

IP

CRIME

ANNUAL REPORT 2012 - 2013

Contents

Foreword	page 3
Report Summary	page 5
Chapter 1: Crime and its impacts	page 7
A. Defining IP crime	page 8
B. Overall scope and scale	page 11
C. Risks from fakes	page 20
D. Links to organised crime and other criminality	page 24
Chapter 2: Tackling IP Crime	page 26
A. Coordinated response to IP crime	page 27
B. Innovation and new initiatives	page 40
C. Spotlight on Europe and International	page 47
D. Awareness and training	page 51
E. Sentencing, seizures and the Proceeds of Crime Act	page 61
Chapter 3: Results of the 2012/13 Survey of Trading Standards	page 79
A. Types of goods investigated	page 80
B. Where counterfeit/pirated goods have been investigated in 2012/13	page 82
C. Coordinated working	page 83
D. Levels of infringement	page 86
E. Levels of IP enforcement	page 86
F. Training	page 87
G. Resources	page 87
H. Proactive monitoring of the internet	page 88
I. Links to other criminality	page 88
J. Regional Analysis	page 89
Glossary	page 110
Bibliography	page 114

Foreword



This year has seen effective coordination in the investigation and enforcement of IP crime resulting in several large scale successes. The conditions that have made this possible have been created mainly by the structures we put in place last year. Changes in the enforcement landscape have posed challenges as resources and finances have been ever more tightly squeezed, however the commitment to explore new ways of working together; pooling resources, knowledge and expertise is delivering results. This renewed focus can be seen in the achievements against the five year IP Crime Strategy which is impacting on IP crime in the UK.

Once again, I am extremely pleased to see that contributions have increased from IP Crime Group members which have enabled us to collate this Report. These submissions are supported by the excellent commitment of Trading Standards Authorities in completing the annual IP Crime Survey, resulting in an increase in the response rate of 87% this year. This has given us the most comprehensive picture to date of the enforcement of IP crime on the ground.

This Report highlights it is still the case that large numbers of counterfeit goods continue to enter the UK at the borders many of which are potentially dangerous to the health and well being of the people who buy them. The volume of precursor materials that are imported with the potential to be re-worked into infringing goods is increasing showing the lengths criminals will go to make large sums of money through the manufacture and supply of fake goods.

It is evident in this Report that products such as medicines, electrical goods and alcohol continue to be seized by UK law enforcement, however the use of the online environment to trade these fake goods is a concern. I am encouraged to see so much work being done to address this problem. The National Trading Standards eCrime Centre set up by the National Trading Standards Board and Department of Business, Skills and Innovation (BIS) to tackle internet and e-mail scams is already providing results at a local and national level.

The Report includes some excellent examples of just how successful this has been by removing criminals from the streets and taking back the proceeds of their crime. Brent and Harrow Trading Standards last year secured over £1.6 million through the proceeds of crime act when they secured a conviction against a counterfeit trader. Further examples of custodial sentences from suspended to ten years demonstrate the severity of this crime.

There has been considerable work this year, but there are three key achievements that stand out to me:

- IP crime is on the agenda of the **National Crime Agency's (NCA) Economic Crime Command (ECC)**. This shows the importance and commitment at a senior level to tackle this criminality;
- The coordination of industry, law enforcement and Government on the **National Markets Group** has seen problem markets close, and an extension of the 'Real Deal' charter to Scotland and Wales. Currently 300 markets are committed to being fake free;
- The launch of the **new IP Crime Unit run by the City of London Police** to coordinate resources to tackle IP crime online has the potential to hit criminals hard.

Work is progressing fast and the IP Crime Group members are working together to support this drive through their active sub groups.

The UK leads the way in tackling IP crime and London 2012 demonstrated this. We must ensure the conditions for growth in our economy and local communities are not hampered by this criminality. We must continue to make the UK an unattractive place for criminals to do business.

Deputy Chief Constable Giles York
Sussex Police
Association of Chief Police Officers lead for IP crime
Chair of the IP Crime Group

Report Summary

The annual IP Crime Report presents an overview of the initiatives and activities of industry, law enforcement agencies and Government Departments that are committed to tackling, investigating and reporting IP crime. This year has seen greater collaboration, with the structures detailed in the previous Report starting to see results - strategically as well as tactically on the ground with law enforcement activities. Key projects are coming to fruition and ongoing commitments by the IP community are keeping up the pressure on IP criminals.

Last year's IP Crime Report attracted an unprecedented amount of media coverage. It became clear that awareness of IP crime and efforts to detect and dismantle the criminality behind it were increasing, and the link between IP crime and other criminality was being realised. This year's Report follows suit by presenting the views of IP Crime Group members and the wider community involved in IP and IP crime enforcement. Contributions for the Report have increased, and the commitment by Trading Standards Authorities to complete the annual IP Crime Survey have increased from 54% to 87% providing a clearer picture of their enforcement of IP crime.

Chapter 1 - Crime and its impact

Counterfeit and pirated products impact every corner of society; from health and education to business and automotive. It is something which everyone, intentional or not, comes in contact with more regularly than they might like to believe and the impact of those occurrences can cause them physical harm, as well as harm to the local and national economy.

Harm

The effect of counterfeit products on the consumer can vary from something that doesn't work correctly to something that proves critical or fatal. The risk of harm increases for some products such as electrical devices, medicines, car parts and alcohol. The scale of some operations are evidenced by the following examples:

In 2012 the British Electrotechnical and Allied Manufacturers Association (BEAMA) raided over 500 manufacturing operations in China; seizing and destroying 15 billion products.

In an operation by the Medical Healthcare Regulatory Agency 2.3 million units of counterfeit medicine was seized in a single operation, with a value to \$5.4 million. Staffordshire Trading Standards (TS) also seized goods to the value of £15 million in a single operation.

Finally BMW Group have identified counterfeit steering wheel badges, which, due to their poor design can be turned into dangerous 200mph projectiles in the event of an airbag activation.

The economy

According to a study by the Institute of Economic Affairs counterfeit alcohol cost the Treasury £1.2 billion every year. That is money which could be spent elsewhere, but instead it is remaining in the pockets of criminals.

Links to organised crime groups

From a consumer perspective purchasing a counterfeit product might just seem like a bargain, however there is real criminality behind these operations. For example, across the UK between 250 to 500 groups are believed to be involved in IP crime. The IPO's Intelligence Hub is assisting and supporting the disruption and dismantling of those Groups, some of which have international webs of criminals who support IP crime. Work with partner agencies is ongoing to detect and disrupt those involved.

Technology, ease of access and links to social media

On a more local level, social media platforms are now fast becoming the market place for selling counterfeit and pirate goods. They make it particularly challenging for law enforcement to investigate due to the 'closed' nature of the groups in which they operate. It is for the IP community to adapt to these changing patterns and ensure that IP crime is contained and reduced.

Chapter 2 – Tackling IP crime

Across enforcement agencies, industry, brand holders and Government, there is a continuing stream of proactive work going on daily, be it a small scale operation to remove counterfeit clothing from sale, or a large international operations to protect consumers from the lethal effects of counterfeit alcohol.

Collaborative projects in the IP enforcement community have been trend setting over the past 12 months. The Real Deal campaign, an industry led and financed initiative, encourages market owners to ensure their operation is free from fakes now has around 300 markets signed up. The enforcement arm of this group also takes enforcement action, and where appropriate has culminated in the total closure of some markets, such as Grey Mare Lane in Manchester.

The previous Report set out the changing environment for tackling IP crime, such as the inception of the National Trading Standards Board, and National Trading Standards eCrime Centre to tackle online crime and engagement of industry with payment providers to cut off payments to infringing websites. This Report highlights their development and successes in their formative year.

In addition to this the Intellectual Property Office (IPO) funded several trading standards projects to support enforcement work including £25,000 on an initiative focused on the issues of Intellectual Property crime at self storage facilities. This work encouraged the co-ordination of enforcement activities through gained intelligence, and engaging with the self storage industry

Chapter 3 - Annual Survey of Trading Standards

Trading Standards, as the primary enforcer of statutory IP rights is the central point at which many organisations look to for proactive enforcement. Engagement with trading standards is crucial to both this and understanding the breadth of IP crime across the UK.

The percentage of Trading Standards Authorities completing the survey has increased from 54% to 86% resulting in almost 9 out of 10 authorities reporting their experiences with IP crime. This has developed a bigger and more accurate picture than ever before, allowing organisations to make better informed decisions to target resources to have the biggest impact.

For the first time the report also contains additional regional analysis so local comparisons can be made as well as cross border and national. This, it is hoped will provide trading standards with tangible information which will help them target IP crime locally, provide evidence for decision making and also a platform for developing relationships for coordinated working with partners.

It is clear that the trade in counterfeit and pirated goods are diversifying to keep in line with consumer habits. What is also clear is that the UK is becoming a less attractive place to carry out criminal business. Blatant selling of counterfeit goods at markets, shops and other trading locations is reducing, but social platforms such as Facebook are increasing.

According to the 2012/13 Trading Standards Survey the most investigated counterfeit products is clothing, followed by cigarettes, tobacco and alcohol.

Ordinary shops are now the top location where counterfeit products are investigated, followed by auction websites, regular websites and social media.

Overall enforcement by trading standards has reduced by 12%, and average staff days dealing with IP crime has reduced from 143 to 111 per authority.

Chapter 1: Crime and its impact

Introduction

This chapter provides an overview of IP crime, and the type of physical and digital content that is being copied and sold illegally. The type of goods being counterfeit and pirated is endless, covering all commercial sectors, and can pose a risk to the health and safety of those who purchase these items.

The scale of IP crime is harder to establish, however there are various reports, case studies and initiatives which provide a picture of the situation. This Report links the production and distribution of these goods to organised crime gangs, benefit fraud, and money laundering, to name a few.

Highlights

- The type of counterfeit and pirated goods being produced and sold to consumers are increasingly varied and covers every commercial sector including optical media, clothing and footwear, consumables, personal health care items, electrical goods, medicines and car parts.
- The most prevalent goods are the trade in illicit tobacco, alcohol and medicines. Deaths from counterfeit alcohol are increasing across the world.
- Fake goods impact on the health and safety of consumers where products are uncontrolled and often do not meet the safety standards required in the UK. Legitimate businesses and IP rights owners are undermined, outlets close and areas degenerate and investment declines where IP crime is prevalent.
- There are tangible links between IP crime and organised crime groups. It is believed that between 250 to 500 groups are engaged in IP crime. Once in the community IP criminals create a threatening and aggressive environment; one marketplace saw a 25% reduction in anti-social behaviour once counterfeiting had been tackled.
- The development of technology is playing a key role in the increasing availability of digital content to the consumer via their smartphones and tablets. Social media, online market places and auction sites are the most popular route to market. Interestingly, private residences have also proved to be the source of many investigations by UK law enforcement especially for selling tobacco and alcohol.
- Industry are increasingly proactive in targeting the online environment, using 'Cease and Desist' notices to remove websites with infringing items –
 - PRS for Music removed 2,913,580 infringing music works;
 - BPI removed over ten million search results from Google directing consumers to illegal copies of music;
 - PA removed over five million infringing e-books;
 - BEAMA removed over 5,000 illegal websites links selling counterfeit electrical installation products.
- Accurately measuring the levels of IP infringement and harm is a challenge that is the focus of institutions across the world – work is progressing within the UK looking at the methodologies used to influence future work. Various reports by industry have been conducted throughout the year especially into the attitudes of consumers online.

A. Defining IP crime

What is Intellectual Property (IP) and IP crime?

Intellectual Property (IP) results from the expression of an idea. IP exists in a brand, an invention, a design, a song or other intellectual creation. These fall into four areas – patents, designs, copyright and trade marks.

IP is a private right which is infringed when a product, creation or invention protected by IP laws are exploited, copied or otherwise used without having the authorisation or permission from the person who owns those rights or their representative. All IP infringement – where there has been a breach of those rights - is actionable in the civil courts or through the various methods of dispute resolution by the person who owns the right.

In the case of copyright and trade marks an infringement may be a criminal offence – also known as IP crime - if an individual or group engages in the manufacture, sale or distribution of infringing goods in the course of a business or for commercial gain, for example,

- counterfeiting: using someone's registered trade mark on a product to give the impression it is the genuine article is a criminal offence.
- piracy: if you copied a music CD and sold it, that would also be a criminal offence.

The unauthorised use of a patent is a civil infringement, and does not attract criminal penalties. However the Government recently announced its intention to bring registered designs in line with copyright and trade marks by introducing criminal sanctions for the blatant copying of registered designs without the consent of the owner and in the course of business.

When a criminal offence has occurred offenders are liable for prosecution using IP legislation including the Trade Marks Act 1994 and the Copyright, Designs and Patents Act 1988. However, increasingly the Fraud Act 2006 is being used to good effect, and the common law offence of "Conspiracy to Defraud". IP crime is also a Schedule 2 lifestyle offence under the Proceeds of Crime Act 2002 which allows for the confiscation of assets gained by criminals due to their illegal activities.

Trader in illegally copied games guilty using Section 9 of the Fraud Act

A fraudster received 52 week sentence suspended for 12 months, 300 hours unpaid work and was ordered to pay £2,000 costs. This was the first time in the UK that Section 9 of the Fraud Act 2006 has been used successfully in a prosecution in the UK for selling pirated games.

Digital IP Crime

The digital age has changed the way in which consumers interact with products such as music, games, movies and e-books. Whereas before, consumers would have needed to make a physical purchase at a shop or via an online retailer, they can now download the same content at the click of a button, directly onto their mobile phone, tablet, laptop or music player. In addition to this, with the advent of 4th generation mobile phone communication (4G) digital content can be delivered to mobile networks much quicker. With speeds ten times faster than those on 3G networks - consumers can do all of this on the go.

Digital IP crime is where content protected by copyright is made available for download in a manner which infringes the rights holders' IP. This might be the copying and distribution of electronic content in the course of a business or making content available on a commercial scale. For example providing the latest movie for download on a P2P site or, allowing others to have access to download your music collection.

Peer-to-peer (P2P)

A digital architecture that allows the exchange of digital content between computers. Users download media files such as music, movies, and games using a P2P software client that searches for other connected computers without using a central server. The "peers" are computer systems connected to each other through the internet.

BitTorrent

A peer to peer protocol for distributing large amounts of data over the internet and is one of the most common protocols for transferring large files.

Streaming

Allows the playback of multimedia such as films, e-books, games and music, which is constantly received by and presented to an end-user while being delivered by a streaming provider via the internet. Streaming can be through a direct connection between the provider and receiver or via P2P software. The digital content is not

permanently stored on the device (computer, mobile phone, and tablet) however some providers do allow the short term storage for playback later. Some legal streaming services can give access to digital content, however a permanent copy is not allowed. Streaming is particularly important for live events.

Cloud computing (Cyberlocker)

This is where computing and storage facilities previously contained within the end-users system are now provided as services by a third party. Files are stored and accessed at a remote location, leaving a person unable to retrieve those files if they are not connected to the internet.

Online Market Places

A medium by which some online retailers offer for purchase physical goods and digital content for sale by fixed price or timed auction through a third party provider. These marketplace are growing with individuals and businesses able to trade on sites without the need of a personal website. The most well-known sites are eBay, Amazon and Gumtree.

Social networks/blogs

Social networks and blogs are methods used by individuals and groups to share information and generally communicate to one another. These methods are often used for sharing digital content or by providing links to illegal content, and offers to order and purchase counterfeit goods.

Counterfeiter trading on eBay sentenced¹

On 17 April 2013 at Harrow Crown Court a 46 year old man was sentenced to eight weeks' imprisonment, suspended for 18 months, and ordered to carry out 150 hours of unpaid work for copying and selling copyright infringing music CDs on eBay.

The defendant initially complained to the British Recorded Music Industry (BPI) in July 2007 that an online retailer was advertising copyright protected music discs - BPI contacted eBay who removed the offending web pages. In February 2011, the defendant again made another complaint about a different retailer who he said was selling thousands of illegal CDs on eBay.

On investigation BPI discovered that the defendant himself was engaged in similar activities and themselves made a complaint to Brent and Harrow Trading Standards. Despite having been warned by Hounslow Trading Standards in February 2012 about his illegal activities, on searching the defendants home 2,843 CDs were seized as well as computer equipment that was being used for copying. All the CDs were later confirmed by the BPI as being pirate copies. BPI estimated that the potential loss to the music industry could be as much as £40,000.

Illegal digital content covering a wide range of goods, is becoming increasingly available, and the use of social media networks, online market places/auction sites and websites are proving to be a popular method for criminals to bring this content to the consumer. The annual survey of trading standards reported that 64% of responding authorities investigated counterfeit and pirated goods on social media sites, and 69% on websites. Consumer reports to Crimestoppers during this reporting period showed that 523 reports were received on counterfeits being sold on social media sites, 121 reports on online auction sites and 99 reports on websites.

Internet Service Providers (ISPs) are considered as 'mere carriers' under European legislation, and not primarily responsible for the content a subscriber might have. When an ISP is notified by an IP right owner of an alleged infringement, the web page is removed. 'Cease and Desist' notices are issued by the IP rights owner, and are increasingly used as seen below:

The British Recorded Music Industry (BPI)

BPI has now removed more than ten million search results from Google that direct consumers to illegal copies of music. The BPI's internet team passed the milestone in February 2013, only 18 months after the delisting programme began.

The following month BPI became the first organisation in the world to remove more than a million illegal links from Google in a single week. Between 18 - 25 March 2013, BPI sent Google DMCA (see glossary) notices for a total of 1,000,305 illegal search links. As it accelerates its delisting programme, the organisation has already sent more than 7 million notices to the search engine in the first three months of 2013.

