, using that device to access your bank and credit card details.

Watching unauthorised TV content is illegal – and action is being taken

Streaming, downloading or sharing unauthorised TV content, film or sports content is a crime.

Report It

Have information on counterfeit goods or online piracy? Report it anonymously now.

Image: Sample of information landing pages hosted on the FACT website, linked from promoted tweets and banner and display advertising

Co-ordinated action

In September Norfolk and Suffolk Constabulary Cyber Intelligence and Serious Organised Crime Directorate issued individual warning notices to thousands of consumers of an illegal streaming service called GE Hosting. A notice was also displayed to consumers when they tried to access the service from their devices. To ensure a coordinated media response and provide support for this action, the press release was issued under FACT branding.

In December 2020, Lancashire Police sent similar 'cease and desist' notices to more than 7,000 consumers believed to have been using an illegal IPTV service. The subscriber list to the service was obtained after officers executed a warrant and arrested a man in connection with suspected illegal streaming of premium TV channels, fraud and money laundering. Two high value cars, designer clothes, jewellery and handbags were also seized from the address. FACT developed communications initiatives around this activity and commented on it in the media.

“In October and November 2020, FACT-branded adverts were hosted on the perimeter of 12 Premier League matches, warning of the risks of illegal streaming using the theme of cybersecurity.”

NATIONAL MARKETS GROUP FOR IP PROTECTION (NMG)



New/Ongoing Initiatives/Coordinated action

The NMG continues to lead the work to reduce the availability of counterfeit and pirated goods at markets, car boot sales and social media.

As an active focus group, the NMG coordinate and direct key initiatives in the fight against IP crime. These projects are now achieving tangible results as we seek to reduce the availability of counterfeit and pirated goods; whilst also providing solid evidence to influence government to make necessary changes to protect consumers and legitimate businesses. Two such initiatives are:

Operation BIG BEN – initiated in April 2017, this ongoing project aims to identify market operators that act as an intermediary to the sale of counterfeit and pirated goods. Utilising the EU IP Enforcement Directive, NMG and its industry members, working in partnership with Trading Standards teams, are influencing market operators to make markets safer for the consumer and legitimate businesses.

This coordinated partnership has seen success at several locations across the UK, resulting in the reduced visibility and availability of IP infringing goods and much stronger partnerships with the market operators.

Of note is the work undertaken by Lincolnshire Trading Standards to make a real change at Fantasy Island market, Ingoldmells, Skegness. Once a notorious seasonal market for traders in counterfeit goods, the coordination and partnership approach undertaken by Lincolnshire TS and a range of public and private sector partners, has seen the counterfeiters ousted and legitimate trade flourish.

“This coordinated partnership has seen success at several locations across the UK, resulting in the reduced visibility and availability of IP infringing goods and much stronger partnerships with the market operators.”

In 2020, the Operation BIG BEN partnership approach was adopted by Hertfordshire Trading Standards and Hertfordshire Police, working with the NMG to try to bring about change at the UK’s most notorious market, Bovingdon Airfield market, Hertfordshire.

This market is renowned for its accessibility to counterfeit goods, often having up to 200 stalls trading in fake goods every weekend. Traders travel from Manchester, Birmingham, Leicester, Coventry, London and further afield as the market attracts thousands of shoppers, eager to buy a bargain.

In September 2020, the authorities and other NMG members carried out an inspection at the market, issuing advice and guidance to market stall holders and the market operator. In October 2020, this was followed up by a full raid action, involving local Trading Standards, police, Regional Trading Standards Officers, and brand representatives. The action saw 10 large stalls raided and tens of thousands of counterfeit goods seized. Prosecutions are pending.



Image: Counterfeit goods seized at Bovingdon Market under Operation BIG BEN - Oct2020

The market was closed in December 2020 due to increased COVID-19 restrictions. However, NMG and partners will continue to work with the market operator in 2021 to ensure that this flagrant criminal activity ceases and that legitimate businesses and consumers are protected.

Operation BEORMA is a joint investigation by NMG and National Trading Standards, led by Central England TS Regional Investigation Team in conjunction with Birmingham Trading Standards. It has seen a range of public and private sector agencies sharing intelligence and resources to identify prolific counterfeiters.

This intelligence led multi-agency approach has resulted in 48 raids and alternative enforcement actions against active counterfeiters, hundreds of thousands of counterfeit goods seized as well as cash and vehicle seizures.

The aim of the operation is to identify and dismantle organised crime groups involved in the wholesale supply of counterfeit and pirated goods in order to reduce the harm to consumers and provide a fair and equitable trading environment for businesses.

“In October 2020, this was followed up by a full raid action, involving local Trading Standards, police, Regional Trading Standards Officers, and brand representatives. The action saw 10 large stalls raided and tens of thousands of counterfeit goods seized. Prosecutions are pending.”

POLICE INTELLECTUAL PROPERTY CRIME UNIT (PIPCU)

PIPCU's interventions exemplify the active dimension of our 'four Ps' strategy. We want to **prevent** IP crime, **prepare** a safer environment for consumers on the internet, **protect** consumers and content creators and **pursue** criminals through law enforcement operational effectiveness and networking and communications excellence.

Case studies

Operation Ashiko is PIPCU's response to the online sale of counterfeit physical goods in the '.uk' domain tree. Activity is focused on the disruption of ongoing criminal activity through domain suspensions and focused analysis to enrich the intelligence picture. Referrals to PIPCU of infringing websites (generally selling fake consumer goods) are received from brand owners. As part of our strategic threat assessment for IP crime, our partners supply evidence indicating the nature of the offence and substantiating the claim that the goods being sold are counterfeit. After due diligence is undertaken by PIPCU, details are sent to Nominet who organise the suspension of the infringing domains.

In a recent report by Nominet, **97% (21,632) of the total number of sites suspended were suspended by Operation Ashiko**. PIPCU is currently the only force in the country conducting this pilot scheme with Nominet. However, should the proof of concept evolve, the model will be rolled out nationally to trusted law enforcement agencies.