Bespoke software and automated crawling tools created in house by the BPI search for members' repertoire across more than 300 known infringing sites and generate URLs which are sent to Google as a DMCA Notice for removal within 4 hours of receipt.

¹ <http://www.tradingstandards.gov.uk/extra/news-item.cfm/news-id/1123>

The achievement follows cooperation between the BPI and Google to increase the daily limit on the number of illegal results that can be removed and towards reducing the appearance of advertisements on illegal sites.

PRS for Music

During 2012, PRS for Music developed automated search technology to locate links to infringing copies of musical works made available online. Using this technology, it was able to successfully remove 81,610 files during 2012, embodying 2,913,580 infringed musical works, with a success rate of 99.77% of the files reported resulting in a successful removal.

The Federation Against Copyright Theft (FACT)

FACT currently represents members in the audio-visual and sports rights sectors and works to protect their IP both online in digital formats and also in hard goods formats.

The continuing exponential growth in use of legitimate online film, TV and sports distribution services is also driving criminal organisations towards online piracy. FACT has also seen a decrease in the distribution and sale of counterfeit DVDs by organised crime gangs on UK streets as well as at markets and car boot fairs. However, there is still substantial criminal activity in all these areas requiring enforcement action.

The Publishers Association (PA)

Copyright Infringement Portal significantly rose with over 378,000 notices being served during this reporting period. In addition, The Publishers Association has removed 223 listings from UK auction websites; in total these contained over five million e-books.

The BEAMA (Anti-Counterfeiting Working Group (ACWG))

The British Electro Technical and Allied Manufacturers Association (BEAMA) Anti-Counterfeiting Working Group (ACWG) was formed in 2000. In 2012, BEAMA removed over 5,000 illegal website links which were selling counterfeit electrical installation products.

Whilst the main motive for criminal infringement is profit, there is also an issue where the motive is different, such as 'Release Groups' where there is a complex network of people committed to distributing illegal content to the detriment of the rights holders and an investigation into an international group has been conducted in the UK.

Physical IP crime

While there may be an increasing threat of purchasing pirated and counterfeit goods online a market still exists in the sale of physical goods.

Physical IP crime refers to the counterfeiting of a variety of goods, where the brand or trade mark of a product has been infringed. For example, pharmaceuticals, clothing, personal care items, tobacco, alcohol, car parts, headphones and phone accessories. The list is endless as just about anything can be manufactured if there is value to the trade mark or copyright being infringed.

Type of products seized or detained during 2012/13

Physical goods often enter the UK through the postal system, Ports and Airports. Coventry Postal Hub made significant numbers of detentions of counterfeit tobacco, cosmetics and pharmaceuticals. Additionally precursor and packaging materials for IPR infringing goods are also entering the UK which demonstrates for the second year running the possibility of producing large quantities of counterfeit goods within the UK.

Seizures by trading standards which have been analysed by the IPO's Intelligence Hub supports data throughout this Report that the most prevalent item seized was tobacco. Other physical items seized in high levels by trading standards include optic media, cosmetics, phone accessories, footwear, headphones, precursor materials and product components.

Some significant seizures of component items such as packaging, unmarked goods and labels sent separately and counterfeit goods with labels covering the infringing trade mark that will be removed later, demonstrate that there is a substantial re-working capability in the UK.

The development of technology is playing a key role in the types of goods being available. The capabilities of 3D printing technology is an emerging issue as any solid object can be manufactured by laying down successive layers of material in different shapes to create an object from a digital file. Once expensive to purchase these printers are now cheaper and smaller whilst still achieving the same end product.

Counterfeit vodka linked to UK man's death²

An inquest into the death of a 49 year old man from Worthing found it was due to methanol poisoning, after he consumed what is thought to be counterfeit vodka. Three bottles of what is believed to be fake vodka were found at the man's apartment after his body was discovered.

Health officials warn that chemicals such as methanol can cause a range of symptoms and adverse effects, ranging from sickness and vomiting and abdominal pain to kidney or liver problems, coma, irreversible blindness and death.

This came just weeks after 43 people were killed by methanol-contaminated vodka and rum in the Czech Republic. In July 2011 five men died in an explosion at an industrial unit in Boston, Lincolnshire, where illegal alcohol was being distilled.

B. Overall Scope and Scale

Introduction

Counterfeiting and piracy impacts on all sectors and goods but it is not yet possible to give a precise figure of the complete scale of IP crime. Accurately measuring the levels of IP infringement and subsequent harm is a challenge that is the focus of not only the UK but the world. A greater understanding will enable more effective policy making and targeting of resources. At the moment there are a range of views and perceptions of IP crime and its scale and impact, which nonetheless show the magnitude of it both in terms of size, but also in the connections to serious and organised crime and other collateral criminalising effects. IP crime poses a significant threat to the UK in terms of safety, economy and growth.

Scope

Any product, physical or digital can be counterfeited or be subject to piracy. Whilst the most common motivation is for profit, there are other influences, especially in the digital world, such as ideology, capability and ease of access. However, it is clear that IP crime reaches into some key areas of life directly and indirectly.

Criminality – there is continuing evidence of the involvement of serious and organised crime in IP crime and similarly with observations that criminals involved in it are also engaged in other types of crime. The connections to serious and organised crime are quite clear, IP crime is a fundamentally important part of the groups activity and supports other criminal conduct.

² <http://www.securindustry.com/food-and-beverage/uk-man-s-death-blamed-on-bootleg-vodka/s104/a1488/>

IP rights holders – suffer from economic loss, reputation and association with quality, commercial sensitivities and business planning.

Businesses – where legitimate trading is undermined by counterfeiting and piracy, outlets close and areas degenerate, employment is harmed and investment in growth declines.

Revenue – loss of tax revenues both from the goods themselves and indirectly as criminals rarely pay other dues such as income tax.

Communities – in terms of community safety, if criminals are allowed to flourish and control locations such as markets where there is commonly a threatening and aggressive environment, poor role models and unfair competition to legitimate businesses, reducing their presence and service to people. In one market where the police and Trading Standards worked together to clear counterfeits, anti-social behavior reports were reduced by 25%.

Consumers – there are obvious and apparent risks to the health, welfare and safety of consumers from sub-standard, uncontrolled and toxic substances, dangerous parts and faulty equipment. Consumer rights are compromised and often the most economically vulnerable are the hardest hit.

It is widely recognised that IP crime can cause considerable financial harm to businesses from the loss of revenue and damage to their reputation due to the association with poor quality goods which could impact on their planning process and growth - reducing the leverage of future investment. This has spurred the need for IP rights holders and their representatives to join forces to tackle the problem. This coordination can be strategic, policy driven and tactical crossing all sectors and across the globe.

Year 12 of the BEAMA battle against counterfeits

The British Electrotechnical and Allied Manufacturers Association (BEAMA) Anti-Counterfeiting Working Group (ACWG) was formed in 2000. Its objective is to take action against counterfeiters making counterfeit electrical installation products, and the traders who distribute them to many international markets, including those in Europe, Middle East and Africa, which form an important part of the members' export business. It has achieved global recognition for its proactive work and receives cooperation from law enforcement bodies, government agencies and trade associations around the world.

Key factors behind the success of the group:

- The ACWG is an open forum for members and other trade bodies;
- Whilst members compete in their respective markets, they take a collective approach to fight counterfeiting activities;
- Shared funding of projects provides a cost-effective solution to taking action as opposed to the relatively high costs of embarking on individual company actions;
- The use of a single investigating agency over the course of the project has built a comprehensive wealth of knowledge, experience and trust;
- Collecting intelligence, raising awareness and taking direct action in affected markets are the foundations of this successful initiative;
- A targeted approach to action enables resources to be focused for best impact.

To date the BEAMA initiatives have:

- Built a database with over 1,700 entries on suspected and proven counterfeiting operations;
- Raided over 500 manufacturing operations in China;
- Seized and destroyed over 15 million products;
- Removed over 5,000 illegal website links in 2012 alone.

Following BEAMA's success in disrupting the business, counterfeiters are increasingly deploying new tactics to evade actions, namely:

- Fragmented manufacturing process - numerous small operations rather than one complete factory or warehouse.
- OEM branding – trade in unbranded products (which do not infringe IP) for later marking/labelling.
- Chinese manufacturers establishing trading offices in other countries. eg. Dubai

BEAMA's ACWG members normally make two visits to China each year to strengthen relationships with law enforcement agencies, particularly AIC, TSB and PSB and to maintain the momentum behind this lead initiative. Pictures of the April 2013 raid in China are detailed below:

April 2013 raid



Counterfeit consumer unit fuses



Final destruction



Work continues whilst the raid takes place



Mass
destruction
of counterfeit
products



Scale

In May 2011 Professor Ian Hargreaves published his Independent Review of IP and Growth. The Review stated that 'there was no doubt that a great deal of piracy is taking place, but reliable data is surprisingly thin on the ground', 'as with online piracy, estimating the extent of counterfeiting is problematic and sources and methodology for much research are not open to scrutiny'.

Measurement of IP crime – Economic Research at the Intellectual Property Office (IPO)

The Intellectual Property Office (IPO) has a research programme to help maintain the UK's position at the forefront of research into the economic impact of intellectual property rights. The programme proposed for 2013 /14 builds on the IPO's work with academia and industry to help develop the economic evidence base and forge relationships in the intellectual property (IP) research community, nationally and internationally.

Enforcement of IP rights is an increasingly important part of the IPO's work. The challenge is to understand where to focus resources for effective IP enforcement. The IPO's economists have held discussions with a range of stakeholders both domestic and internationally on how best to measure the impact of IP infringement, and to give the IPO the evidence and data it needs to inform enforcement policy. There will be two streams of work, one addressing how to measure infringement, and the other looking at the costs of enforcement.

The IPO have commissioned the first building block to provide an evaluation of the methods used to estimate levels of IP infringement and subsequent harm. This work is being done by the University of Hertfordshire and is due to report during the summer 2013. This research report is a review of all the current methodologies used to measure

IP infringement with the aim to allow us to make sure that any future methodologies the IPO uses to measure IP infringement does not reinvent the wheel but use what is out there that already works.

As part of this work the IPO will cover physical and digital areas of the economy, criminal and civil enforcement methods, and at consumer and business issues. Each of these is important to the overall picture.

Football Manager™

Football Manager is one the UK's most successful games series. Starting out in 1992 by brothers Paul and Oliver Collyer under the name 'Championship Manager', the Football Manager franchise has been responsible for five of the ten fastest-selling games in the UK, and now employs 77 staff in the UK.

The downside to Football Manager's phenomenal popularity has been the high levels of piracy the game has attracted. To tackle this issue, Sports Interactive provided extra levels of security for its release of Football Manager 2012. The extra revenue raised as a result of the game being 'uncracked' for the first few weeks of its release allowed the company to hire an additional eight people. However, even with such additional security, piracy remains a problem. After pirated versions were made available on the internet, it was found that only between one in eight to one in 12 copies of Football Manager for android, and one in four copies of Football Manager 2012 for PC had been legally purchased.

Operation Sunshine

Acting on intelligence, Trading Standard Officers from Staffordshire seized 160,000 suspected counterfeit items in the West Midlands area with an estimated retail value of £15 million. The range of seized items was extensive, including Beats by Dr Dre headphones, UGG boots and MAC makeup. A significant network of supply was disrupted. There is a multi agency response to the seizure involving BPI and FACT, led by Staffordshire TS.

Downton Abbey



Downton Abbey is one of the most successful UK television exports in recent years, receiving the Guinness World Record for best reviewed TV series globally (2011), garnering 27 Emmy nominations (the record for a non-American show), a Golden Globe, and a further 34 awards and 41 nominations.

As of 2013, Downton will be in its fourth year of production and will have spent tens of millions of pounds within the UK employing more than 400 members of crew and over 150 actors every year. But the importance of the drama production is not just experienced in direct investment in jobs and production, but in the positive wider impact to its community.

An estimated one in ten overseas tourists choose to come to the UK to see locations and attractions seen in film or television productions, and the success of Downton Abbey has not only caused a marked increase in the visitor numbers to Highclere Castle (where the series is filmed) and the surrounding villages, but more broadly in UK's historic houses.

The downside to Downton's global success has been the level of digital piracy that the series has experienced – it is estimated that 1.4 million people have illegally downloaded episodes through peer-to-peer networks. At the Alliance for Intellectual Property's 2012 Conference, Downton's Executive Producer Gareth Neame explained the impact piracy has on the broader community:

“Has piracy stopped subsequent series of Downton... being produced? No – but when IP is illegally exploited the contribution to the wider economy is diminished, and the positive halo to important sectors like the creative industries and tourism are compromised. Simply put, piracy impacts our ability to re-invest back into our country and create jobs.”

Perspectives on the Scope and Scale of IP Crime

Ofcom research gives insight into attitudes online³

Ofcom/Kantar research was a large scale consumer tracking study into the extent of online copyright infringement, including looking at the behaviours and attitudes of people aged 12 and over in the UK.

Research published by Ofcom shows that 47% of all UK internet users have no idea whether the content they are accessing online is legal or not. The research also found:

- One in six (16%) internet users aged 12+ downloaded or accessed online content illegally during the three month period from May to July 2012;
- Reported levels of infringement varied considerably by content type: 8% of internet users consumed some music illegally in the three months, but just 2% did so for games and software;
- The most common reasons cited for accessing content illegally were because it is free (54%), convenient (48%) and quick (44%). Around a quarter (26%) of infringers said it allows them to try before they buy;
- Infringers said they would be encouraged to stop doing so if cheaper legal services were available (39%), everything they wanted was available from a legal source (32%) or it was more clear what content was legal (26%). One in six said they would stop if they received one notifying letter from their ISP;
- Those who consumed a mixture of legal and illegal online content in the form of music, films and TV programmes reported spending more on legal content in these categories over the three-month period than those who consumed entirely legal or illegal content.

18 Month Sentence for Premier Videos Owner

December 2012 saw David Cox - trading as Premier Videos - convicted at Inner London Crown Court for making illegal CDs and DVDs. He was subsequently sentenced to 18 months in prison.

Nine Months for Warwickshire Counterfeiter

In January 2013, computer maintenance business man from the West Midlands, Paul Wellings, was sentenced to nine months in prison by Warwickshire Crown Court for selling counterfeit music, films and games.

³ <http://www.broadcastprojects.com/2012/11/20/latest-uk-online-copy-right-infringement-research/>

Ninth Annual BSA Global Software Piracy Study⁴

As part of the ninth annual Business Software Alliance's Global Software Piracy Study, a survey was conducted of approximately 15,000 computer users in 33 countries – a 82% of the global PV market. The survey revealed that 57% of those interviewed admit they pirate software. There is a 42% global piracy rate for PC software with a commercial value of this shadow market climbing to \$63.4 billion in 2011, from \$58.8 billion in 2010.

The UK has a piracy rate of 26% with a pirated value of \$1,943 compared to legal sales of \$5,530. Comparatively the piracy rate in the US is 19%, EU 33% and China 77%.

The six business models for copyright infringement – A data driven study of websites considered to be infringing copyright⁵ (Detica / PRS for Music / Google)

In response to one of the messages repeated through the Hargreaves Review, that there was a lack of good quality evidence imperative for proportionate and effective enforcement efforts, PRS for Music and Google together commissioned data-driven research to be carried out by technology company, Detica.

The research was important as the first data-driven study of sites considered to be infringing and jointly commissioned by companies from both the rights holder and internet sectors. Data and support were provided by BPI, FACT, Premier League, UKIE and the PA.

The results of the study were published in a report in July 2012. The report allows for greater understanding of the criminality behind infringing sites and the different ways in which they generate revenue. It shows there is not just one type of pirate site but six distinctive types of site and it produces an accurate map of the pirate industry and the different types of business models at work. It also found that advertising financed 86% of the P2P search sites in the study. This has led to further research from the University of South California, Annenberg School for Communication and Journalism. Through the publication of a series of monthly reports, the Annenberg School is publishing the current list of top ten advertising networks placing the most advertisements to illicit file sharing sites.

⁴ http://globalstudy.bsa.org/2011/downloads/study_pdf/2011_BSA_Piracy_Study-Standard.pdf

⁵ <http://www.prsformusic.com/aboutus/policyandresearch/research-andeconomics/Documents/TheSixBusinessModelsofCopyrightInfringement.pdf>

Report on EU customs enforcement of intellectual property rights⁶

According to the above report, China continued to be the main source country from where goods suspected of infringing an IPR entered the EU (73% of the total amount of articles). Other countries remain the main source for certain product categories, notably Turkey for foodstuffs, Panama for alcoholic beverages, Thailand for non-alcoholic beverages, Hong Kong for mobile phones, their accessories and for computer equipment, Bulgarian customs detained several large shipments of packaging materials which were being exported from the EU.

The domestic retail value of the 114 million articles detained has increased to €1.27 billion pounds in 2011. The top articles detailed across the EU include medicines (24%), packaging materials (21%) and cigarettes (18%), followed by clothing, mobile phones, labels, tags and stickers. Medicines remained the highest amount of articles detained in postal traffic at 36%. Products that would be potentially dangerous to the health and safety of consumers such as beverages, consumables, electrical household goods and toys accounted for a total of 28.6% of the total goods, an increase of 14.1% in 2010.

Counterfeiter pockets £600,000 in two years⁷

A criminal selling counterfeit games cartridges for Nintendo's DS and DSi consoles which bypassed the consoles' security systems was jailed for 32 months at Croydon Crown Court in November 2012.