Since inception in 2013, Operation Ashiko, led by DC Weizmann Jacobs, has successfully suspended 115,983 websites, which are estimated to have caused a loss to industry in excess of £30billion.

Operation Creative is our response to websites which make illicit copyright content (e.g. films, music) available online. Websites are disrupted through takedown, liaison with intermediaries and the disruption of advertising revenues.

Under Operation Creative, the Infringing Website List (IWL) has been created. This is essentially a block list of websites. Such sites are accepted for disruption. As well as take downs, details of each site are shared with industry, ensuring that legitimate businesses do not advertise on such sites, thus restricting revenues.

Since the inception of Operation Creative, 3,467 sites have been taken down. There are currently 5077 websites on the IWL – all are having their advertising revenues disrupted by PIPCU.

Operation Fibular is a new pilot project. Relationships have been established with Sky who will conduct test purchases on streaming channels. The results from the test purchases will be sent to the Payment Disruption Officer for Operation Chargewell, who will carry out financial checks referring the case to officers for further investigation where necessary.

Operation Freesia is PIPCU's appeal for information after a man visited the home of an elderly female and administered a fake COVID-19 vaccine for a cost of £160 received widespread national and regional coverage from BBC News, Surrey Comet, My London, Daily Mail, Daily Mirror, The Metro, Evening Standard, CNN, Australian Times, Independent, Telegraph, LBC and other regional media outlets. DI Kevin Ives was quoted widely in the national press: *'This is a disgusting and totally unacceptable assault on a member of the public, which won't be tolerated. We are appealing to anyone who may have information that could assist us*

in identifying this man to get in touch. It is crucial we catch him as soon as possible as not only is he defrauding individuals of money, he may endanger people's lives.'

An appeal for information was also shown on television on BBC Breakfast, BBC News National and London, Sky News, ITV News and Channel 4 News. DI Kevin Ives also conducted interviews with BBC Radio 4 You & Yours, BBC Radio 5, BBC Radio Surrey, BBC News London and The Times.

Operation Blenheim was a proactive operation that targeted a Chinese OCG who were importing blank footwear and labels and making their own branded counterfeit product called Apple Footwear. The covert side of the operation identified the shop and warehouse that the OCG were using. During the enforcement stage three suspects were arrested. All suspects pleaded guilty to trade mark offences. Proceeds of Criminal Act (POCA) proceedings are still taking place but we estimate the POCA to be around £400k.

Operation Kabul was a successful warrant where £100k worth of counterfeit fashion items were seized. The suspect was arrested and later charged with trade mark offences, and sentenced to four months imprisonment, suspended for two years.

COVID-19 Treatment Kits

In March 2020, PIPCU were asked to investigate information provided to the UK by the US Food and Drugs Administration. A response within three hours led to the arrest of a male at a Post Office in Sussex on suspicion of making and distributing kits purporting to treat COVID-19 containing potentially poisonous chemicals. Frank Ludlow was charged and remanded into custody the next day. Press coverage developing from the successful operation ensured that the public was made aware of a sinister aspect of IP crime at of widespread vulnerability.²⁵

Operation LEXUS and PACIFIC with NWPIPCU took place In April 2021. PIPCU executed search warrants working with the North West Police Intellectual Property Crime Unit and Greater Manchester Police. Counterfeit goods worth an estimated £15million were seized including a total of 45,000 items.

North West PIPCU is now live. PIPCU are continuously engaging and supporting the team and have been working collaboratively on investigations. The NW PIPCU has already seized £1.7m worth of fake goods including clothes, electricals and fireworks. The unit has ongoing investigations with an estimated potential loss to industry of £2.3m.

International Activity – Brazil – ANCINE (Brazil's Movie Agency) and ANATEL (Telecommunications Agency) have created an inter-agency team to study ways to fight online piracy. This is as a result of relationship building involving the IPO and PIPCU which has inspired a unit modelled on PIPCU and a change of policy. The unit launched in November and their first operation, Operation 404, has already taken place. This involved the disruption of piracy websites with assistance from PIPCU and the US.

There will be a new operation which will involve working in collaboration with data centres and hosting providers to fight piracy. The UK is fast becoming the datacentre capital of Europe with industry growth around 8% year on year. Which means UK datacentres can become a magnet for criminality including piracy.

The aim of the operation is to arm Datacentres with the knowledge of the law around copyright, sentencing guidelines and what an illegal IPTV network physically looks like. They can then help assist in identifying criminal entities and voluntarily exit relationship with the criminals through breach of their Terms and conditions. This in turn makes UK datacentres a hostile place to illegally stream from. This also protects the risks datacentres have from committing offences themselves around money laundering and intentionally assisting an offence.

²⁵ <https://www.bbc.co.uk/news/uk-england-london-51991245> and <https://www.dailymail.co.uk/news/article-8138221/Man-59-appears-court-making-fake-coronavirus-treatment-kits-arrest-Post-Office.html>

PREMIER LEAGUE

The Football Association Premier League Limited (the 'Premier League') is the organising body of the Premier League competition, the top-level competition for football clubs in England and Wales.

As part of the ongoing protection of its IP rights, the Premier League has continued to engage in a wide variety of enforcement actions on a local and international level. Over the past 12 months, these have included:

- Monitoring, blocking and removing unauthorised online live streams and recorded clips of broadcasts of Premier League matches. In Season 2020/21, the Premier League removed or blocked over 590,000 illegal live streams and over 420,000 clips of its matches that would otherwise have been available to view in the UK and Ireland.
- Successfully delisting over 400,000 unique links to illegal live streams from Google.
- A joint operation with Spanish police and the Alliance for Creativity and Entertainment to investigate, raid and ultimately disable the Mobdro application, one of the most renowned piracy services around the world. The investigation resulted in law enforcement action by Spanish police and Europol, with assistance from authorities in Andorra and Portugal.
- Privately prosecuting an individual responsible for selling illicit streaming devices from a shop in London. The operator of the shop was sentenced to 36 weeks in prison (suspended for two years) and 150 hours of unpaid work.
- Action to prevent the sale and distribution of counterfeit goods. The Premier League and its Clubs physically seized more than 100,000 counterfeit items and removed over 190,000 listings from online marketplaces in Season 2020/21, ultimately preventing the sale of over £9,000,000 worth of counterfeit goods.

Key Stats

- **OVER 590,000 ILLEGAL LIVE STREAMS AND OVER 420,000 CLIPS BLOCKED OR REMOVED FROM THE INTERNET.**
- **OVER 400,000 UNIQUE LINKS TO ILLEGAL LIVE STREAMS DELISTED FROM GOOGLE.**
- **OVER £9,100,000 WORTH OF COUNTERFEIT GOODS SALES PREVENTED.**

“In Season 2020/21, the Premier League removed or blocked over 590,000 illegal live streams and over 420,000 clips of its matches that would otherwise have been available to view in the UK and Ireland.”

SNAPDRAGON MONITORING



SnapDragon is passionate about helping brands to utilize their IP to protect their reputation, revenue, and customers online. Born from our founder's personal journey as an SME owner experiencing counterfeits, SnapDragon has become a leading light in online intellectual property enforcement and brand protection, working closely with businesses, legal firms, and law enforcement agencies across the world. The business was honoured, in May 2020, with a Queen's Award for Innovation, one of the UK's highest business accolades, rarely awarded to technology companies.

SnapDragon's pioneering software, Swoop, and expert brand protection specialists, monitor the web to detect and remove the most harmful fakes and infringements. Clients' IP rights are then used to prove originality, ensuring removal of the listing, whether product or seller. Swoop's results offer great potential for further IP filings, while also gathering hard evidence of online infringement for litigation.

Whatever the size or scale of the issue, SnapDragon's multilingual team of brand analysts ensure that online sales of counterfeits can be halted, gathering and clustering data for use in offline enforcement, protecting innovators, businesses, and customers alike.

Case Study

Red Paddle Co - Utilising trade marks to take copycats to task



Image courtesy of Red Paddle Co

As leading innovators in the outdoor market, Red Paddle Co is the only inflatable stand up paddleboard (SUP) brand to make boards in its own, private facility using the most innovative materials and manufacturing techniques. As a result, Red Paddle boards have an unrivalled rigidity, thanks to patented RSS technology and outstanding durability due to the use of exclusive drop stitch material 'MSL'. Red Paddle protected these inventive technologies, and brand names, through IP registrations across the world.

These innovative materials, and the accompanying stellar reputation Red Paddle built, attracted numerous impersonators who abused the brand name, copyright images and the 'MSL' trade mark to sell copycat products online. As the company's hard work and focus took it to the top of the industry, a new battle emerged – the fight against fakes. Sub-quality and potentially dangerous products threatened Red Paddle's revenue, reputation, and the safety of their customers who, if purchasing unwittingly, could end up with a dangerous SUP whilst out on the water.

The Red Paddle team researched, reached out and found the help needed in the form of SnapDragon, enabling swift and effective action to be taken. By monitoring all major online marketplaces and enforcing the registered trade marks of 'Red Paddle Co' and 'MSL', SnapDragon has been able to remove thousands of infringing listings.

With the global pandemic entering the scene in early 2020, companies such as Red Paddle were faced with an array of new challenges. The outdoor sector grew significantly as people were drawn to outdoor pursuits. This, combined with an increase in online shopping globally, presented Red Paddle with both an exciting opportunity of growth but also new challenges as infringements extended into new markets.

Encouraged by the success of using registered IP in its defence, the Red Paddle team has continued to invest in IP, registering appropriately in new markets, enabling sustained action against infringements. SnapDragon continues to deliver an average success rate of 97% in terms of removed links, the outstanding balance being attributable to a lack of registered IP in the territories in question. This tenacious approach has also resulted in a reduction in the number of new infringements appearing in what were seriously problematic territories.

John Hibbard, Founder and CEO of Red Paddle said recently of SnapDragon's work:

'SnapDragon saves me time and money, which is pretty much the holy grail in a fast-growing company. Reporting is easy to understand, and the results are real and tangible. SnapDragon allows us to get on with what we are good at, and not get distracted by trying to police our IP. We trust SnapDragon to do that for us.'

“ As the company's hard work and focus took it to the top of the industry, a new battle emerged – the fight against fakes. Sub-quality and potentially dangerous products threatened Red Paddle's revenue, reputation, and the safety of their customers who, if purchasing unwittingly, could end up with a dangerous SUP whilst out on the water.”

TM EYE

During the 2019/2020 period, TM Eye continued its enforcement programme targeting those involved in the open sale of counterfeit goods in the UK and across the globe. The impact of lockdowns and COVID-19 did have a significant impact on the open sale of counterfeit goods and the enforcement action taken against those involved. The prolific markets such as Bovingdon, Wellesbourne and Strangeways effectively shut down for the summer period. Many of the criminals moved online and continued to sell but on a much-reduced scale. Those involved in this illicit trade had difficulties in their supply chain shipping fake goods into the UK. This had an impact and often online sellers had no stock but offered to supply specific goods on demand once their supplies were back.

From the enforcement perspective, TM Eye adapted and focussed on the online trade in fake goods, often through social media sites such as Facebook, Etsy, eBay and others. The difficulties in persons meeting meant that covert deployments and tactics in undercover operatives being deployed to covertly evidence criminal sales were curtailed.

Despite the COVID-19 issues, in 2020 TM Eye completed **101 private criminal prosecutions resulting in the successful prosecution and conviction of 106 criminals involved in the manufacture or sale of fake luxury goods, tobacco and pharmaceuticals in the UK**. Six of those convicted received immediate custodial sentences. Due to the resulting court closures a further 88 private prosecutions were remanded by the courts over into 2021. Many of these cases have still not been heard or resolved.