Millions of lives at risk from counterfeit and substandard anti-malaria drugs⁸

In a study published in the 'Malaria Journal', an international team of researchers report that some cases of anti malaria medicines on sale in Africa have been deliberately counterfeited by criminals or are of poor quality because of factory errors. Both types are not only potentially harmful to the patient but also risk promoting the emergence of drug resistance among the parasites that cause malaria. The study states that unless urgent action is taken both within Africa and internationally, millions of lives could be put at risk.

⁶ http://ec.europa.eu/taxation_customs/resources/documents/customs/customs_controls/counterfeit_piracy/statistics/2012_ipr_statistics_en.pdf

⁷ http://www.croydonguardian.co.uk/news/10039578.Fraudster_who_sold_counterfeit_Nintendo_games_jailed/

⁸ <http://www.wellcome.ac.uk/News/Media-office/Press-releases/2012/WTVM054044.htm>

Researchers examined anti-malarials - collected in 11 African countries between 2002 and 2010 - which they believed to be either counterfeit or substandard. Analysis of the medicines showed that some counterfeits contained a mixture of wrong active pharmaceutical ingredients, some of which might initially alleviate malaria symptoms but would not cure malaria. Worse still, these unexpected ingredients could cause potentially serious side-effects, particularly if they were to interact with other medication that a patient was currently taking, such as antiretroviral therapies for HIV.

Some of the counterfeits also contained small amounts of artemisinin derivatives, perhaps to try to ensure that the drug would pass simple authenticity tests. The researchers identified pollen found in some of the tablets, which indicated that the counterfeit medicines originated in eastern Asia.

Cost of Illicit alcohol - £1.2 billion⁹

A study from the Institute of Economic Affairs (IEA) estimates that counterfeit alcohol is costing the Treasury £1.2 billion every year.

Evidence shows that the illicit alcohol market is also closely associated with high taxes, corruption and poverty. The affordability of alcohol appears to be the key determinant behind the supply and demand for smuggled and counterfeit alcohol.

The problems associated with counterfeit alcohol were highlighted in the Czech Republic, when 43 people were killed after drinking spirits laced with methanol. The deaths led to a ban on the sale of spirits over 20% alcoholic strength.

BPI Report – Digital Music Nation¹⁰

Crime and its impacts

The music industry has returned to growth for the first time since 1999, with an increase of 0.3%, at the same time digital sales now account for more sales than physical.

The British Recorded Music Industry report 'Digital Music Nation' published in 2013 looks at the changing trends of consumers music habits. The report states that 14.5% of people in the UK regularly engage in file sharing with 345 million tracks downloaded using Bit torrent between January - June 2012, compared to 239 million tracks downloaded legally during the same period. Comparing

⁹ <http://www.thedrinksbusiness.com/2012/11/counterfeit-alcohol-costs-uk-1-2bn-a-year/>

¹⁰ https://www.bpi.co.uk/assets/files/BPI_Digital_Music_Nation_2013.PDF

this data with independent data collected through the annual trading standards survey on IP crime, there has also been a reduction in the amount of physical media being investigated by trading standards.

As well as smartphones and tablets, smart TVs, and connected cars will also create new opportunities for music services. The report highlights that:

- Seven million individuals used at least one service where illegal content is hosted each month;
- BPI has sent over seven million takedown notices to Google;
- Q1 of 2012 saw digital music revenue pass 50% of record label income for the first time;
- Forecast data predicts that 44 million individuals in the UK are expected to be 4G mobile subscribers by the end of 2013 – almost 70% of the UK population;
- 47% of car owners listen to music more in their cars than at home;
- 42% of filesharers agreed that the blocking of a site would stop them acquiring infringing content;
- 68% of respondents to a Harris 2011 study agreed that search engines should make it harder to find websites that offer music illegally, 66% of respondents in an AudienceNet survey in 2012 believe search engines should direct people to legitimate sites.

Civil Order blocking sites in UK – following the successful orders against Newzbin2 and Pirate Bay some foreign sites are actively seeking not to do illegal business in the UK voluntarily.

Counterfeit BMW Car Parts

A counterfeit airbag emblem reaches a speed of up to 220mph on airbag deployment and thus, may become a dangerous projectile. This has recently been verified by the BMW Brand Protection Team using an innovative comparison test. The test result is alarming and frightening....



(Image) Original BMW steering wheel with airbag cap and BMW emblem.

...In emergency situations safety-relevant systems, such as airbags are deployed. Airbags respond at lightning speed and in combination with the seat belt and head restraints offer protection for the vehicle occupants.

Using an innovative test, BMW AG recently investigated the behaviour of airbag caps, under which the actual airbag is located, during deployment in a collision crash situation. Original BMW products were compared to counterfeits available in the market (for example via internet platforms).

During the accident emulation in the test lab, where a vehicle collided at a speed of approximately 30mph, the airbag deployed within milliseconds. This airbag deployment was recorded to the second by a high-speed camera.

The test result: The original BMW cover cap opens upwards and provides space for the full and safe airbag deployment, the counterfeit behaves quite differently. The emblem glued onto the cap cannot withstand the pushing force, comes loose from the airbag module during tearing of the cover cap, and is projected into the passenger compartment at a speed of up to 220mph. The measurement results of the test confirm the immense speed that was measured within a radius of half a metre of the airbag. The consequences can be devastating; at such speeds there is a high risk of injury not only for the driver but all occupants, hard to believe when the emblem weighs only 4 grams.

Experience shows that counterfeit products are manufactured with the goal to resemble the original product in appearance as much as possible. However, this results in the partial neglect of functionalities or even the use of lower-grade materials. In order to prevent possible negative consequences caused by counterfeit

products, the BMW Brand Protection Team fights all forms of counterfeits worldwide. BMW AG pursues the clear objective of protecting customers against product counterfeits and their consequences. Specifically, this means tracking down counterfeit goods and imitated designs, preventing their sales, and finally holding those responsible accountable for their actions.

Further information can be found on www.brand-protection-team.com



Counterfeit test: The glued-on airbag emblem is projected into the passenger compartment, thus turning into a life-threatening projectile.

Original test: The welded emblem is safely folded away upward together with the airbag cap.

China arrest 1,900 for fake drugs¹¹

Police seized products worth £117 million in a countrywide operation targeting fake drugs made to look like well-known brands used to treat diabetes, hypertension, skin problems and cancer.

Anti-Counterfeiting Group (ACG)

ACG General Overview

The Anti-Counterfeiting Group (ACG) is a not for profit trade association, founded in the UK in 1980 with just 18 members (mostly in the automotive industry) who discovered that they had a common problem with counterfeits. Today ACG represents around 150 organisations around the world, operating in, or providing specialist advice to, the many industry sectors where counterfeiting is an issue.

ACG members manufacture just about everything you can think of, from toothpaste to mobile phones, chocolate to car parts. Their membership also includes lawyers, trade mark agents and brand protection specialists, creating a unique environment for anti-counterfeiting interests to flourish and collaborate.

¹¹ www.bbc.co.uk/news/world-asia-china-19144556

Via their lobbying, networking, training and awareness activities, ACG campaigns against the trade in fakes on behalf of consumers and legitimate business interests, in partnership with government and law enforcement agencies, and other rights organisations. Their ultimate aim is to change society's perception of counterfeiting as a harmless activity, by exposing the worldwide economic and social cost of intellectual property crime.

Routes to Market

The expansion of the global market through the use of technology and the internet has facilitated the ability of counterfeiters to sell their illicit goods to the market place.

The number of reports from consumers to Crimestoppers shows the trend identified by other data in this Report that online social media is the most prevalent sales outlet in the trade of counterfeits. Online sellers trading through auction market places often operate from home, as do small scale sole traders, markets and independent shops. The ordinary shop is the second, and private residences the third most reported locations.

Fake goods sold from a small showroom in a converted garage at home

On 16 November 2012, at Bournemouth Crown Court, Helen Weaver was sentenced to a community order of 100 hours unpaid work, for possessing and selling counterfeit handbags and other accessories. In December 2010, Weaver sold a counterfeit 'Chanel' handbag and 'Louis Vuitton' clutch bag to a trading standards officer as part of a test purchase from her garage at Wimborne. A further 244 branded goods was seized from her home, including: 'Chanel' sunglasses and make-up brushes, 'Mulberry' handbags and purses and 'Gucci' bags imported direct from China.

Developed by the Intellectual Property Office (IPO), the Shadow Economic Crime Command of the National Crime Agency and the Serious Organised Crime Agency IP Crime Group has adapted a project to focus on the threat from counterfeit goods by researching the various stages in the lifecycle of counterfeits (both physical and online). This lifecycle involves the ordering, manufacture and shipping of counterfeit and pirated goods through to the storage and sales of those goods in the UK.

This project has led to successful operations involving Greater Manchester Police, trading standards and numerous other law enforcement agencies. Each stage of the lifecycle is being mapped and will form the basis for future intervention aimed at both enforcement and prevention, especially dealing with the facilitators and enablers criminals use to conduct their business.

Counterfeit goods seized with an estimate value of £1.25 million

In December 2012 enforcement activity took place in Cheetham Hill in Manchester. The operation was led by Trading Standards North West with support from Scambusters, GMP, IP right holders and the IPO. A 40 foot container was filled with seized counterfeit goods with an estimated street value of £1.25 million.

On the 16 December 2012, six individuals were arrested for trade mark offences and interviewed at four addresses. On the 17 December 2012, no arrests were made for trade mark offences, but the Managing Director of the business was interviewed on the premises, and a cash seizure was made

IP crime on the Internet

The threat of the online arena to sell to consumers – the counterfeiters' choice

The Anti-Counterfeiting Group has reported that the use of social media such as Facebook (FB) to advertise and trade in counterfeit goods has increased greatly over the last two years with thousands of items now available on a daily basis.

Traders will openly publish albums on their FB page which contain images of available counterfeit merchandise including, clothing, footwear, jewellery, handbags, purses, music, games and films. They will then engage in private and open messaging on their FB page in order to sell these infringing products.

Most traders operate a closed FB page and interested buyers need to make a 'friend' request in order to gain access to the albums. Once accepted as a friend, a customer can browse, comment on and purchase counterfeit items using a host of payment methods including credit / debit card, Paypal, Postal Order and cash.

In most instances the trader will post items to customers but some traders offer a collection and or delivery service, depending on the geographical area and customer location.

Traders often hold 'open days' where they will offer current and potential clients the opportunity to visit their home or trading location to browse and buy their goods.

This type of social network allows traders and their customers to recommend a trader to other friends and contacts; as a result many traders may have in excess of 1000 'friends' to whom they can ply their trade.

During investigations on traders engaged in this activity some brands have found photo albums containing in excess of 2,000 images of items available for purchase from a single trader. Some of these images have been copied from Chinese websites and if these items are purchased they are often drop-shipped from China via China post.

Most traders however, photograph their stock in situ at home or in a commercial premises and then upload the images onto their FB page either via a desk top computer or mobile phone app, although work is underway to detect and disrupt this 'new' phenomenon.

Reggae doctor sentenced to eight months in prison

Dwayne Murray, also known as the Reggae Doctor was sentenced to eight months in prison on 25th February 2013 at Inner London Crown Court for making and selling counterfeit compilation albums via his website www.reggaedoctor.co.uk.

Almost 7,000 fake records with a wholesale value of almost £60,000 were earlier seized at his home featuring tracks by many artists on UK record labels. This was a case brought by Southwark Trading Standards and assisted by British Recorded Music Industry (BPI).

Evidence has shown the increase in the volume of counterfeit products which are available to consumers through ordinary shops and private residences. The annual survey of trading standards has shown 83.3% of those responding authorities had investigated counterfeit goods in ordinary shops, 60% in private residences.

Simultaneous raids across Bristol net £1 million in counterfeit alcohol and tobacco¹²

Bristol Trading Standards lead a coordinated operation with Avon and Somerset Police, Her Majesty's Revenue and Customs and the South West Regional Enforcement Team.

Intelligence gathered resulted in the raids of three retail and two residential premises in Eastville, Redfield and Horfield in Bristol. Using specially trained dogs to help find the illicit tobacco, thousands of illegal products were seized including hand-rolling tobacco that was counterfeit, and illicit cigarettes manufactured solely to be smuggled into the UK and sold illegally.

¹² <http://www.thisisbristol.co.uk/Raids-net-pound-1m-illegal-booze-to-bacco/story-19239465-detail/story.html#axzz2VocXzxi0>

There were also known brands which had warning information in foreign languages and therefore do not comply with UK labelling requirements.

Michael Reed, principal Trading Standards officer for Bristol City Council, said: "The raids followed carefully-planned work jointly with the police and HMRC. We will be seeking to bring prosecutions in relation to the seized tobacco and reviews of the premises licensed to sell alcohol."

Simon Cook, assistant mayor, said: "This highly successful operation demonstrates how effectively agencies work together to crack down on the illicit tobacco industry which shows how black-market tobacco flouts laws, the Treasury loses out on revenue, and, most importantly, health is being put even more at risk."

Goods entering the UK

Border Force makes significant detentions of IPR infringing goods entering the UK through the postal system, ports and airports. Border Force also detects precursor materials and packaging are imported separately aiming to avoid detection by Border Force.

Coventry International Postal Hub intercepting small packages imported via China Post

Detentions have been made, including footwear, clothing, cosmetics, handbags and purses, jewellery and personal care products such as toothbrushes and razor blades. Intelligence gathered as a result of this work has led to numerous enforcement actions.

Multi-agency coordination results in the unravelling of a counterfeit gang

In November 2011, 2000 counterfeit ghd products were detained at Manchester Airport, destined for a small shop in the Stretford area of Manchester. Working in cooperation with Border Force and the Police, ghd facilitated a controlled collection and mobile surveillance of the goods, which were transported and unloaded into the import address by two males.

Greater Manchester Police teams then intervened, arresting the men for conspiracy offences. The infringing ghd units were seized, plus other branded counterfeit goods and labels worth an estimated £500,000, and £26,000 in cash. Further investigation uncovered their involvement in a sophisticated gang applying counterfeit logos to cheap, unbranded goods to be sold in a retail premises in the M8 area of Manchester. 45 different brands were affected, including ghd, Ugg and Cartier.

Further raids were organised by the police, resulting in four men and two women being charged for conspiracy to defraud to the value of £4.3million. Three of the defendants were sentenced to 1, 2 and 3 years imprisonment respectively, one received a 12 month suspended sentence, and the final two received community service orders. Two of the defendants will also face hearings under POCA.

This was a critical case in targeting the highly organised and sophisticated counterfeit activity in the renowned Cheetham Hill area of Manchester, and demonstrates the huge benefits of a multi-agency, intelligence led approach.

The National Markets Group

The National Markets Group brings together organisations that have a shared focus on ensuring that markets and car boot fairs are free from fake goods and other illicit products. The Group facilitates joined-up working, intelligence sharing, best practice and a coordinated enforcement approach to markets and car boot fairs where the sale of counterfeit and other illicit goods is a problem.

Their actions are not only effective in dealing with the immediate problem of traders selling counterfeits, but also developing ways for legitimate businesses to be sustained and a market and the local community to flourish.

At Manchester and Salford a group member from the British Recorded Music Industry (BPI) coordinated enforcement activity across the IP right holders, police, trading standards, and other agencies such as the Department for Work and Pensions, Her Majesty's Revenue and Customs and UK Border Force. The activity was supported by the industry led and financed Real Deal campaign which provides support and assistance to market operators to ensure their markets are legal and free of fakes.

In the run up to Christmas 2012 Greater Manchester Police and its partners targeted suspects at Salford, Grey Mare Lane and Conran Street Markets. Following six arrests Salford and Grey Mare Lane Markets have since closed.



Grey Mare Lane Market, Manchester – now closed

Man jailed after smuggling 3.6 million counterfeit cigarettes¹³

A Taxi driver was jailed for five years at Ipswich Crown Court on 20 June 2013 for being found guilty of evading around £925,000 in excise duty and VAT after smuggling over 3.6 million counterfeit cigarettes. The defendant was caught transferring the counterfeit goods from a sea container into two vans at an industrial unit in Tilbury, the cigarettes have since been destroyed. His Honour Judge Holt, said: "This was a sophisticated smuggling operation and you were involved well before the cigarettes arrived in the country."

C. Risks from fakes

Introduction

IP crime was once perceived as a victimless crime; however the variety of goods that are subject to counterfeiting and piracy is very broad. These goods include items which require rigorous checks to eliminate any health and safety risks. Some of these risks are dangerous; others have a more indirect but still harmful effect.

Dangerous Products

Legitimate manufacturers and suppliers ensure their products, for example pharmaceuticals, personal care items, electrical goods, consumable food, alcohol and tobacco meet required safety standards. There are legal sanctions to ensure that these goods meet those standards, and counterfeit goods very rarely meet those standards.

The annual survey of trading standards in chapter three of this Report and the many projects throughout the UK as highlighted in chapter two shows that counterfeits – especially in the area of alcohol and tobacco - are still a significant threat. Even though there has been many awareness campaigns consumers especially during these tough economic times are still taking a risk with their health and safety.

Counterfeit alcohol is typically made using industrial alcohol such as anti-freeze which contains the toxic ingredient methanol and poses a significant risk to health. There have been many cases around the globe which have proved that consuming counterfeit alcohol has a grave impact. Counterfeit tobacco has also been found to contain arsenic, rat droppings and far more tar and carbon monoxide than legal products.