In 2020, TM Eye accounted for 80% of all the prosecutions in the UK for trade mark offences. We instigated substantial numbers of prosecutions for conspiracy to manufacture and supply illicit tobacco products. These cases involved an organised criminal network operating across the UK

and Ireland. Five suspects currently await trial at Sheffield Crown Court and seven more have cases lodged at Birmingham Crown Court. Both groups of cases were due to be heard in June 2020 but have been put back to 2022. One of the suspects was recently arrested by Essex police for being involved in human trafficking offences linked to the sex trade. The TM Eye Illicit tobacco team are working closely with the West Midlands Regional Organised Crime Unit (ROCU), the Yorkshire and the Humber Regional Development and Disruption Team, within the ROCU and more recently, the Police Service of Northern Ireland (PSNI). The Intellectual Property Office Intelligence Unit have been instrumental in the proactive work leading to this success. The loss to H.M Revenue and Customs is estimated at in excess of £100 million. This investigation is ongoing.

As part of the same investigation TM Eye identified a warehouse on the Thistle Industrial Estate in Broxbourn, Scotland in October 2020. Surveillance was maintained throughout November and December by the TM Eye surveillance team. Police Scotland raided the premises in December 2020 and found a vast warehouse with three, separate industrial plantations of cannabis²⁶. Two Chinese nationals were arrested as a result and are now in custody charged with the manufacture and cultivation of cannabis. Both await trial. TM Eye have supplied detailed surveillance evidence to Police Scotland. The operation shows the direct link between the supply of drugs and illicit tobacco and links with human trafficking and slavery offences.

Substantial intelligence has been shared with the IPO Intelligence Hub and police regarding the vast scale of the criminality uncovered and the sophistication of the crime gang involved. This operation has proven that private industry and public agencies can work in partnership at the highest levels of enforcement to achieve success.

²⁶ <https://www.edinburghnews.scotsman.com/news/crime/broxburn-cannabis-farm-was-the-largest-busted-by-police-in-scotland-this-year-3226627>

In another major success, TM Eye successfully investigated, prosecuted and convicted a woman who was selling dangerous counterfeit contact lenses in Newcastle²⁷. She operated a cottage industry at her home manufacturing the boxes, labelling them and packing them for sale on the internet and social media. The lenses were not sterile and could have caused sight loss. A professor, who is also a consultant ophthalmologist in Birmingham, said non-sterilised lenses carried an 'immense' risk and were a 'disaster waiting to happen'.

'These were defective lenses in a defective broth. These lenses were extremely dangerous.'

During the year, TM Eye continued its work in the Strangeways area of Manchester, known as 'Counterfeit Street', through its ongoing covert operation codenamed 'Mordor'. In early 2020, working in partnership with Greater Manchester Police (GMP) premises were raided resulting in the recovery of millions of pounds worth of fake goods. Further operational activity by TM Eye resulted in 19 criminals being prosecuted. TM Eye worked closely with police and Manchester City Council to evidence COVID-19 breaches by the criminal traders operating in the area²⁸. One offender was deported following a TM Eye prosecution in the Strangeways area. Over the past 5 years Operation Mordor has been extremely successful in reducing the levels of criminality in the Strangeways, resulting in over 100 convictions. COVID-19 impacted on street-level crime during lockdowns. Today Strangeways 'Counterfeit Street' has reopened and we are doing our best to disrupt and discourage the selling and supplying fake goods.

TM Eye signed a new Information Sharing Agreement with Greater Manchester Police (GMP) in January 2020. As part of our accreditation, further General Data Protection Regulation (GDPR) compliance of the TM Eye systems and processes has been delivered. IT systems, legal procedures and all senior staff are authorised to operate at management vetting status (equivalent to police chief inspector). Working with GMP, TM Eye ensures that all those convicted have their fingerprints, photographs and DNA taken for police indexes and all intelligence regarding convictions is passed to the IPO Intelligence Hub, Trading Standards and Border Agency.

“Over the past 5 years Operation Mordor has been extremely successful in reducing the levels of criminality in the Strangeways, resulting in over 100 convictions. COVID-19 impacted on street-level crime during lockdowns.”

²⁷ <https://www.bbc.co.uk/news/uk-england-tyne-56735937>
<https://www.bbc.co.uk/news/uk-england-tyne-56749396>
<https://www.bbc.co.uk/news/uk-england-tyne-56773168>

²⁸ <https://www.gmp.police.uk/news/greater-manchester/news/news/2020/june/reinforcing-covid-19-regulations-across-strangeways/>

3C INTERNATIONAL ANTI-COUNTERFEITING GROUP (ACG)

ACG is gaining influence on the International stage. Post-Brexit, we are one of only a few UK based organisations permitted access to EU agencies and working groups. During the reporting period, in support of our members, ACG has engaged with the following agencies.

- EU IPO (the EU Observatory on IP Infringements)
- IPO's Attaches
- Europol
- Interpol
- EU Commission
- Unit on the 'Fight against counterfeiting and piracy'
- DG TAXUD (Customs)
- DG GROW
- OLAF
- WCO

ACG's intelligence coordination and strong policy / lobbying activities enable us to gather robust, attributable evidence from a wide number of sources. This has strengthened our engagement with the international institutions and agencies and allowed us to inform and influence strategies and policies to tackle IP crime both in the UK and in source countries.

Our emphasis on timely, reliable data enables ACG to connect more effectively with key UK government, enforcement and industry figures and to focus our policy and lobbying activities to more productively influence the national agenda.

“ACG's intelligence coordination and strong policy / lobbying activities enable us to gather robust, attributable evidence from a wide number of sources.”

INTELLECTUAL PROPERTY OFFICE (IPO)

International enforcement activity 2020-2021

Due to the global pandemic our international activities were somewhat curtailed over the past year. This meant that the 15th session on WIPO's Advisory Committee on Enforcement was postponed and we were unable to undertake an exchange with the Chinese judiciary. This did not, however, mean that our activities stopped altogether. Where possible, and in compliance with all local regulations, colleagues in our embassies have continued to support the enforcement efforts of our partners and continued supporting British businesses.

Regional Enforcement Activities

LATAC and combating IP crime:

MoU with the Public Prosecutors Office of the State of São Paulo

Over the last year numerous projects have been undertaken to combat IP crime in Brazil in collaboration with Brazilian authorities.

A Memorandum of Understanding (MoU) was signed this year between the British Consulate in São Paulo with the Intellectual Property Office of the UK and the Public Prosecutors Office of the State of São Paulo.

This MoU has been signed to solidify and record our relationship with CyberGaeco, an anti-cybercrime unit within the Public Prosecutors Office. CyberGaeco is led by Dr Richard Encinas who last visited the IPO in the UK in 2018. Since his visit to the UK, Dr Encinas, greatly influenced by the work of the IPO and Police Intellectual Property Crime Unit (PIPCU), has undertaken anti-cybercrime work in the field of intellectual property in Brazil. His work was so successful that he received a special award from the Minister of Justice.

The MoU symbolises the relationship between CyberGaeco and the UK IPO, and help us to build upon the significant progress already made in São Paulo on IP Enforcement.

At the same time this MoU was signed, so was another between CyberGaeco and the International Federation of the Phonographic Industry (IFPI) supported by the UK IPO. This allows for the creation of a specialist IP Crime Unit within CyberGaeco modelled on the UK's PIPCU. This MoU has received positive attention from other stakeholders in the industry and other countries working on the IP Agenda in Brazil.

Prior to these MoUs Angelica Garcia, the IPO Attaché for Latin America and the Caribbean, Dr Richard Encinas and Paulo Batimarchi from IPFI met with the General Attorney of the State of São Paulo to talk about the enforcement programme which assisted in the signing of these MoUs.

These MoUs not only recognise the positive steps already made to combat IP crime but are also build a solid foundation on which we can build future collaboration.

↻ IPO.GOV.UK Retweeted



IPO CEO @IPO_CEO · 3m

Today we solidified our partnership with [#cybercrime](#) unit CyberGaeco and also confirmed the intention to establish the first [#IP](#) Crime Unit in Brazil - excellent collaboration between [@ukinbrazil](#) [#CyberGaeco](#) [@IFPI_org](#) [@CityPolicePIPCU](#) and [@The_IPO](#) fighting [#IPCrime](#).



Image: Sao Paulo: Public Prosecutors Office of the State of São Paulo and The UK Intellectual Property Office (IPO) sign a Memorandum of Understanding. UK IPO CEO Tim Moss celebrates with a tweet.



Image: Ambassador to the Federal Republic of Brasil, HMA Peter Wilson and Procurador-Geral de Justiça Mario Sarrubbo signing the MoU



Image: A toast to solidifying our collaboration!



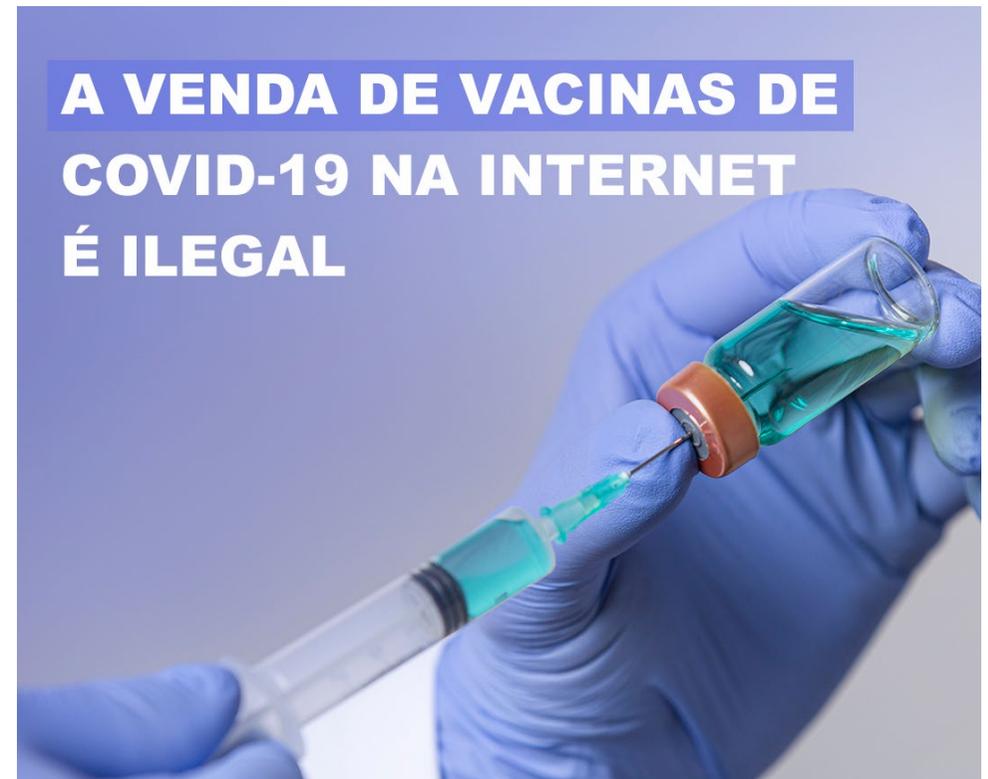
Image: Angelica Garcia the IPO Attaché for Latin America and the Caribbean co-signing the MoU

A Media Campaign to Combat Counterfeit Goods

In May 2021 a media campaign was launched to educate the public in Brazil about the dangers of counterfeit goods. This campaign was carried out in collaboration with the Brazilian government's National Council Against Piracy and Intellectual Property (CNCP). CNCP is an umbrella organisation that sits within the Brazilian Ministry of Justice. It brings together important actors across Brazil to fight IP Crime including the Federal Revenue, Federal Police, ANVISA (the medicine and health care regulator) and Ancine (the film regulator).

The campaign has its own media channels to post information and educate the public about the dangers of counterfeit goods. The COVID-19 pandemic has had significant impact in Brazil and Vaccine fraud is sadly becoming more prevalent. This campaign seeks to educate people about the existence and dangers of these counterfeit pharmaceuticals.

Angelica Garcia, the IPO Attaché for Latin America and the Caribbean, has previously worked with the Police of São Paulo in the fight against counterfeit goods, including having attended a raid at a shopping mall which included the seizure of counterfeit goods near the City Hall. She has also given a presentation at an event organised by the UK Department for Trade Healthcare Directorate to UK Pharmaceutical companies on the subject of IP. The legal Director of Interfarma and Paulo Batimarchi from IPFI also joined the presentation. These actions speak to the diversity of activity undertaken in the fight against piracy and counterfeit goods, particularly in the healthcare industry.