¹³ http://www.basildonrecorder.co.uk/news/10500147.Taxi_driver_jailed_after_3_6million_counterfeit_cigarettes_found_in_Tilbury/

Scottish Trading Standards Authorities and the Grampian NHS Board Leaflet - "Stop the sale of illegal tobacco and cigarettes"

A leaflet produced by Aberdeen City, Moray, Aberdeenshire Councils and Grampian HNS aims to educate consumers of the dangers of illegal tobacco, focusing on the danger to people's health and how the proceeds fund crime.

Tackling Food Fraud

Consumers like to eat what they choose and to believe that their choice is safe, ethical, environmentally sound and sustainable. Consumers do not want to be exposed to mis-description, fraud, poor hygiene, risks to health, profiteering, shams and crime. However, 160 years after the regulatory framework designed to protect consumer safety and fair trade counterfeit products are a continuing threat to brands and consumer choice

There will always be those who cut corners and wilfully disregard common sense, let alone legal requirements, in their quest for financial gain. At times of economic difficulty, the incentives for food fraud are even greater with large profit margins achievable.

Putting the fraudsters out of business is a top priority for the Food Standards Agency (FSA) and a key objective in their Strategic Plan. Local Authority (LA) Trading Standards and Environmental Health Officers are at the forefront of this work, as it is their responsibility to identify potential food fraud, to investigate and prosecute those responsible, to close illegitimate and unhygienic food premises and ensure that illicit products can't be consumed.

This work can be very difficult and challenging, but significant progress is being made in tackling food fraud, built upon the FSA engaging with officers on the frontline about what support is needed and acting to ensure that these needs are met.

The FSA has established a sophisticated food fraud database that serves as the central 'clearing house' for fraud related intelligence from all national and international sources – enforcers, industry, consumers and other Government Departments and Law enforcement agencies. This powerful intelligence management system, which is used by police and criminal investigation organisations worldwide, quickly identifies potential links between separate pieces of information, turning it into intelligence that can then be provided to appropriate local authorities where it can be used to assist their investigations or instigate new ones. The FSA produces monthly Intelligence briefings for local authorities and other interested parties – these are compendiums of key fraud trends and other

useful data that assist the coordination and better targeting of anti-fraud measures.

Some fraud cases can be highly complex, requiring a multi-agency approach, and consuming a large amount of time and resource. The FSA has created a Fighting Fund that provides financial support to LAs engaged in the more resource intensive fraud cases, particularly where these are regarded as having national or international importance. Funding bids from LAs totalling around £300,000 have been agreed by the FSA Fighting Fund Panel during 2012/13.

Fraud cases often make demands on the skills and know-how of officers, as their successful investigation can require rapid familiarity with legislation that is not routinely used during the normal day to day regulatory work, and a successful prosecution often requires well-honed investigation and legal process skills. The FSA's cost-free Evidence Gathering and Investigation Skills Training course is regarded by the LA delegates as a key element in their continuing professional development and consistently receives excellent feedback.

In addition, the FSA has established a Food Fraud Advisory Unit (FFAU) which consists of local authority enforcement officers working in environmental health, trading standards and port health, with extensive experience in carrying out food fraud investigations draw from all parts of the UK. The FFAU is available to advise local authorities carrying out investigations into fraud or any illegal activity relating to food or animal feed.

Eyesight concern from counterfeit vodka¹⁴

For six months, a Staffordshire man lived in fear of losing his eyesight after consuming counterfeit 'Arctic Ice' vodka. Unbeknown to him the vodka contained 20 times safe levels of methanol.

After consuming the product he saw a warning in local press advising the public not to consume it. Worried; he contacted his GP who said the man may lose his sight anytime within the next six months due to the concoction of chemicals he consumed.

The manager of the off license pleaded guilty to nine offences under the Food Safety Act, General Food Regulations and the Trade Mark Act and was ordered to pay £3,376 costs. No long term harm was caused to the victim.

¹⁴ <http://www.staffordshire.gov.uk/News/staffordshire-man-tells-of-healing-fears-as-counterfeit-alcohol-trader-prosecuted.aspx>

Consumables

Consumables still feature highly in the amount of goods being seized by UK Border Force and inland law enforcement agencies. These include condoms, toothpaste, skin care products and cosmetics.

Warning over counterfeit condoms¹⁵

The government health regulator, the Medical healthcare Regulatory Agency (MHRA) claimed that millions of counterfeit condoms were imported into the UK in the months leading up to January 2013.

Tests carried out on many of the fakes showed they have a high burst rate. The MHRA commented on the manufacturers, mainly from the Far East - "They will cut corners. They will cut costs. They will use cheaper ingredients and materials."

They advised "it is vital that people buy condoms from well-known reputable retailers and pharmacies".

Tackling Counterfeit and substandard food globally

This initiative, involving 21 countries across Europe was led by Europol and saw the IPO coordinate UK activity by the Food Standards Agency, TSD's and UK Border Force. 20 food and drink product intelligence logs were disseminated.

As part of this campaign, the IPO received a complaint from Tutela-consorzio Prosecco who administers the interests of Prosecco wine worldwide - Prosecco is a protected Geographical Indicator (GI).

A UK retail outlet was selling a rosé Prosecco. Those who know their wine will be aware that Prosecco is exclusively a white wine. This information was passed onto the Food Standards Agency Food fraud desk, who contacted the retail outlet who subsequently withdrew the Rose Prosecco from sale. This is an example of how counterfeit items can easily enter the legitimate supply chain.

Electrical goods

In recent years there has been an increase in the volume of counterfeit over ear headphones, mobile phone accessories including chargers, and game consoles which often do not undergo the safety checks to ensure they are suitable for usage. There is also a threat to the safety of consumers through counterfeit electrical components.

Local business convicted of selling dangerous electrical goods¹⁶

At Brent Magistrates Court on 15 January 2013 Bridge the Water Ltd trading as "Slamtech" and "Masters in Tech" pleaded guilty to supplying counterfeit and unsafe laptop and mobile phone accessories. The company was fined £10,000 and ordered to pay prosecution costs of £2,490 to Brent & Harrow Trading Standards Service.

The business was an online retailer and wholesaler of mobile phone and laptop accessories, trading from their own website via online market places. After receiving a complaint over an alleged mis-described Apple power supply, Trading Standards Officers then carried out a test purchase of an Apple Macbook laptop charger via the traders own website which was later confirmed by the trade mark owner as being counterfeit.

In March 2012 a search of the defendant company's premises in Wembley led to the seizure of 3,800 suspected counterfeit and unsafe items including mobile phone and laptop accessories and an additional 10,000 adaptors were suspended from supply under consumer safety legislation. Samples seized were tested by an expert for electrical safety testing which revealed there was risks of fire and electrical shock, inadequate sized pins and incorrect size of fuse. After forensic examination the defendants computer identified that these items were sourced from China, India and the UK.

Pharmaceuticals

Pharmaceuticals: fake pharmaceuticals may contain dangerous or damaging ingredients or may simply be ineffective, due to missing ingredients. The increasing international trade of pharmaceuticals and sales via the internet has further facilitated the entry of counterfeit or substandard healthcare products into the supply chain.

Devices: fake medical devices are substandard, poor quality and can be dangerous due to the performance of the device. Counterfeiters tend to concentrate on low cost, high turnover, high demand products which go direct to the consumer.

¹⁵ www.bbc.co.uk/newsbeat/20802937

¹⁶ http://www.kilburntimes.co.uk/news/wembley_company_fined_for_selling_fake_phone_and_laptop_charges_online_1_1798646

Operation WILLIAM - A medicines investigation

In February 2013 a Portuguese national was sentenced to 3 years 8 months imprisonment for running an illicit drug mailing operation which resulted in approximately £1.6 million worth of unlicensed, prescription-only-medicines and Class C drugs seized as part of an investigation by the Medicines and Healthcare products Regulatory Agency (MHRA.)

Mahomed Bacai, 38, of Addlestone, Surrey pleaded guilty to five offences including forgery, possession of false identity documents and conspiracy to supply: Class C drugs, prescription-only medicines and medicines not on the General Sales list.

The MHRA started its investigation in January 2011 following seizures of medicinal products by the Border Force in Coventry. Mr Bacai's operation involved him hiring mailboxes using false documentation and fake names, which were then used to receive packages from suppliers in India and China. The packages were then re-packed at his home address and sent on to his international customer base.

MHRA Enforcement officers conducted a raid of Mr Bacai's home address in Addlestone in January 2011 where quantities of medicines totalling £1.5 million were found stored in unsanitary conditions, including a garden shed. The seizure included vast amounts of counterfeit and unlicensed erectile dysfunction medicines, as well as powerful Class C drugs such as the opiate Tramadol, tranquiliser drug Diazepam and vials of testosterone.

Following further intelligence work an additional £125,000 worth of medicines destined for Mr Bacai's home address were seized and Mr Bacai was arrested.

Legislation

The Falsified Medicines Directive, introduced by the European Commission in 2011 will be implemented in the UK in April- May 2013.

The legislation aims to place more stringent controls on licensed wholesalers and distributors of medicines

Other provisions include:

- anyone involved in trading in medicines (including brokers who do not take physical possession of the medicine) to be subject to proportionate levels of regulation

- increased controls over active pharmaceutical ingredients (APIs) coming from 3rd countries (ie outside EU)
- provision of a standardised logo for legitimate online pharmacies

Operation ALBATROSS - A devices investigation

In May 2012 a consignment was stopped at Felixstowe by Border Force staff. When the consignment was opened, Durex condoms, designer perfumes and Colgate toothbrushes were discovered. Samples were taken and sent to the rights holders and were confirmed to be counterfeit. The MHRA were contacted and after further intelligence was gathered a case file was opened in relation to the importation of counterfeit Durex condoms.

The goods were imported into an address well known to various enforcement agencies for the importation of counterfeit goods.

After further investigations warrants were executed on both business premises and home addresses of the Directors in November 2012. Sniffer dogs were used at the business premises that had been trained to locate counterfeit condoms. Two suspects were arrested and are currently on police bail.

Agricultural products

Counterfeit pesticides¹⁷

Researchers at Harper Adams University is aiming to publish - for regulatory and law enforcement agencies - recommendations on best practice in tackling the threat posed by counterfeit pesticides to the agriculture industry.

Counterfeit pesticides have been identified as a problem across the world impacting on legitimate businesses. The project hopes to identify why there may be a greater threat in the future.

The project lead by research student Chris Sambrook a criminologist currently with Thames Valley Police said "My initial research highlighted both the links between counterfeit products and organised crime and that pesticides are a particularly good example of how this can affect both legitimate manufacturers and consumers."

Counterfeit pesticides and fertilisers are perceived as a priority issue in Europe with coordinated training and enforcement through Europol and the Observatory.

¹⁷ <http://www.farmingfutures.org.uk/blog/combating-counterfeit-pesticides>

Counterfeit alcohol results in the deaths of five Russian tourists.¹⁸

Four Turkish nationals were found guilty for their involvement in producing and selling counterfeit alcohol which lethally poisoned five Russian tourists in 2011. In May 2013 each of the four individuals were sentenced in a Turkish court to nearly 90 years in prison. A total of thirty Russian tourists were hospitalised after drinking the counterfeit alcohol on a yachting trip in May 2011, the five Russians later died.

Blood samples from the victims and from the seizure of 200 bottles of counterfeit alcohol showed high doses of methanol, commonly used to mix bootleg alcohol. Three other accomplices were sentenced to seven and a half years in prison and another suspect was acquitted.

Risks to the local community

The annual survey of trading standards in chapter three of this Report and the results of Crimestoppers complaints highlights the increase of counterfeit goods being sold from private residences and ordinary shops. Along with initiatives in chapter two, products such as counterfeit tobacco have been linked to these locations which impacts on community safety.

D. Links to Organised Crime and other Criminality

Introduction

IP crime rarely happens in isolation, and increasing evidence has shown the links between IP crime and other criminality. IP crime is often seen as financially rewarding by criminals to assist them in funding their other activities which are often more violent.

The annual survey of trading standards has shown that a significant proportion of respondents (79%) identified that the IP criminals they encountered and dealt with were linked to networks of criminality that involve other forms of criminal activity. In the 2012/13 survey 74.3% of respondents observed links between IP crime and benefit fraud and 45.7% of respondents had linked IP crime to money laundering.

The largest increases were seen in the number of respondents reporting links to drug dealing, up by 3.9% in 2012/13 to 42% compared to the previous year, and organised criminal networks, up 3.1% to 34.3% in 2012/13.

¹⁸ <http://www.focus-fen.net/index.php?id=n306968>

Organised Crime Group Mapping (OCGM)

The Intellectual Property Office (IPO) has engaged with OCGM through the National Crime Agency, and is the first non enforcement agency to directly report organised crime through this process. The OCGM is a high level strategic overview of all known criminal groups across the UK.

The most recent version includes – for the first time – crimes such as IP alongside the more commonly recognised crimes such as robbery, burglary and drug supply.

Due to existing recording methods “counterfeiting” includes currency and other commodity importation. This is being changed and future mapping will identify IP crime in a separate category. It is believed that between 250 and 500 Organised Crime Groups (OCGs) are engaged in IP crime.

Seizures at Coventry Postal Hub

UK Border Force Officers based at the International Hub at Coventry conducted a week long operation targeting all suspected counterfeit goods entering the UK via the Hub. This resulted in the seizure of 22 parcels, average weight of 20 kg each containing up to 120 counterfeit dvd's in each. The majority of these being boxed sets that had been shipped in from China/Hong Kong. The Federation Against Copyright Theft (FACT) investigators examined these discs and confirmed that they were counterfeit of a very high standard. The shipping agents names were Chinese. The customs declarations all stated that they were gifts, fifteen pieces valued at 15 US Dollars.

Cease & Desist letters along with disclaimers were sent out to the majority of the individuals who were the intended recipients. All of these have been returned and the goods will be destroyed. The other intended recipients are the subject of separate cases as they were known to Fact and subject of current investigations. One of these resulted in a warrant being executed in Northern Ireland.

Thirteen individuals involved in the active importation of counterfeit pressed discs have been made aware of their criminal behaviour and that Fact and UKBA are aware of these activities. This should act as a deterrent. In addition two individuals have/will be subject of possible criminal charges being made against them.

International Organised Crime

International CD Counterfeit Ring Uncovered

More than 30,000 high quality counterfeit CDs were seized in December 2012 in the North West of England by the City of London Police, following a joint investigation by the National Fraud Intelligence Bureau, BPI, IFPI and the Border Force.

The operation is believed to have stopped the largest ever consignment of counterfeit CDs being smuggled into the UK and the goods – destined for the Christmas market - are estimated to have a street value of more than £245,000.

The counterfeit product was produced in China and flown in from Hong Kong to Manchester, from where it was set to be distributed across the UK and beyond, with plans to be sold into the legitimate distribution chain.

International multi-agency operation

Location of seizure: Edenbridge, UK

Product and number of items: Face cream; 95,000

Enforcement agencies involved: Sussex Police, EUROPOL, Polish Police (Warminso-Mazurski Region, and Polish Central Police Headquarters) supported by the Anti-Counterfeiting Group (ACG) Intelligence Coordinator and South East Government Agency Intelligence Network (SE GAIN)

In March 2012 a Kent-based pharmaceutical wholesaler ordered 100,000 units of a well-known branded skin crème from a Polish supplier.

A Polish employee who worked for the UK importer sourced the Polish wholesaler, though left their employment prior to the deal's conclusion. The UK company carried out limited due diligence on the supplier.

On delivery of the goods in April that year, the importer noted that the invoiced quantity was short by some 5,000 units. Having sold the goods on to another customer in the UK, the importer then discovered from the customer (familiar with the genuine product from previous transactions) that the goods were counterfeit. This was notwithstanding an authenticity certificate purportedly from the brand's laboratory. It was subsequently established that the document was forged.

Investigation by the brand's anti-counterfeit team established that the counterfeit goods were the same as counterfeits discovered over a period of several years throughout central and eastern Europe. Further, the UK

find occurred at a point when the brand's investigators had established the identities of key players and general locations involved in the illegal production of the creme in Poland. They had also identified a principal cross-border supply line into another EU country.

The UK find also occurred at a point when the brand was briefing EUROPOL on their case in order to seek their assistance in coordinating actions by the relevant national authorities.

After several months of case development, the investigation resulted in a major success. A force of 90 Polish Police officers in 14 locations across Poland, raided and shut down the counterfeit production and distribution network. In this impressive and well-coordinated operation, production machinery and materials for producing counterfeit shampoos, perfumes, creams, and washing powders of at least three prominent brands were found at several locations. Six key members of a long-standing organised criminal gang were arrested and are currently awaiting trial.

Aside from serving as an excellent example of fruitful coordination between brands, and both national and transnational enforcement agencies, this case is clear reminder of the ongoing threat from counterfeit production taking place within the EU, and its illegal product being moved with ease throughout union member states.

Chapter 2: Tackling IP Crime

Introduction

This chapter illustrates the coordinated response to tackling IP crime – both strategically and tactically - throughout the UK and internationally. Particularly highlighted are the initiatives and projects to address the key threats posed by IP crime such as the online environment.

An update is provided on elements of best practice – including the use of the Proceeds of Crime Act 2002 as a deterrent through the confiscation of criminal assets, and the campaigns to not only raise awareness of this criminality but also to assist consumers to access legal content.

This information along with statistics on the detentions of criminal IP infringing products – from inland and at UK borders and legal outcomes have been provided by Government, law enforcement agencies and industry bodies.

The chapter also contains an assessment of the progress made in objectives set out in the UK IP Crime Strategy.