 Intellectual Property Office
Intellectual Property Office is an operating name of the Patent Office

 MINISTÉRIO DA JUSTIÇA E SEGURANÇA PÚBLICA
 PÁTRIA AMADA BRASIL GOVERNO FEDERAL

Image: Social media card produced for the media campaign, warning of the existence and dangers of counterfeit goods



 Intellectual Property Office
Intellectual Property Office is an operating name of the Patent Office

MINISTÉRIO DA JUSTIÇA E SEGURANÇA PÚBLICA  PÁTRIA AMADA BRASIL GOVERNO FEDERAL

Image: Social media produced for the media campaign warning of the existence and dangers of counterfeit goods.



Image: Ms Garcia attending a raid with the Sao Paulo Police

CASE STUDY: SUCCESSFUL INTERNATIONAL COOPERATION TO COMBAT IP CRIME

LATAC and Operation 404.2:

The move by the Brazilian government towards greater IP enforcement has continued in 2020. Our primary objective is to help UK stakeholders. This project increases the efficiency of IP enforcement in Brazil, encouraging UK companies to trade, invest and enhance the reach of 'Global Britain'. By developing opportunities for international innovation, trade and investment and challenging issue of IP infringement, Brazil is seen as a safer place to invest, and so, for that matter, is the UK.

Launched initially in 2019, Operation 404 was aimed combating IP crime across Brazil.

Building on the work carried out by Operation 404, Operation 404.2 took place in November 2020. It was targeted at digital copyright fraud, specifically, but not exclusively, relating to music. Operation 404.2 was carried out by SEOPI, the Secretariat of Integrated Operations from the Ministry of Justice in Brazil, in collaboration with the UK IPO, PIPCU, Brazilian Civil Police, and United States authorities including amongst others Homeland Security. During the operation, Brazilian law enforcement officials disrupted 252 pirate sites and 65 pirate streaming sites, PIPCU seized 27 and US authorities seized 3.

This cooperative effort was hugely successful. The sites seized will have prevented millions of visits per year and large proportion of the content was owned by UK rights holders.

In Brazil the success of the operation was reported on national news. Ms Garcia joined the Brazilian Minister of Justice and Public Security, Andre Mendonça, in a press conference about the operation. Minister Mendonça spoke about the importance of sharing expertise and that collaboration is the key to success.

The operation was so successful that Operation 404.3 is currently being developed. This will expand to other South American counties, and widen the operation's remit beyond the music industry.

Ms Garcia was invited to speak at an event hosted by the Brazilian Ministry of Justice about Operation 404.2 as an example of successful international collaboration against IP Crime. This event runs concurrently with the United Nations Commission on Crime Prevention and Criminal Justice (CCPCJ), which is part of the UN's Office on Drugs and Crime. This invitation is testament to the achievements of both Operation 404 and 404.2.

These operations are an exemplary illustration of the success of international collaboration in the fight against IP Crime and our collaboration with all organisations involved is highly valued.



Image: Angelica Garcia at the Operation 404.2 Operations Centre



Image: Operation 404.2

South East Asia

Despite the restrictions of COVID-19, the annual UK-ASEAN IP enforcement seminar went ahead in September 2020 for over 350 enforcement officials from across the 10 ASEAN member states. Within the two sessions, speakers shared best practice across a range of enforcement areas with the aim to deepen regional IP and enforcement cooperation across the region to address current and future challenges.

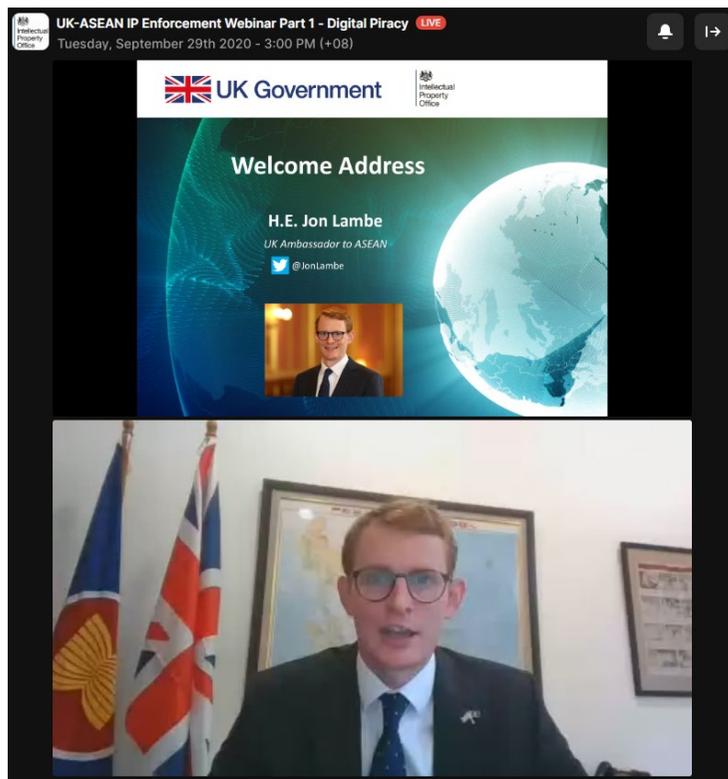


Image: UK-ASEAN IP Enforcement Webinar welcome address by H.E. Jon Lambe, UK Ambassador to ASEAN, 29 September 2020

The first session focused on digital piracy, where the UK, INTERPOL and industry shared approaches, strategies, perspectives and successes at the policy and operational level.