Highlights

- The five year IP Crime Strategy published in 2011 has shown for the second year a clear progression in the collaboration and coordinated response to tackle IP crime. This was achieved by the active engagement of IP Crime Group members and the wider IP community.
- In 2012/13 Her Majesty's Revenue and Customs (HMRC) and Border Force detained over 32,000 consignments of IP infringing goods in postal traffic and over 1,300 consignments in air and sea cargo, fast parcel and vehicle traffic.
- International coordination is reaping results. In September 2012 the Medicines and Healthcare products Regulatory Agency (MHRA) took part in Operation PANGEA V. This week of action involved 193 agencies in 100 countries across the world to tackle illegal websites that supply counterfeit, illegal and substandard medicines. In the UK the MHRA shutdown 472 illegal websites, seized 1,919 packages with a total of 2,345,332 units seized valued at over \$5.4 million.

- Across the UK, around 300 markets and car boot fairs currently operate under the Real Deal charter. This industry-led initiative is demonstrating the value of operating fake-free markets not only in terms of IP issues, but other benefits in terms of crime reduction and reduced anti-social behaviour.
- The online environment is a route for criminals to trade in fake goods and structures are being built to tackle this threat. The National Trading Standards eCrime Centre set up by the National Trading Standards Board with funding from the Department for Business, Innovation and Skills tackles internet and e-mail based scams and rip-off to ensure the online environment is safe for both consumers and businesses. Already the Centre is making an impact actively engaged in IP crime investigations. The new Online Crime Unit by the City of London Police launched in July 2013 aims to specifically tackle IP crime online.
- The CeNTSA Food Group – Counterfeit Spirits Projects saw almost one fifth of the premises they visited were selling illicit alcohol posing significant dangers to consumers.
- Raising awareness to consumers has been important. In the run up to Christmas 2012 there were many national, regional and local campaigns to raise awareness of the potential harm of counterfeit goods to consumers. UK Border Force working with partners had a campaign that communicated across a range of media and social media to warn people of cheap fake products. The Electrical Safety Council also ran a campaign and Safe Shoppers guide to help consumers purchase genuine electrical goods. Throughout the year industry worked hard through many initiatives such as the Content Map to locate legal digital content, and Brand-i to where genuine goods can be purchased.

A. Coordinated response to IP crime

Introduction

Coordination by law enforcement, industry and Government has proved to be an effective tool in targeting individuals and organised crime groups in the prevention, disruption and dismantling of their criminal IP activities.

Case studies and projects throughout this Report demonstrate the importance of sharing intelligence to strategically and tactically target resources. This sub chapter details the activities within the UK that assist in this coordination.

Strategic Level Activity and Policy Initiatives

UK IP Crime Strategy 2011 - 2015¹

In August 2011, the government published its updated IP Crime Strategy – building on the previous 2004 and 2006 strategies - setting out clear objectives over a five year period. The Strategy provides a high level direction on tackling IP crime across the UK. Progress would be updated in this annual Report.

The key objectives of the IP Crime Strategy 2011/2015 are:

- reinforce the attractiveness of the UK as a place to do business by protecting legitimate marketplaces and providing a strong platform for business growth;
- make the UK unattractive to criminals seeking to engage in IP Crime, and;
- protect consumers from harms posed by dangerous and untested fakes and by wider criminality.

In 2011 the Intellectual Property Office (IPO) produced an IP Crime Strategy action plan, which was subsequently managed and monitored by the newly formed sub group of the National IP Crime Group, chaired by Deputy Chief Constable Giles York.

The enforcement action points are:

- **Enforcement agencies working together to share intelligence and resources with each other and industry to tackle IP crime at local, regional and international levels.**

Progress Update. The interaction of both private and public sector agencies concerned with IP crime and the IPO Intelligence Hub continues to rise with 6,480 intelligence reports handled in 2012/13.

The range of operations targeting IP criminals that involve coordination of resources across different agencies has significantly increased through structures such as the Government Agency Intelligence Networks (GAIN), the Shadow National Crime Agency Economic Crime Command Project Poise – looking at the lifecycle of counterfeiting - and the creation of the National Trading Standards Board (see below). Regional Asset Recovery Teams working with rights owners, trade bodies and law enforcement agencies have taken assertive action using Proceeds of Crime legislation. Intelligence from border detention has helped develop focussed intervention inland where storage and retail outlets for counterfeits have been identified.

As well as the tactical benefit of sharing intelligence using these structures, the strategic knowledge of the criminal business is enabling the development of relationships with source countries such as China so that the supply line becomes more vulnerable.

Online work from the creative industries has enabled law enforcement through the City of London Police, SOCA and Metropolitan Police e-crime units to reduce access to domain registration, payment services and in future advertising revenue to criminal sites. Further information on this industry led cooperation can be found below

Scotland has embraced a regional cross-sector and agency response to IP crime using the structure of the Anti-Illicit Trade Hub. The Commonwealth Games in 2014 provide a focus for activity to deal with the counterfeiting threat, whilst the first Scottish authority to sign up to Real Deal has been achieved.

- **Develop an action plan on tackling counterfeiting and criminal piracy online.**

Progress Update. Substantial progress has been made to develop a range of interventions, cooperation and coordination of resources across public and private sectors to reduce online counterfeiting and piracy whilst promoting consumer awareness and access to legal content.

The key here is to make it less profitable for the criminals to operate sites that flout copyright law, and to prevent people being deceived by apparently legitimate outlets.

1 <http://www.ipso.gov.uk/ipcrimestrategy2011.pdf>

Standards for intervention and removal of payments services from criminally infringing sites have been established by the City of London Police.

Along with other techniques such as domain de-registration these interventions are now being brought under one new unit, initially financed by the IPO within the City of London Police which will establish a proportionate level of intervention whilst reducing the ability of criminal sites to operate within the UK (see sub chapter B: New Initiatives).

- Facilitate discussion and information on how technology can better be used to prevent counterfeiting and piracy.

Progress Update. The IPO in conjunction with the Technology Support Board ran an open competition for the use of technology to reduce IP crime. With industry contributing to the final judging, awards were made to two projects. One is aimed at website evaluation and the other at digital watermarking (see sub chapter B: New Initiatives).

The best practice section of the IPO website is being maintained and supported with contributions from industry, law enforcement and Government departments.

The Local Government Association hosts a 'Knowledge Hub' which is used primarily by Trading Standards Officers and proved very effective during the 2012 Olympics. Its potential is being evaluated by the new National Trading Standards Board IP Focus Group.

- IPO to publish and maintain clear information on the respective roles and activities of agencies and government departments.

Progress Update. IPO circulated maps of both law enforcement and government agencies concerned with IP, including policy issues as well as enforcement. These living documents will be available on the website and updated to reflect changes in the environment.

- IPO to promote the pooling of information, tools and training on IP crime.

Progress Update. The Best Practice and Events Planner are available on the IPO website and are maintained through the IP Crime Group membership.

DCATS training continues to offer training and awareness of IP Crime to both law enforcement and IP right owners. The IP module is highlighted in Chapter two section D: awareness and training.

SOCA is providing sophisticated mapping technology and processes to support Project Poise which looks at each stage of the counterfeiting cycle with leads for each stage being drawn from industry with law enforcement support. The collective knowledge of a wide range of stakeholders and partners is making these key intelligence products very accurate and form the basis for future focussed action where it will have most impact at reducing IP crime impacting upon the UK.

IPO is supporting the NTSB IP Focus Group to pool best practice through the 'Knowledge Hub' database, and funded a number of projects details of which can be seen in sub chapter B: New Initiatives.

- Improve dialogue between those who hold IP related intelligence to improve coordination.

Progress Update. The ACG has appointed a coordinator for its brand members, making the sharing and development of best practice much easier.

The IPO has seconded a senior intelligence officer to the National Fraud Intelligence Bureau.

Four new organisations have signed an MOU with the IPO enabling the proper exchange of intelligence about IP crime.

The National Markets Group (NMG) members are sharing resources across organisations to develop an Availability Index, promote joint operations and engage a wider enforcement community.

- Push forward operational successes and use threat assessments and alerts to mainstream innovative tactics for tackling IP crime.

Progress Update. The IPO continues to lead on Operation Opson to raise awareness of the issues around illicit food and consumables. The IPO has engaged with a wider range of stakeholders as the programme of activity coordinated by Interpol and Europol continues. The UK contribution to Opson has been recognised at these international bodies and safety issues identified have been shared with colleagues abroad to help protect consumers.

IPO produces an IP crime newsletter which is used to communicate alerts.

IP is contained within the SOCA National Threat Assessment, Home Office Strategic Assessment and National Fraud Authority Fraud assessment through IPO and industry strategic assessments.

- Use IP Attachés to encourage effective enforcement in other jurisdictions.

Progress Update. The primary source of counterfeits to the UK is China and the attaché there has established good working relationships with the relevant authorities concerned with enforcement. Analysis of UK information has led to the identification of the most prominent entities in China affecting the UK and the attaché is in the process of working with both Chinese and UK authorities on how this might be developed into actionable material

In India, the attaché has developed good working relationships through the Indian Chambers of Commerce where a wide range of commodities are represented.

Following the UK experience at the London 2012 Olympics Games and the success in terms of the existence of minimal counterfeit branded Olympic products, relationships to support the Brazilian events of the World Cup in 2014 and Olympics in 2016 are being coordinated through the attaché there. Further details can be found on the work of the attachés under sub chapter C: Spotlight on Europe and international.

- Support regional coordination of trading standards work.

Progress Update. The creation of the National Trading Standards Board (see later in this sub chapter) is a significant change in the Trading Standards environment. An IP focus group has been formed with representation from every region. The group is working on the identification of priorities in IP and ensuring best practice is available through the 'Knowledge Hub' database.

Individual Trading Standards have conducted a wide range of operations at local and regional levels resulting in seizures and prosecutions with some encouraging confiscation work using POCA.

The IPO funded Trading Standards projects have provided strong evidence of the potential for co-ordination of effort around self-storage units and identified significant benefits of working to reduce counterfeits at markets, in workplace whilst recognising the emerging threats from new forums, such as social media sites.

The Trading Standards liaison officer at IPO is working across the regions to promote IP based work and identify how intelligence flows and products tailored to Trading Standards needs can be produced.

- Develop common methodology for assessing scale and impact of IP crime.

Progress Update. This is a long-term project and the Economic Research and Evidence team at IPO has commissioned the first building blocks to provide an evaluation of the methods used to estimate levels of IP infringement and subsequent harm.

The annual IP Crime Report constructed by the IPO for the IP Crime Group has had a significant increase in contributions, particularly from Trading Standards responses to the annual survey – some 86% compared to 54% last year.

Ofcom/Kantar research was a large scale consumer tracking study into the extent of online copyright infringement, including looking at the behaviours and attitudes of people aged 12 and over in the UK (see chapter one sub chapter B: Scope and Scale).

Work is also ongoing at OHIM to explore the potential of the methodology of measurement of IP infringement developed by the RAND Institute.

- Improve evaluation of consumer awareness campaigns to help shape effective action.

Progress Update. IPO are actively engaged in raising awareness of IP and IP crime to both consumers and SMEs. The Cracking Idea's characters and website provide resources to students and educators and the Musi© Biz Competition helps educate young people about the harm of filesharing - and value of copyright (see sub chapter D: Awareness and training).

The trade bodies have developed considerable expertise in identifying consumer-awareness issues and developing campaigns to raise them. As new initiatives are developed, such as the Alliance for Intellectual Property's website directing consumers to legal sites assessments of their impact will be carried out.

The benchmarking exercises used to support the 'Availability Index' for counterfeits are being used to identify the most sustainable and effective interventions at market places. There is increasing evidence that consumer and community safety perceptions are enhanced when counterfeit supply and exposure is reduced.

Initiatives

IP Crime Group and Sub Groups

The IP Crime Group was formed in 2004 in response to the first UK IP Crime Strategy and continues to play an important role in the current Strategy in taking forward strategic work on IP crime. The Group - chaired by Deputy Chief Constable Giles York of Sussex Police and the Association of Chief Police Officers (ACPO) Lead for IP Crime - brings together Government, industry and law enforcement agencies (IPO provides the Secretariat) on a regular basis to coordinate enforcement activities, identify and disseminate best practice and raise awareness of IP crime.

The Group has proactive sub groups to take forward the Group's objectives, including:

- IP Crime Strategy sub group – monitoring, managing and delivery on the five year UK IP Crime Strategy 2011 – 2015 through a clear and defined action plan;
- Training and Awareness sub group – taking forward the sharing and dissemination of best practice², and coordination of activities and development of new products addressing the elements of the UK IP Crime Strategy 2011 – 2015;
- IP Crime Report sub group – developing a factual annual report to update the IP Crime Strategy action plan and national assessments through demonstrating the scope and scale of IP crime within the UK, describing the initiatives to tackle this criminality and assessing future trends and threats.

Third of malaria drugs are fake³

A report by the Fogarty International Centre at the National Institute for Health stated that a third of malaria tablets used around the world to stem the spread of the disease are counterfeit. Between 655 thousand and 1.2 million people die each year from plasmodium falciparum infection. According to the research “much of this morbidity and mortality could be avoided if drugs available to patients were efficacious, high quality, and used correctly”.

Home Office – National Crime Agency (NCA)

The new National Crime Agency (NCA) will go live on 1 October 2013 as an operational crime fighting agency that will:

- fight organised crime;
- strengthen our borders;
- fight fraud and cyber crime;
- protect children and young people.

It will take on the work of the Serious Organised Crime Agency, the Child Exploitation and Online Protection Centre, and will incorporate functions of the National Policing Improvement Agency.

The NCA will:

- pull together a single national intelligence picture on organised criminals and their activities;
- have the authority to coordinate and organise the national response to organised crime, prioritising resources according to threat;
- work with law enforcement partners to ensure that those who commit serious and organised crime are pursued and brought to justice, their groups and activities disrupted, and their criminal gains stripped away.

Serious Organised Crime Agency (SOCA) - The Economic Crime Command (ECC)

The Serious Organised Crime Agency (SOCA) responds to the links IP crime - both digital and physical - has with serious and organised crime. During the development of the NCA, SOCA has supported the introduction of IP crime as an area of concern within the Economic Crime Command (ECC). The shadow ECC (sECC) is already achieving success in its objective to protect the public from economic crime, through operational, disruption and prevention activities. This includes multi-agency operations to tackle those involved in pensions fraud, counterfeit goods, housing benefit fraud as well as corruption and bribery.

Most recently, the sECC has been working with a wide range of partners, including the Pensions Regulator, Her Majesty's Revenue and Customs, Department for Work and Pensions, Financial Services Authority, City of London Police and Serious Fraud Office. This cross-sector coordination in response to Pensions Liberation Fraud has led to the launch of a high profile awareness campaign⁴ and ongoing investigations into the fraudsters involved. The sECC has also been working closely with the City of London Police to tackle fraud in the UK and overseas. A number of arrests have been made and significant disruption of this type of criminality is expected as a result, saving members of the public from huge financial losses.

² <http://www.ipo.gov.uk/ipenforce/ipenforce-resources.htm>

³ www.bbc.co.uk/news/health-18147085

⁴ www.soca.gov.uk/news/532-multi-agency-campaign-to-fight-pension-liberation-fraud

Additionally the sECC has adopted a project to focus on the threat from counterfeit goods by researching the process from ordering, manufacture, shipping through to storage and sales in the UK. Project Poise has been brought together with the Intellectual Property Office leading to operations involving Greater Manchester Police, Trading Standards and other partner agencies.

Counterfeit fireworks which injured boys ‘pose significant danger’⁵

Two boys aged 12 and 15, suffered burns caused by counterfeit fireworks, Strathclyde police said. One of the boys was seriously hurt when a banger exploded in his hand, whilst the other boy sustained superficial injuries.

The fireworks consisted of a rolled up paper tube filled with gunpowder and a fuse at the top. Police warned that the bangers posed “significant danger”.

Police also said that up to 1,000 bangers were found in a shed in New Stevenson.

The National Fraud Authority (NFA) and the National Fraud Intelligence Bureau (NFIB)

The National Fraud Intelligence Bureau is housed within the City of London Police and provides a central point for the collection, analysis and dissemination of intelligence for the UK from both private and public sectors. Its importance in IP crime as an economic crime is fundamental and the IPO has seconded a senior Intelligence Officer to provide the necessary liaison.

In addition the NFIB has led Project Tradebridge, where in partnership with the creative and advertising industries; work will be undertaken to reduce the flow of revenue to criminally infringing IP sites.

Action Fraud – the new national reporting centre for all fraud and cyber crime.

ActionFraud
 Report Fraud & Internet Crime
0300 123 2040

Members of the public and businesses can report incidents of fraud to this ‘one stop shop’ rather than to their local police force. However, to report a crime in progress or where life is at risk consumers should continue to call 999.

⁵ www.bbc.co.uk/news/uk-scotland-glasgow-west-19848191

How to report a scam or fraud to Action Fraud

Call 0300 123 2040

<http://www.actionfraud.police.uk/>

NFIB - Expert Analyst Seconded to the BPI

In 2012 BPI (The British Recorded Music Industry) and the National Fraud Intelligence Bureau (NFIB) joined together to develop a unique partnership.

In a bid to better understand the scale of the threat posed by specific types of crime, the NFIB seconded for the first time into private industry an experienced analyst choosing the BPI, a trade body for the British recorded music industry.

Collaboration between the two organisations is driven by the aim to disrupt and dismantle the perpetrators of crimes. With the intelligence to emerge from this partnership, it is hoped that all parties will reach new understandings in relation to both cyber and overseas threats from criminals exploiting IP rights. The BPI and NFIB will work together to develop a blueprint on tackling IP crime with a view to feeding this in to the National Threat Assessment to influence the national policing priorities as set by the Home Office.