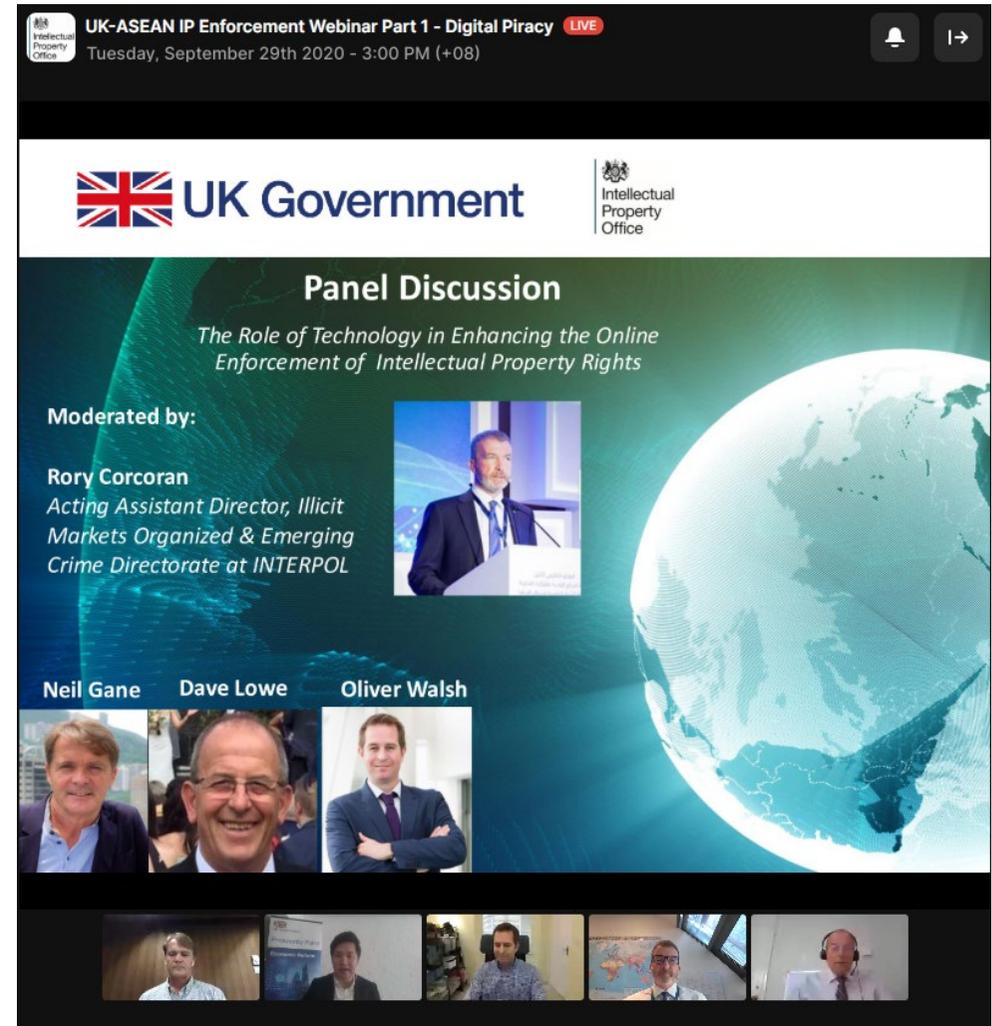


Image: UK-ASEAN IP Enforcement Webinar – Digital Piracy, 29 September 2020

The second session focused on e-commerce and IP crimes where the UK and countries in SE Asia region shared how on co-ordinating enforcement and anticounterfeiting approaches as well as e-commerce guidelines.

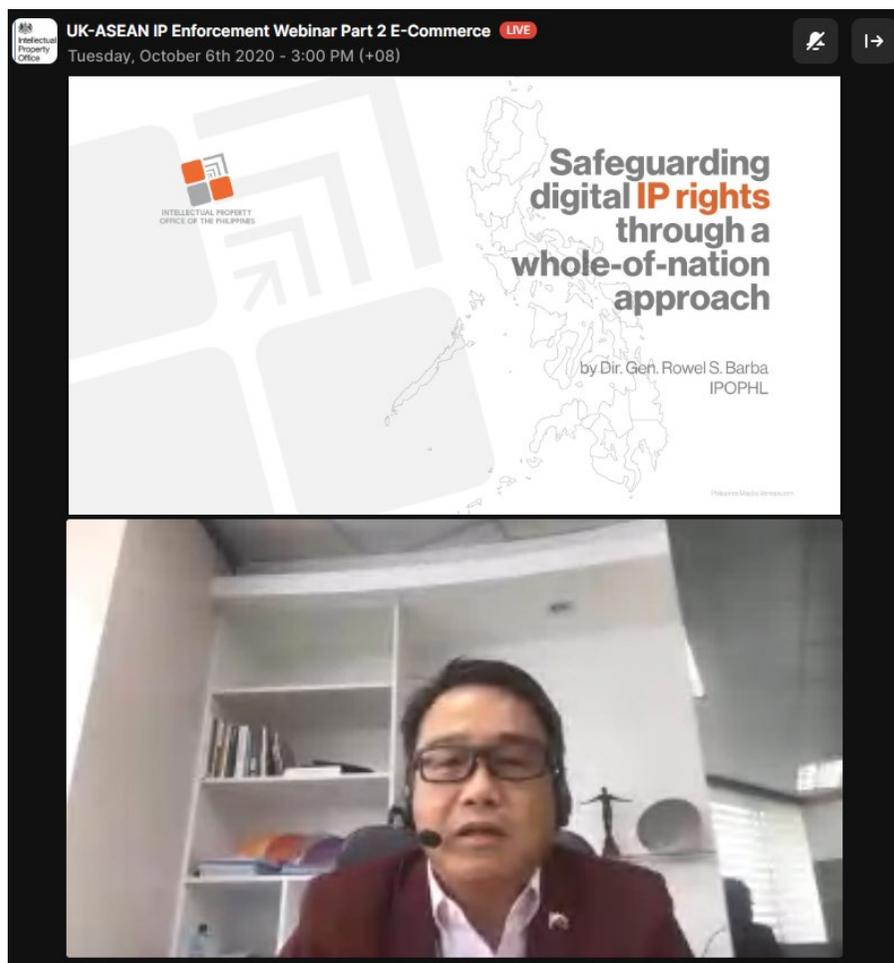


Image: UK-ASEAN IP Enforcement Webinar – E-Commerce, 29 September 2020

Alongside regional capacity building projects, the IPO is also working closely with ASEAN to promote a safer and pro-business IP environment in South East Asia. This includes partnering the ASEAN Secretariat (ASEC) and the ASEAN Working Group on IP Cooperation (AWGIPC) to strengthen regional IP frameworks and align IP standards as well a bi-lateral work.