Draft Consumer Rights Bill: Government response to consultations on consumer rights⁶

In 2012 the Department for Business, Innovation and Skill consulted on proposals to Modernise and Consolidate Consumer Law Powers. The main proposals seek to simplify enforcement officers’ investigatory powers into a generic set, and help trading standards operate across local authority boundaries more efficiently. The proposals are also aimed at reducing the burdens on business by requiring that businesses are given reasonable notice of officers’ routine visits unless there are good reasons for them to be unannounced.

The proposals form part of a package of measures to simplify consumer law through the proposed Consumer Bill of Rights. On 12 June 2013, the Government’s response to the consultations on consumer rights, together with the Draft Consumer Rights Bill was published. This includes the response to the consultation on consumer law powers.

⁶ <https://www.gov.uk/government/publications/draft-consumer-rights-bill>

The measures in relation to consumer law powers include:

- to consolidate and simplify consumer law investigatory powers and adding enhanced safeguards to their use, such as requiring officers to give reasonable notice to businesses before carrying out routine inspections subject to certain exemptions;
- to clarify the law and make it easier for trading standards to tackle rogue traders operating across local authority boundaries;
- enabling officers to present cases in County Courts to encourage more use of civil enforcement. This can be implemented through an Approved Regulator and therefore does not require Government intervention and so is not included in the Bill;
- encouraging the Trading Standards Institute and the trading standards community to develop a code of practice which sets out in a transparent way for local authorities how officers' competencies can be achieved and maintained in a more flexible way. This also does not require Government intervention and so is not included in the Bill.

National Trading Standards Board (NTSB)

Following the Government implementing its approaches to improve the current landscape of bodies that provide consumer advice, representation and enforcement within the UK, the National Trading Standards Board (NTSB) has been established to prioritise, fund and coordinate national and cross-boundary enforcement cases.

The NTSB is formed from a group of senior and experienced local government heads of trading standards, representing all trading standards services across England and Wales with Trading Standards Officers from Scotland and Northern Ireland also attending NTSB meetings. Its purpose is to provide leadership, influence, support and resources to help combat consumer detriment, locally, regionally and nationally.

During 2012/13 the NTSB created a programme office to support the Board and allocated the Department of Business Innovation and Skills (BIS) grant to current activities such as Scambusters, legacy cases, safety at ports and Illegal Money Lending Teams.

The Board has commissioned a National Strategic Assessment covering e-crime and other key trading standards issues; engaged with key external stakeholders with a view to sharing intelligence on issues affecting consumer detriment; and represented the Board by

participation at the Consumer Protection Partnership meetings (CPP). They have consulted local authority trading standards services and existing NTSB teams, agreeing the requirements needed for an effective intelligence system and agreed the delivery mechanism for this post 1 April 2013.

The Board has also set up the new National Trading Standards eCrime Centre, and supports the work of the Intellectual Property Office through regular meetings with regional Trading Standards Officers. The Board has worked with other Government Departments interested in the Board's model for the allocation of funds in other areas of Local Authority Trading Standards work.

Scambusters

The Government's 2005 Consumer Strategy 'A Fair Deal for All', set out a commitment to fund and pilot Regional Trading Standards Scambuster teams.

There are currently eight Scambuster teams operating throughout the UK made up of Trading Standards Officers, ex-Police Officers and ex-civil servants. Predominately looking at level two and three criminality their remit is wide and their priority is to tackle regional and national fraud which includes Rogue Traders, Scams and large scale counterfeiting cases. NTSB has responsibility for the National coordination of the Scambuster teams and has the ability to task these teams in relation to National Issues. With a coordinated response, regional teams are able to provide valuable support, assistance and expertise to local trading standards.

Her Majesty's Revenue and Customs (HMRC) and Border Force

Her Majesty's Revenue and Customs (HMRC) and Border Force continue to work together to tackle the threats posed by cross-border movements of IP infringing goods. In the financial year 2012/13 their successes included detaining over 32,000 consignments of IP infringing goods in postal traffic and over 1,300 consignments in air and sea cargo, fast parcel and vehicle traffic.

As in previous years, the types of goods detained, ranged from clothing and footwear through to electrical appliances to luxury goods including one consignment of designer watches (with a equivalent domestic retail value of £4.7 million). These detentions don't include counterfeit tobacco and alcohol products which were seized under Excise legislation on the grounds of revenue evasion.

To tackle illicit medicines, HMRC, Border Force, and the Medicines and Healthcare products Regulatory Agency

(MHRA) participated in Operation Pangea V which is an annual Interpol coordinated initiative designed to seize illicit medicines. During this week long operation in autumn 2012 nearly 1.5 million doses of illicit medicine worth approximately £3.8 million, including 68,000 doses of counterfeit tablets, were seized by MHRA at the UK border. The intelligence derived from Pangea V was used by MHRA to investigate and disrupt distribution networks for illicit medicines within the UK.

During 2012, HMRC and the Border Force also worked with the London Organising Committee of the Olympic and Paralympic Games (LOCOG) to protect the Olympic and Paralympic brands. Due to the effective collaboration between LOCOG, HMRC and Border Force throughout Games Time ensured that the London 2012 Olympics were well protected against imports of fake goods, with detections of infringing clothing, children's toys and various other goods being made in deep-sea container, fast parcel and postal traffic.

PANGAEA V

In September 2012 the Medicines and Healthcare products Regulatory Agency (MHRA) took part in Operation PANGAEA V, a week of action to tackle illegal websites worldwide that supply counterfeit, illegal and substandard medicines. The operation involved 193 agencies in 100 countries globally with activities being coordinated via Interpol. The aim of the operation was to foster cooperation between the participants and raise public awareness, as well as targeting the three essential components needed by fraudulent websites to conduct their illegal trade. Internet Service Providers (ISP), Electronic Payment System (EPS), and Mail Delivery services. The operation focussed attention on suspending websites, disrupting payment services and intercepting illegal medicines in the postal system.

In the UK the MHRA investigated 475 illegal websites, of which 472 were shutdown, inspected 2,222 packages of which 1,919 were seized. 2,345,332 units were seized valued at over \$5.4 million. 10 investigations were undertaken with warrants executed leading to the arrest of two people.

Worldwide, 169 arrests were made, 4.3 million units of counterfeit and illegal medicines seized and over 18,000 websites shut down. 143,709 packages were inspected and 7,500 seized at postal hubs and ports.

Following the operation, 61 National awareness campaigns were conducted containing important public health messages warning the public of the dangers of buying medicines on the internet and the risks posed by counterfeit medicines.

Regional Asset Recovery Teams (RART)

Established in 2003 and funded by the Home Office the Regional Asset Recovery Teams (RARTS) cover the nine Association of Chief Police Officer regions. Originally the RARTs supported their police forces and other agencies, but they have expanded their support wider to covering other law enforcement agencies to tackle serious and organised crime targeting those individuals who cause communities harm.

Since inception in 2003/4 the West Midlands RART has secured 415 orders to the value of £140 million making it the most successful in the country. Chapter three of this Report shows a 9.9% increase in engagement between Trading Standards and the RARTS compared to 2011/12

Fake Vodka circulated⁷

People in Preston were warned to look out for counterfeit copies of Kommissar vodka after analysis found it had been made with industrial alcohol.

Insp Andrew Proctor of Preston Police said "products such as these not only harm legitimate trade but could also be harmful to someone's health."

Government Agency Intelligence Network (GAIN)

The Government Agency Intelligence Network (GAIN) is an intelligence sharing law enforcement group including police, HMRC and Border Force, SOCA, trading standards, MHRA and IPO - who are involved in enforcing IP crime - and others such as VOSA and Insolvency Service to name a few.

Currently there are six functioning GAINs throughout the UK - affiliated with nine police regions in England and Wales and the RART's - with three more in development. The GAIN network both provides resources to assist in tackling regional organised crime through providing a secure conduit for sharing intelligence and a tasking framework where agencies can request support from their GAIN partners to progress their investigations which often cover several forms of criminality. Chapter three of this Report shows that there has been an 11.2% increase in engagement between trading standards and the GAIN network compared to 2011/12

The new National GAIN Executive will be created to carry out a strategic function for all National GAIN business - ensuring consistency across all regions and having a relationship, but not necessarily coming under the leadership of, the National Crime Agency.

⁷ <http://www.bbc.co.uk/news/uk-england-lancashire-19385791>

Suspended sentence for Powys Woman⁸

A 24 year old woman from Powys was handed an eight month prison sentence, ordered to do 160 hours community service and fined £2,000 after admitting five charges under the Trade Mark Act 1994.

The defendant was found to be selling counterfeit make-up, some with dangerous levels of lead on the online auction site eBay. When a warrant was executed on her home Powys Trading Standards found 770 items of cosmetics and equipment, later confirmed to be counterfeit by the brand holders. Councillor Barry Thomas said “The levels of lead found to be contained in these products should also act as a deterrent to those who seek to purchase these products from these auction sites as they have no way of knowing what they contain, and ultimately the effect they may have on the health of the person buying”.

Better Regulation Delivery Organisation (BRDO): Topic Chairs

IP Focus Group

The IP Focus Group chaired by the IPO was formed in 2012. Each of the ten regions are represented and it allows for the IPO to support the work of trading standards in the IP arena. The main objectives of the Group is to build on existing relationships and support and assist trading standards regionally and nationally with IP crime issues by sharing best practice and intelligence.

It was recognised that there was a need for a coordinated response amongst trading standards and with the help of the IPO this Group will continue to do that. The IPO’s Trading Standards Coordinator chairs the Group with the support and assistance of the National Trading Standards Board (NTSB).

The Group is in its infancy but it is quickly identifying and establishing the needs of trading standards and working towards a coordinated and effective response in tackling IP crime nationally, regionally and locally. This enables support and assistance on the ground. This Group also acts as a single point of contact for communication between external groups such as the National Markets Group (NMG) and other trade bodies.

Through the work of this Group and with funding from the IPO seven projects were carried out during 2012/13 by trading standards across the country. These projects – summarised in chapter two section B - have identified areas of IP enforcement that had not been explored before with a Self Storage Project lead by London Borough of

Wandsworth and a project tackling IP infringements in the workplace by St Helens Trading Standards.

TS Symposium

In December 2012, the IPO invited representatives from all trading standards regions to a two day symposium to investigate how they could support them when investigating IP crime. Training and awareness, projects and the annual trading standards survey were key considerations.

Following the two day event, the IPO gained a valuable insight into the pressures on trading standards services, and also how they could work together to increase IP crime enforcement. Successes had already been seen; the overall completion rate of the annual IP crime survey of trading standards (chapter three of this Report) has risen from 54% to 87% in one year. This was important to enable a more detailed picture of IP crime across regions.

Fake goods worth £450,000 found after Northamptonshire Police stopped a car travelling on the M1.

Jinbao Zhang, aged 27, was arrested with a car full of 1,500 counterfeit items such as earrings, purses, necklaces, bags, rings and watches when he was travelling to a market in Wembley. Zhang pleaded guilty at Northampton Crown Court to nine counts of possessing goods bearing a false trade mark.

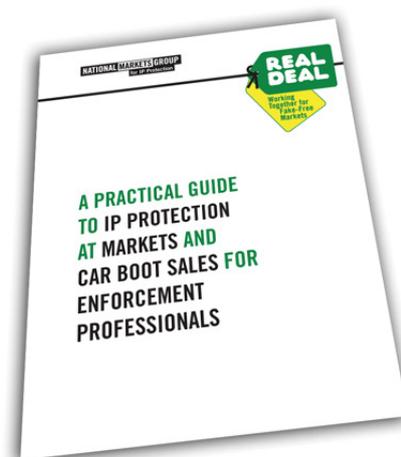
Northamptonshire County Council Trading Standards launched an investigation into Zhang and identified requests to Zhang from market traders asking for certain goods. It was estimated that if all the goods had been sold at face value they would have been worth £450,000.

During the investigation the IPO’s Intelligence Hub provided intelligence about Zhang. Trading standards were advised that in September 2011, Zhang had attempted to import 44,000 pairs of unbranded UGG boots and textile machinery into the UK. The Hub also identified links to other importations of UGG branded buttons, raising the possibility that a factory had been identified. The unbranded UGG boots had an estimated ‘street value’ of £3 million, but Zhang chose to abandon these goods.

Zhang was sentenced to 30 months in prison. The judge stated he was part of a professional, international importing and distributing operation taking into consideration the potential value of the seized items if genuine (£8 million).

⁸ <http://www.bbc.co.uk/news/uk-wales-mid-wales-18694969>

National Markets Group and the Real Deal⁹



National Markets Group brings together IP rights owners, law enforcement agencies, IPO's Intelligence Hub and other Government Departments to:

- support the Real Deal initiative to promote a National code of conduct for market operators, and;
- evidence the scale of counterfeiting at markets and car boot sales across the UK, leading to enforcement action.

Established in 2009, the National Markets Group and its Real Deal campaign are focused on reducing the volume, impact and public perceptions of counterfeit products at UK markets and car boot fairs.

The strategy is based on a two pronged approach of intelligence-led enforcement, coordinated through the National Markets Group, complemented by the Real Deal's preventative strategy of recognising, reinforcing and rewarding good practice at markets which are working with local trading standards to prevent the sale of illicit products.

This approach has achieved significant results in terms of positive engagement with the markets sector and direct assistance to trading standards, resulting in reductions in the sale of counterfeit goods at markets within local authority areas that have adopted the Real Deal charter.

Across the UK, around 300 markets and car boot fairs currently operate under the Real Deal charter. In England around 25% of all trading standards authorities have implemented the scheme including many cities and regions where tackling IP infringement has been a major focus, such as Liverpool, Manchester, Birmingham, Leeds, Nottinghamshire, Lancashire, Leicestershire, Staffordshire and several London boroughs, amongst others.

In Northern Ireland, Belfast City Council introduced the Real Deal in 2012 and Cardiff City Council implemented the scheme in May 2013.

In Scotland, the Real Deal is a key element of a police, local authority and business partnership focused on implementing a fake-free markets policy in advance of the Commonwealth Games in 2014. As part of this strategy, Glasgow City Council became the first local authority in Scotland to introduce the Real Deal, signing the charter in May 2013 with Blochairn Sunday Market, which is the largest car boot fair in Scotland.

⁹ www.realdealmarkets.co.uk



Blochairn Market, Glasgow

A full list of all the local authorities operating the Real Deal is available at www.realdealmarkets.co.uk.

An example of the Real Deal's partnership approach was evidenced early in 2013 in Manchester where, following extensive partnership work by members of the National Markets Group, Manchester Trading Standards team and Markets Department at Manchester City Council, the private market located on Grey Mare Lane in East Manchester was closed by the City Council. This was the final stage of a long, determined campaign by the Council to reduce problems of counterfeit and other illicit goods at the city's markets. The Council has now made signing up to the Real Deal charter a requirement of all market licence applications within the city. The closure of the market and the introduction of the Real Deal into the city's market licences demonstrates the success of the two pronged approach implemented through the National Markets Group and the Real Deal.

Since establishing the Real Deal in 2009, the Industry Trust for IP Awareness has provided the majority of funds for the campaign. This financial support, combined with funding from the campaign's other industry sponsors, BPI, Sky, The Premier League, the Tobacco Manufacturers Association and TM Eye, enables support and resources to be provided to local authorities free of charge so there is no drain on the public purse.

Crackdown on fake scotch¹⁰

Out of sales of £66 million worth of whiskey in China in 2011, around 300 cases were found to be counterfeit. Both Britain and China were involved in a joint investigation to clamp down on illegal activity which costs UK companies millions of pounds.

Intellectual Property Office (IPO)

The IPO has a national coordinating role in the area of IP crime. It works to bring together Government, industry and law enforcement agencies like customs authorities, police and trading standards services. As well as working to raise awareness, spread best practice and share information. The IPO also provides practical support for enforcement agencies through its Intelligence Hub.

Intelligence Hub

The IPO's Intelligence Hub is an intelligence resource and manages the Intellectual Property Intelligence Database (IPID).

The UK Government has put substantial investment into creating an IP crime intelligence capability. This is able to interact across institutions and organisations, add value to both strategic and tactical knowledge and support better and more enforcement intervention to protect IP in the UK and further afield.

The IPO's Intelligence Hub is an intelligence resource and manages the Intellectual Property Intelligence Database. The IPO's Intelligence Hub has proved a valuable asset when tackling small operators. In many cases the speed of sharing intelligence and follow on action being taken by law enforcement can make a difference in investigation involving IP crime.

The impact of coordinated working

The IPO's Intelligence Hub has proved a valuable asset when tackling small operators. In many cases the speed of sharing intelligence and follow up action being taken by law enforcement can make a difference in investigation involving IP crime. This was demonstrated when an inquiry involving the IPO's Hub, Federation Against Copyright Theft, a Scottish police force and trading standards carried out an investigation, obtained a search warrant, recovered counterfeit hard goods sold on-line via auction sites, monies and other counterfeit products. After further examination of the seized products, the case was submitted to the Crown for prosecution.