Bi-Lateral Enforcement Activities

As part of the ASEAN Economic Reform Prosperity Fund Programme, the UK is working with IP offices in Vietnam and Indonesia to strengthen their IP systems and enforcement co-ordination. This has included sharing on the UK interagency enforcement approach, supporting public consultations and technical capacity building activities.

In November 2020, the UK IPO partnered the IPO Philippines and the Philippines Judicial Academy to deliver a two-day training programme for commercial court judges and policy committees on IP and Philippines' judicial system. The sessions covered transnational crimes, counterfeiting trends, and legal developments on online infringements and included information from the UK Crown Prosecution Service.

The UK partnered with IPO Philippines to develop and launch one of the region's first e-commerce industry codes of conduct (between brand-owners and platforms) to tackle counterfeits on online platforms. This is part of the UK IPO's ongoing work towards deepening industry collaborations and building a better and trusted online environment for businesses and consumers where IP rights are respected. The Philippines is the Chair of ASEAN's IP Enforcement Committee and one of the UK's key partners in establishing common IP enforcement standards in the region.

In March 2021, the IPO partnered with the Brunei IPO on an enforcement workshop for an audience from the Brunei Customs Office, Immigration Department, Ministry of Health, Control Post Unit, Agriculture Department from the Primary Resources and Tourism. The speakers shared information on the UK's approach and successes to inter-agency coordination for IP enforcement as well as experience of IP prosecution for online and offline crimes.

CASE STUDY - CHINA

IPO supports pilot project for a 'Cross-platform IP Protection and Enforcement Mechanism in China'

Chinese e-commerce platforms have continued to improve their IP protection in the past few years, with some major players having established high-standard IP complaints processing portals, sophisticated monitoring and enforcement mechanisms, as well as matured cooperation and communication channels with both domestic and international rights-holders. This trend is driving infringers to take a 'cross-platform strategy'. Infringers migrate from one platform to another using social media as marketing and distribution channels, exploiting the differences in the IP protection policies across platforms and the fact that platforms are unable (or unwilling) to share infringement evidence. This phenomenon has been identified by UK right owners in China as a major challenge, leading to high costs from repetitive enforcement effort against the same infringers.

To address this challenge, the IPO has supported a project (under the HMG Prosperity Fund UK-China Business Environment Program) to develop a pilot that, in the long run, may enable a cross-platform enforcement mechanism. In the project, China-Britain Business Council (CBBC, an implementer of the PF program), along with another industrial association (the 'QBPC', Quality Brands Protection Committee, China Association of Enterprises with Foreign Investment), has agreed a pilot mechanism with Shanghai Public Security Bureau (Shanghai PSB - the local police) and major e-commerce platforms (including Alibaba, JD.com and Amazon). Shanghai PSB's IP crime investigation unit (a law enforcement authority that is permitted to collect and manage sensitive data) will become a hub for both the platforms and the rights-holders, facilitated by CBBC and QBPC. It will IP infringement leads. After analysis, the leads (which are processed according to agreed principles and relevant Chinese laws and regulations) will be shared with each

platform for their respective enforcement actions. Shanghai PSB will also directly coordinate with relevant platforms should a criminal investigation and enforcement be triggered for specific lead(s).

In the long run, the pilot project, which is scalable, will be assessed by the State Administration of Market Regulation, the administrative enforcement authority for most types of the non-criminal IP infringement. More broadly, the PF program has also built better communication and trust between UK rights-holders and individual e-commerce platforms. Stakeholders acknowledge that, if effectively implemented, this pilot project would create a cooperative culture across all the platforms.

“Infringers migrate from one platform to another using social media as marketing and distribution channels, exploiting the differences in the IP protection policies across platforms and the fact that platforms are unable (or unwilling) to share infringement evidence.”

CASE STUDY – SAUDI ARABIA

British Business Council and DIT Trade Team assisting British brands overseas – Costa Coffee

The Costa Coffee story began back in 1971 when Sergio and Bruno Costa opened what was to develop into a UK wide, and now global success story with over 20 million customers. The 2000+ UK stores are complemented by over 1300 overseas outlets and 11,000 express machines. Overseas development is often undertaken through franchise partners who become responsible for maintaining the high standards expected. In 2019, Costa became aware of irregular practices at its franchises in the Kingdom of Saudi Arabia. As there were extensive breaches, Costa served a termination notice. This was ignored, and the franchise continued to trade in breach of this notice.

After seeking the support of the British Business Council, the matter was referred to the Trade Team at the Department of International Trade, Riyadh. The representative there assisted Costa in engaging with the Saudi authorities. After attempts at negotiating an outcome, the Saudi authorities served a notice on the franchise requiring immediate cessation of trading in the Costa name. This saw the closure over a weekend of 30 outlets trading in breach of the agreement.

“In 2019, Costa became aware of irregular practices at its franchises in the Kingdom of Saudi Arabia. As there were extensive breaches, Costa served a termination notice. This was ignored, and the franchise continued to trade in breach of this notice.”



A Costa Coffee drive thru store in the Middle East



A Costa store in Saudi Arabia

The closures meant that Costa was able to progress planned expansion into the region. A Costa spokesperson said 'We had excellent support from the British Business Council, and incredibly good advice and guidance from the DIT Trade Team. This allowed us to make our case to the Saudi authorities which resulted in such swift and positive intervention. We are delighted with the outcome.'

IP Crime Group 2021

Editor: Dan Anthony

This report is a publication of the IP Crime Group.
Any enquiries relating to its publication should be sent to:



IP Crime Group Secretariat, Concept House,
Cardiff Road, Newport, NP10 8QQ



ipcrimegroup@ipo.gov.uk

SR00125297