¹⁰ www.scotsman.com/news/uk/uk-in-bid-to-crackdown-on-sales-of-fake-scotch-1-2640230

Despite residing in a rural part of Scotland, when entry was gained to the property owned by person under investigation, his house was found to be full of counterfeit goods as was a large industrial storage container, most of which had China as the country of origin. Initial financial examinations revealed the person involved had over £50,000 in one account with a further £30,000 in another yet he paid no tax and was claiming welfare benefits. In addition, the person targeted was found to be in possession of over 20 business cards for contacts in Hong Kong and China and during the inquiry, an additional ten boxes of counterfeit goods heading for the person and address were seized at the Coventry Postal Hub, the majority of which were Walt Disney pressed discs or boxed sets with a current retail value of £22,000.



Scottish Crime and Drug Enforcement Agency (SCDEA)

Anti Illicit Trade Hub

Throughout 2012/13 work has been on-going to develop a 'policy prescription' of recommendations on how Scotland could pull together best practice and insight designed to practically tackle the growing threat from counterfeits, smuggling and failure to follow regulations, thus making Scotland a hostile environment for illicit trade. Stemming from an anti illicit trade symposium held at the Scottish

Parliament in Edinburgh, PA Consultancy Group met with the Scottish Cabinet Secretary for Justice and Advocate General for Scotland to understanding the remit.

Selecting key representatives from law enforcement and industry, PA Consultancy formed a small team from which the 'Task Force' to tackle illicit trade in Scotland was formed, the first meeting of which took place in June 2012 to establish how to devise and implement a strategy. Progress has been swift resulting in a set of recommendations being drafted, supported by seven potential initiatives including the creation of an Illicit Trade Hub, presentation to the Scottish Serious Organised Crime Taskforce and a series of initiatives, a summit and workshops throughout 2013/14 are planned.

The developments in Scotland have drawn interest from other areas of the UK. As a result PA Consultancy Group was asked to present an outline of the Taskforce to the National IP Crime Group meeting which generated a lot of positive debate plus commitment from others to improve links into what Scotland is trying to achieve.

In recognition of the work conducted over several years by the Scottish Crime and Drug Enforcement Agency (SCDEA), Interventions Department received a 'Special Commendation' for 'Excellence in Anti-Counterfeiting Enforcement'. in relation to IP crime and highlighting the hidden costs of products supplied by serious organised crime, at the annual Anti Counterfeiting Group conference, The conference was attended by representatives from throughout the UK and included brand holders, law enforcement and trading standards.

The North of England Tackling Illicit Tobacco for Better Health programme

The North of England Tackling Illicit Tobacco for Better Health programme was launched in 2009 by Tobacco Free Futures, Fresh North East and Smoke Free Yorkshire and Humber to bring together the work of the NHS, police, trading standards and HMRC.

In a new report from the National Audit Office, the programme is highlighted as being a blueprint for regional initiatives to reduce both the supply and demand for illicit tobacco. The report titled, "Progress in Tackling Tobacco Smuggling" reflects on the size of the UK illicit tobacco market – which has halved since the late 1990s - and HMRC's work to tackle it.

This is backed up by the independent Trading Standards North West Young Persons' Alcohol and Tobacco Survey 2013, which on 5th June announced that despite the recession, there has been a steady decline in the

proportion of young smokers buying illicit tobacco in 2013 amongst 14-17 year olds since 2009. This supports the very latest HMRC data which found 9% of cigarettes were illegal in 2010/11, compared to 11% in 2009/10.

The Trading Standards North West survey revealed:

- a reduction in the number of young people who have bought cigarettes from illicit sources from 42% in 2011 to 27% in 2013;
- a drop in the number of young people who have bought cigarettes with health warnings in different languages from 50% in 2011 to 36% in 2013;
- a reduction in the number of young people who have bought fake cigarettes from 28% in 2011 to 22% in 2013.

The above suggests that action to tackle the supply of illegal tobacco and reduce demand in local communities is paying off. In a recent example, acting on information from Crime Stoppers, trading standards seized 120,000 cigarettes from a dwelling in Knowsley. The success has been due to an effective and regularly updated joint strategy between Trading Standards North West, HMRC and partners to tackle the trade.

Man lived in fear of losing sight¹¹

A Tamworth man bought a bottle of Arctic Ice Vodka, which he believed to be the genuine brand. However, after consuming the alcohol he noticed an article in the local press naming the brand of vodka as counterfeit, possibly containing twenty times over the safe level of methanol. Following medical tests with his GP he was warned he could lose his sight anytime in the next six months. Fortunately he suffered no long term effects.

The manager of the shop where he purchased the Vodka pleaded guilty to nine offences and was ordered to pay £3,376 costs.

The International Federation of Spirit Producers (IFSP)

The International Federation of Spirit Producers (IFSP) continues to support UK law enforcement agencies in the fight against spirits counterfeiters.

IFSP supported a number of successful operations throughout the UK, resulting in the seizure of counterfeit spirits from retail premises throughout the country by supplying training, equipment and physical presence to bolster the knowledge base on the ground, as well as acting as the single point of contact when dealing with any follow up enquiries with the IP rights owners. This has served to instil confidence in the operational officers and encourage enforcement action against the illicit spirit trade. IFSP provided support to the Central England Trading Standards Authority (CeNTSA) Food Group project.

CeNTSA Food Group – Counterfeit Spirits Project

Alcohol fraud, including counterfeit and non duty paid wines and spirits is a major issue which is estimated to cost the UK economy up to £1 billion a year in lost revenue and boosts the profits of organised criminals. It harms legitimate retailers; brand holders and can pose a serious risk to human health.

During September 2012 and December 2012, Central England Trading Standards Authority (CeNTSA) Food Group carried out a project to identify and remove counterfeit, bootleg and non duty paid alcohol from the market place. Officers from Trading Standards and/or Environmental Health from Birmingham, Staffordshire, Coventry, Dudley, Sandwell, Stoke on Trent, Shropshire, Solihill, Telford and Wrekin, Walsall and Warwickshire took part in the project. The project was carried out in partnership with the local police and support was provided by The International Federation of Spirit Producers (IFSP). A similar project was carried out the year before and over £150,000 of non complaint alcohol was seized.

During the 2012 project 383 premises were visited and 16% were found to be non compliant. This was a fall on the previous year's findings where 28% were found to be non compliant. The value of the alcohol seized also fell considerably to an estimated £2,000.

The results indicate the level of compliance across the region has improved. 16% non compliance is still significant meaning that almost one fifth of the premises was selling illicit alcohol. Appropriate enforcement action was taken against those found in possession of the illicit alcohol which included warning notices and suspension or revocation of the businesses license to sell alcohol.

¹¹ <http://www.thisistamworth.co.uk/Blind-terror-Tamworth-man-drank-fake-vodka/story-17329942-detail/story.html#axzz2PxeBI0da>

Operation Opson – illicit consumables

The UK's interest in food standards and illicit food has changed significantly over the last year. The issues around horsemeat entering the mainstream food markets have highlighted that unscrupulous criminals are making significant profits by cutting corners and moving foodstuffs across national borders.

Operation Opson II, a European initiative led by Europol and Interpol has recently been reviewed, and plans are already in hand for Opson III. The UK, represented by the Intellectual Property Office - in association with the Food Standards Agency and the UK Border Force intend to continue to raise public, government and industry awareness of the issues around illicit food and consumables.

The 22 countries represented in Europe met and co-ordinated information sharing, including the counterfeit vodka which caused 43 deaths in the Czech Republic (and one in the UK). In the lead up to the week of action, the IPO circulated intelligence briefings to all Ports staff through the Border Force. Border Force Law Enforcement agencies work to disrupt the criminal activities of those involved in the trade of illicit foodstuffs. During the week of action, counterfeit wine was found for sale in one of the major supermarket chains in the UK.

The level of interest resulting from the horse meat scandal led to calls for a greater degree of coordination and collaboration between agencies in the future. John Questier, Head of the FSA's counter-food fraud unit, said that 'the horse meat incident highlighted the international nature of food fraud and the need for collaborative partnership working to leverage the investigative and enforcement resources involved in tackling these problems. Opson provides an excellent opportunity for us to work together within the UK and in liaison with our European and international colleagues to raise awareness of food fraud and share intelligence. Together with our partner organisations, the FSA is committed to building on this momentum to establish stronger collaborative relationships in an effective multi-agency approach to food fraud.'

UK Electronics Alliance (UKEA)

During this reporting period some of the electronics industry's leading international standards bodies and representatives from some of the leading companies in the electronics industry have been working collaboratively to develop international standards for the management of counterfeit electronic components in the supply chain. Although developed primarily for the avionics supply

chain, the wider electronics industry is almost certain to adopt these standards as electronic technologies are used in a wide range of applications.

New standards introduced already in 2013 have included AS5553A, published in January, which is the culmination of two years' work by representatives from industry in the UK and Europe, in collaboration with US standards body SAE International. In February 2013, the IEC (International Electrotechnical Committee) published its own international standard, IEC/TS62239-1, which makes reference to AS5553A, again with the cooperation of representatives from the UK.

The next stage is for these new standards to develop some 'teeth' and, with that in mind, the IECQ, the body managing the international approval and certification system for international standards, has begun the process of developing independent audit and certification systems. Other standards may follow and, once established, this will enable compliant sources to be readily identified within the supply chain and will provide a much greater level of assurance for users of those sources of supply.

The movement of counterfeit goods

Working closely with brand protection agents and with support from South Yorkshire Police, Sheffield Trading Standards Officers unravelled a major counterfeit goods importation and distribution operation utilising self storage facilities in the Sheffield area.

Intelligence revealed that large amounts of counterfeit goods, mainly consisting of Nike training shoes, were being imported into the UK from China, Hong Kong and Singapore. The goods identified represented a value of approximately £1 million, based on the true retail value of the goods. It is believed that far larger numbers of counterfeit items had successfully evaded port security and had been effectively delivered to their local destinations.

A number of warrants were granted and over 4,600 pairs of counterfeit Nike trainers and Ugg boots were seized in the raids on storage facilities and residential addresses in Sheffield. Two Chinese males were arrested who both received cautions as investigations confirmed that both were very low down in the OCG. A third individual was identified who was in China at the time of the raids was believed to be the organiser of the operation. Enquiries have determined that he will not be returning to the UK.

B. Innovation and new initiatives

Introduction

This sub chapter provides the details of many new initiatives which were developed and delivered during this reporting period to tackle IP crime. This includes a summary of the activities in preparation and during game time of the London 2012 Olympic Games to stamp out IP crime. Updates are also given on some of the activities described in the last Report, specifically the key threats within the online environment.

Trading Standards Services' and Regional Trading Standards Groups' IP Crime Work Projects

The IPO made £100,000 available for trading standards to bid for projects supporting the IPO's enforcement work. The aim of the funding was to provide a monetary resource for innovative IP projects/enforcement work that will add a significant benefit to the local areas. Of sixteen applications received the following bids were successful.

Staffordshire County Council

The project targeted market traders known to be selling counterfeit goods. As part of the operation significant intelligence was collected on products and those suspected of being involved in the supply chain of the goods. Warrants were executed on properties resulting in £10,000 of goods being seized.

Kent County Council

A project to develop a Code of Practice aimed at making contact with group administrators on Facebook to establish an intelligence stream to help identify those selling counterfeit goods within the groups, assisted through a code of practice agreement. The project resulted in considerable number of reports on a specific Facebook group as well as a large increase in intelligence.

Lincolnshire County Council

Funding for inspection and enforcement visits to Eastgate Market with the view to reducing the availability of goods. Operations at the market over previous years had not curbed the supply of counterfeit goods. Market owners were given an ultimatum to clean up the criminality that existed on their site, or a money laundering operation would be instigated. Funding allowed for surveillance work and evidence gathering and regular communication was made with the market operators. Following the execution

of warrants five cases of selling counterfeit goods are pending court and ten traders have been successfully prosecuted. Sales of counterfeit goods at the market have visibly reduced.

London Borough of Redbridge

A project to target counterfeit mobile phone chargers and batteries following a raft of complaints from consumers and reports of significant manufacturing defects. Redbridge proposed to carry out surveillance on eBay, send any products for independent examination and carry out some publicity if anything untoward was found. Over six weeks, 32 products were purchased from eBay representing three brands, which resulted in one counterfeit product being identified. A further six products which did not receive a response, were suspected of being counterfeit.

St Helens Council

Received to work with businesses operating in the area to prevent the sale of counterfeit goods in the workplace. The 2011/12 IP Crime Report noted that factories and industrial units in the top 11 of IP crime locations. Given reductions of counterfeit goods on sale in local shops and markets, it was suggested that sales might have moved to alternative locations. The project sought to work with larger employers in the area to prevent the sale of counterfeit goods in their workplaces. Posters were created to educate employees and a questionnaire and introductory letter was sent to each business identified. Trading Standards officers visited 46 businesses, including St Helens council, who had responded to the questionnaire, advising how to protect their own intellectual property and also the supply of counterfeit goods in the workplace. The project successfully achieved its aim of raising awareness of IP crime with local employers.

Rhondda Cynon Taff Council

This project aimed to identify and remove counterfeit, illicit and non-duty paid alcohol being sold at small independent retailers and wholesalers in the Wales region. Intelligence suggested that organised gangs were employing high risk strategies to make money, such as adding high levels of methanol, a dangerous substance that is used to make anti-freeze, and which can cause blindness. The project had a number of aims including identifying and removing non-duty paid alcohol, determining level of business compliance, and raising public awareness of the dangers of illicit alcohol.

Nineteen out of twenty two authorities participated in this project. During the course of the project 13,244 bottles of alcohol were examined by officers during 280 visits. 1,634 products were found to be non compliant which accounted for 12% of all products examined; they varied between being counterfeit, fake/incorrect duty stamps and labelling. The majority of non-compliant products were located either on the shop floor or in the retailer's stockroom; a small percentage was located under the counter.

London Borough of Wandsworth - Operation Lauderdale

London Trading Standards Authorities (LoTSA) identified that self-storage units were becoming increasingly connected to the supply chain of counterfeit goods. In September 2012, London Borough of Wandsworth Trading Standards on behalf of the LoTSA Intellectual Property Group obtained funding from the Intellectual Property Office (IPO) for a Self Storage Project. The programme aimed to raise awareness of IP issues and links to self storage premises, encouraging the coordination of enforcement activities through gained intelligence and engage with the self storage industry to promote self regulation.

19 boroughs took part in the inspection of 51 self-storage units to promote partnership working with other enforcement agencies such as HMRC and to ascertain when in practice trading standards might use their powers of entry.

Results included nine large seizures of counterfeit goods across London using a variety of approaches including tobacco detection dogs and on-going surveillance/investigation. Products seized included tobacco (non-duty paid counterfeit), tobacco packaging machine, counterfeit packaging, alcohol (non-duty paid), luxury goods, headphones, lighters, laser pens, pushchairs, DVD inlays. It is estimated that over 510,000 individual units of tobacco were checked using detection dogs across London. The overall success rate of the operational visits was 18% (56 premises).

15 boroughs also took part in conducting a short survey at London-wide self storage units. 42 questionnaires were completed, gaining a greater understanding of the current operational procedures used by the self storage industry. Results showed a majority of businesses were aware of duties of Trading Standards, but 52% did not have a local contact at Trading Standards, and a half of businesses did not record details of those collecting deliveries when operating a mail forwarding facility. A number of recommendations were made as a result.



For those companies wishing to highlight their association with trading standards and support the prohibition of counterfeit goods within their facilities 'Tick Box. Keep it Real. Keep it Legal' campaign posters were available to display within self storage facilities accompanied by an advice leaflet for members of staff. A simple code of practice has been designed to endorse the partnership working between Trading Standards and the Industry. This is a voluntary code of practice that the industry is encouraged to display within their premises and by doing so is a clear sign that they wish to adhere to the basic principles within it. Self storage companies looking to support the campaign will be able to contact their local Trading Standards department who will arrange an appointment to see them.

IPO SBRI Competition

The TSB's Small Business Research Initiative provides opportunities for innovative companies to engage with the public sector to solve specific problems. The IPO competition aimed to boost the enforcement of IP rights and highlight the availability of legitimate sources of supply by seeking answers to the question –

“How can new technology assist the growth in legitimate markets, whilst reducing markedly the accessibility of infringing products online?”

The IPO received 19 proposals from a range of businesses and academic institutions. Our independent assessors chose the two strongest applications. These were:

The winners and their proposals

University of Surrey

This project is about a new methodology of using digital watermarking to provide more protection against unauthorised usage of digital media (i.e. piracy) than existing digital watermarking techniques. The system is based on disruptive patent pending technology.

The technology behind the University of Surrey proposal is at a very early stage, and the project funding from the IPO is to assess its feasibility and to help deliver a commercially viable product.

whiteBULLET Solutions

whiteBULLET is an independent IP solutions company and this project aims to create the first comprehensive online IP risk assessment solution. They have developed a standard to rate websites, specifically by reference to copyright, trade mark and other IP infringement. This standard, the IP Infringement Index (“IPI Index”), will be applied as a tool to guide the placement of online advertising, among other uses.

whiteBULLET, in developing the IPI Index has had discussions with a broad range of interested parties, including law enforcement, digital media investors, Internet technologists, media companies, advertising companies, rights holders and legal experts.

The IPO will provide support for these projects during the next reporting period to enable them to fulfil their potential and help in the fight against on-line piracy.

The Olympics London 2012

The London Olympic Games was one of the largest sporting event within the UK, attracting some 500,000 spectators and four billion global viewers, all at a cost of £8.824 billion. The challenge to law enforcement agencies and the London Organising Committee of the Olympic and Paralympic Games (LOCOG) who were responsible for protecting and maintaining the value and integrity of the London 2012, Olympic and Paralympic brands in the UK was equally large. The opportunity for criminals wishing to make money through selling counterfeit and pirated goods was potentially irresistible.

In the run up to London 2012 the LOCOG embarked on spreading its brand protect message to those who may be at risk of infringing and also those who may support such activities (the consumer). LOCOG also engaged and worked with key partners such as trading standards,

the police, UK border officials and industry such as the Anti-Counterfeiting Group (ACG) in relation to combating counterfeit goods. Key preventative activities included:

- the setting up of a London 2012 IP Crime Group in 2007 by LOCOG to facilitate and encourage the sharing of information and best practice to combat Games related counterfeit goods;
- since 2007, official merchandise had featured the London 2012 hologram, supported by an online “track and trace system” which LOCOG has granted all UK enforcement personnel access to;
- in the summer 2010 commenced bespoke Education and Awareness Programmes tailored for trading standards, UK Customs and Metropolitan Police;
- established London 2012 trading standards IP Champions who were trained in Games-related brand protection matters;
- LOCOG, HMRC and Border Force delivered Customs specific training to all major ports/airports in 2010/11.

The surge in criminality that was previously thought highly possible turned out to be very low. Only pockets of IP infringement had occurred, LOCOG received minimal requests for witness statements from brand holders, and ticket touting was also low. It has been suggested that the legacy of Beijing 2008 Olympic Games, where the Chinese Authorities came down particularly hard on criminals, has helped to keep counterfeit items away from the UK’s borders as many organised criminal groups behind counterfeiting operations in China, had already been dismantled.

The very low number of infringements helped to ensure that legitimate businesses in the UK were able to operate on a fair and level playing field, without having to compete with lower value, fake goods.

Fake Olympic medals

The National Trading Standards eCrime Centre (NTSeCC) raided a premise in the south of England in June 2012. The premise was being used to distribute fake 2012 Olympics medals ahead of the Olympic Games. Consumers were being duped into thinking they were purchasing official Olympic memorabilia when in fact the products were poor quality imports from the China.

Anti-Counterfeiting Group (ACG) initiatives

Intelligence Coordinator

ACG is trialing a new kind of support for its members, to coordinate the provision of timely and accurate intelligence products and to build an evidence base for its lobbying.

In 2012 ACG commissioned a six month pilot to identify and evaluate the benefits of creating a specialist 'Enforcement Co-ordinator' role, both to support ACG's initiatives and to assist its members in their efforts to improve standards of reporting and enforcement actions.

This pilot broke new ground in partnership working, both as between ACG members and with Government and enforcement partners. Members' information and intelligence were put to good use and several high level cases were identified and developed, in partnership with the Intellectual Property Office Intelligence Hub, trading standards departments, police forces, Government Agency Intelligence Networks (GAINs) and others.

Following the success of this pilot project, which has set a standard of best practice for this kind of project, ACG decided to appoint a consultant post of Intelligence Coordinator, acting as a single point of contact, in order to put to better use the information and intelligence held by its brand owner members:

- to provide more assistance to law enforcement and government agencies in tackling counterfeiting and other linked criminality, and;
- to support ACG's own lobbying and awareness remits.

Online Environment

ACG - Following the money

With the continuing increase in sales of counterfeit products via the internet, the Anti-Counterfeiting Group (ACG) and its members have been working with other industry sectors and payment providers, both to reduce the availability of counterfeit products and to undermine the financial infrastructures for the business of the IP criminal.

This initiative has already achieved engagement with Worldpay and MasterCard, who were keen to work with IP rights holders to ensure that their legitimate payment systems were not being used for criminal purposes.

Discussions has led to the signing of a Memorandum of Understanding which established agreed processes and protocols for rights holders to notify the payment providers about websites trading illegally in counterfeit goods. The payment providers then close down the website's payment facilities, denying the criminals their profits.

There has been some early success, and ACG and its members are now aiming to engage with all the main payment providers in the longer term, to reduce the threat to consumers and legitimate businesses of online counterfeiting.

Digital Economy Act (DEA)

The UK Government and Ofcom are currently implementing the Online Infringement of Copyright provisions of the Digital Economy Act (DEA) 2010. These aim to address online copyright infringement resulting from unlawful peer-to-peer file sharing by introducing a mass notification system designed to educate consumers about copyright and change consumer behaviour.

Once an infringement has been identified a letter will be sent from the relevant ISP to the account holder. This will inform them that an infringement has taken place, provide information about copyright laws and where they can access legal site content.

Halting the flow of money

A key factor in tackling online infringement is providing rights holders with a number of proportionate interventions. Particularly important is supporting ways in which industry can prevent criminals from making money from infringement.

This includes the establishment of standards for intervention and the removal of credit card facilities from sites where there is strong evidence they are dedicated to criminal-level infringement, by the City of London Police.

Similarly the online advertising industry is working with copyright owners and the National Fraud Intelligence Bureau to prevent adverts for high-profile brands from appearing on sites dedicated to infringement.

Removing such adverts, and credit card facilities, will reduce the risk that consumers will assume such sites are legitimate.

Site blocking in the UK

Following last year's significant UK High Court judgements to block access to two seriously infringing sites, Newzbin2 and Pirate Bay, from major ISPs, further decisions have now been made. This year three additional sites have been blocked, Kickass Torrents, H33T and Fenopy, all sites were significantly infringing copyright.

The process of site blocking is now significantly quicker, and will continue to become more streamlined as time goes on.

Civil action taken by copyright owner has had the knock-on effect where a number of international infringing sites have voluntarily sought not to be accessible from the UK.

The Intellectual Property Online Protection Group (IPOP)

The IPOP brings together industry investigators whose role is to tackle online IP infringement. The group shares best practice and support whilst exploring and creating effective intervention from a rights holder's position. The group has now included law enforcement membership so that common issues and linked crimes can be discussed for further action. The group meets regularly and also supports a members' website.

National Trading Standards eCrime Centre (NTSeCC)

The National Trading Standards eCrime Centre (NTSeCC) has been set up by the National Trading Standards Board (NTSB) with funding from the Department for Business Innovation and Skills (BIS). The primary focus of NTSeCC is to tackle internet and e-mail based scams and rip-offs of national significance and to ensure the online market place is fair for businesses and safe for consumers. This work can include everything from scam web sites offering "guaranteed" jobs or miracle health cures through to the large scale distribution of counterfeit and pirated goods.

NTSeCC is divided into three areas of work; investigations/enforcement, digital evidence recovery and intelligence. The Yorkshire and Humber Trading Standards Group (YAHTSG) is leading on the delivery of the enforcement/investigation and digital evidence teams, as well as overall coordination of all e-crime activities. The East of England Trading Standards Association (EETSA) is leading on the delivery of the National Trading Standards Intelligence Hub, of which e-crime intelligence is an integral part.

The Hub will collate and analyse intelligence from a wide range of sources to identify the biggest online threats facing consumers. When key threats are identified, the enforcement team in York can be tasked to take on an investigation to tackle those threats. The enforcement team is then supported by the digital evidence team who provide specialist technical expertise in the analysis of evidence stored on computers, mobile phones, tablets and a wide range of other digital media.

Whilst NTSeCC actively investigates online scams and rip-offs of national significance, NTSeCC resources are also there to assist regional groups and individual local authorities to support their investigations. For example, this could be to have computers/mobile phones examined or to attend search warrants to examine items in situ (both are free of charge).

Support to local and regional officers

Whilst the national teams can be tasked to tackle specific investigations, it is vital that trading standards officers at a local and regional level have the skills and confidence to tackle the increasing number of online investigations they face. NTSeCC has provided support in a number of ways, for example NTSeCC:

- has provided training to over 100 officers in basic and intermediate internet investigations. This gives those officers the skills and confidence to tackle online investigations in an effective and legal manner;
- are about to roll out an online training package that will provide further online investigation training which will be available to all trading standards officers. This should mean that all trading standards officers achieve at least a basic level of knowledge and understanding of how to tackle online investigations;
- are also in the process of developing some good practice guidance and standard operating procedures.

At an operational level, the NTSeCC Digital Evidence Unit provides a free computer forensics service for all Trading Standards staff engaged in e-crime investigations. The team can come out on-site to assist in the capture and seizure of digital evidence as well as examine all forms of digital evidence back at the NTSeCC lab. This service supports a wide range of e-crime investigations, ranging from scam online training web sites and unauthorised ticket touts through to a variety of cases involving the sale of fake goods on web sites and social media.

NTSeCC investigations

Counterfeit digital camera batteries

NTSeCC raided a warehouse in the south of England that was storing a large quantity of counterfeit and dangerous digital camera batteries and other accessories. These batteries were being distributed via a variety of online outlets. One of the brand owners connected with the seizure stated this was the largest UK haul of such a product. This is an ongoing investigation with a result likely later in 2013.

Counterfeit R4 Cards

NTSeCC is investigating a network of web sites and online outlets that are distributing counterfeit Nintendo R4 cards. This investigation has an international element to it and whilst in the early stages, it appears to involve a connected criminal network.

New Online IP crime unit

IP crime has long been a problem in the world of physical goods, but technological advances - which offer both great benefits and significant challenges to society at large - mean that online IP crime is a growing threat to businesses and consumers in the form of both piracy and counterfeiting.

Vince Cable, Secretary of State for Business, Innovation and Skills said that businesses (legitimate and illegitimate) are now able to exploit the internet to sell and deliver products to consumers in new ways. Online copyright infringement and counterfeiting are increasing problems not only for our creative industries, but for business more generally, and for the safety and well-being of consumers.

It is envisaged that an online IP crime unit will be an operationally independent law enforcement unit, run by the City of London Police. The unit will be dedicated to tackling serious and organised IP crime affecting digital and physical goods (with the exception of pharmaceutical goods). It will focus on offences committed using online platforms.

The unit will connect industry, Government, law enforcement agencies and a range of other public authorities, centralising and coordinating resources to deal with serious online IP crime. This systematic integration of activities to counter IP crime will deliver significant improvements in tackling piracy and counterfeiting.

PRS for Music - Traffic Lights

PRS for Music continues work to develop "Traffic Lights", a technology solution to help the consumer differentiate between legal and illegal copyright content online before engaging with a website, allowing for the making of informed choices about where to obtain content.

The Traffic Light – a green tick or red cross – would appear next to the name of the site or via a pop-up when the consumer sees links to, directly accesses or searches for a site. It would apply to all sites, whether hosted in the UK or elsewhere.

Research published by OFCOM in March 2013 found that 28% of those who access illegal services would be encouraged to stop if it was clearer what is and what isn't legal. It also found that 41% of all internet users aged 12+ claimed to be either "not particularly confident" or "not at all confident" in terms of what is legal and what isn't online. This demonstrates the need for Traffic Lights and other initiatives aimed at dealing with this problem.

PRS for Music

The activities of PRS for Music's Anti-Piracy Unit continue to complement and support the different licensing businesses of the organisation. In light of the continued growth in online licensing revenue above all other licensing streams, there has been an increased focus in 2012 on infringements made available online. PRS for Music developed automated search technology to locate links to infringing copies of musical works. Using this technology, it was able to successfully remove 81,610 files during 2012, embodying 2,913,580 infringed musical works, with a success rate of 99.77% of the files reported resulting in a successful removal.

To avoid cross-over of work with other online anti-piracy operations in the music industry, PRS for Music focuses on particular categories of musical works (e.g. classical, karaoke) which receive minimal or no representation elsewhere.

In conjunction with local trading standards departments, PRS for Music also undertook various investigations in 2012 relating to physical product, complementing the licensing of the recorded media market and leading to a number of successful conclusions.

Following a joint investigation in Shropshire, an individual has been prosecuted for offering monthly updates of top-40 music albums through the use of spam email. The individual was raided by Shropshire Trading Standard and PRS for Music, with duplicating equipment and considerable quantities of illicit product being seized. The individual received a 12 month Community Punishment Order for 250 hours unpaid work and was ordered to pay £2,838 costs. There was also a deprivation order for most of the evidence.

Another licensing scheme which has been supported through coordinated anti-piracy activities is PPL (Phonographic Performance Limited) and PRS for Music's "ProDub" scheme, a joint licence granted to professional DJs for copying music and sound recordings for use in performances. PRS for Music has worked with Devon Trading Standards to notify local DJs and venues, both in writing and in personal attendance, of the need for a ProDub licence to be held. The operation has resulted in a number of new ProDub licence applications being made by local DJs operating in the area. Bedford Trading Standards have also approached PRS for Music for assistance concerning the same issues.

Federation Against Copyright Theft (FACT) Domain Name Seizures

The Federation Against Copyright Theft (FACT) has well established successful relationships with law enforcement bodies in the UK and overseas that allow for intelligence sharing and partnerships to tackle criminal IP theft globally.

FACT constantly seeks to innovate to ensure that it is best protecting its members IP and adapting to changes in technology as well as criminal behaviour. An in house developed and managed scanning system detects infringing content across a wide range of websites, forums, trackers and other services, including search engine listings. Notices are then sent requesting removal of the infringing files. Compliance rates are now over 90% on average per title.

Criminal websites offer pirated film and TV content for free but generate substantial profits from advertising, often from household brands, carried on the sites. Since early 2011 FACT has been writing to brands whose ads appear and to date over 200 have been contacted, with largely positive responses. FACT has been working with the BPI and The Publishers' Association to deliver a solution that will enable brands and agencies to protect themselves from exposure on criminal websites and will impact on the ability of sites to operate by reducing their revenues.

Whilst FACT works from a UK base, increasingly there is an international dimension to investigations and the organisation is able to draw on a rich seam of cooperation with law enforcement agencies and partner organisations across the globe to assist in tracing and effecting action against internet based piracy.

The Publishers Association (PA)

In 2012 the total digital sales for the UK publishing industry rose by 66%, similarly the use of the PA's Copyright Infringement Portal significantly rose with over 378,000 notices being served that year.

The PA continues to work with their members and law enforcement to identify and target infringing sites that harm the industry, and through their work with Government to strengthen the protection that copyright affords to creators.

In addition, the PA has removed 223 listings from UK auction websites; in total these contained over 5 million eBooks.

The PA also coordinates anti-piracy campaigns across the globe, with campaigns currently running in India, China, Nigeria, Bangladesh, Turkey and Pakistan. The PA works closely with the local publishing and bookselling associations, reprographic rights societies and local law enforcement agencies to ensure cohesive anti-piracy campaigns that not only remove infringing items from market and prosecutes wholesale pirates but also reinforces the value of genuine product and the benefits of investing in local industry.

British publishing is a healthy industry which continues to grow. Such growth has been achieved as British publishers have been able to invest in new exciting, innovative products and in great authors thanks to the strong framework provided by copyright law, which continues to be the cornerstone of stability for a creative industry like publishing.

Registered Designs Set to be Criminalised

Unlike certain types of trade mark and copyright infringement, there are currently no criminal sanctions for the copying of designs. Responses to the Government's consultation on the Legal Framework for Designs showed many felt that some individuals and organisations were taking advantage of this anomaly to profit from others designs.

The Government recently announced its intention to bring registered designs in line by introducing criminal sanctions for blatant copying of registered designs without the consent of the owner and in the course of business.

The offence will differ from existing civil sanctions. Deliberate copying will need to be proved to the high standard of proof required in a criminal case.

The Government believes this criminal offence, if introduced, will help businesses better protect their registered design rights and help to better punish and deter serious and deliberate Intellectual Property thefts.

Patents County Court reforms

The Government continues to take forward reforms to the Patents County Court in order to improve access to justice, particularly for individuals and SMEs. Previous reforms have included the introduction of streamlined procedures, a fixed scale of recoverable costs capped at a maximum of £50,000 and a damages cap of £500,000.

In the past year the Government has also introduced a Small Claims Track for uncomplicated and low value, copyright, trade mark and unregistered design cases.

Finally, this year the court will be renamed the Intellectual Property Enterprise Court to better reflect its jurisdiction, which is for all IP, not just patents.

C. Spotlight on Europe and international - the work of the European Commission

Introduction

An overview is given in this sub-chapter on only a selection of the activities that have taken place over the reporting period beyond the borders of the UK.

European Activity

Enforcement Directive

The review of the Enforcement Directive, as set out in the Strategy on a Single Market for Intellectual Property Rights is ongoing, alongside a wider review of IP enforcement within the EU. The Commission is expected to bring forward conclusions of this review in early 2014.

Memorandum of Understanding on the sale of counterfeit goods via the internet

In May 2011 a Memorandum of Understanding (MoU) was signed between a wide range of stakeholders on how to prevent and combat the sale of counterfeit goods via the internet. The MoU sets out a series of joint principles including effective measures to prevent offers of counterfeit goods from being listed on internet platforms. The MoU had an assessment period of one year to review and measure progress, under the auspices of the Commission.

The report into the effectiveness of the MoU was published in April 2013. It concludes that since the MoU came into force there has been an improvement in the use of the principles and procedures; that communication between rights holders and internet platforms is critical; and that there is still room for improvement. The MoU will continue for a further two years, with a second review taking place in late 2014.

Commission report on the protection and enforcement on intellectual property rights in third countries

In February 2013 the Commission published its report on the protection and enforcement of intellectual property rights in third countries¹². This is the second such report (the first was published in 2009), and is an action resulting from the Commission's 2004 'Strategy for the Enforcement of Intellectual Property Rights in Third Countries'. Using information gathered in a survey of stakeholders together with other reliable sources of information, the report

¹² http://trade.ec.europa.eu/doclib/docs/2013/march/tradoc_150789.pdf

identifies a list of priority countries in which the state of IP right protection and enforcement are deemed to cause the greatest harm to EU interests, and where, therefore, the Commission should focus its activities and resources.

Priority countries are split into three categories with the highest priority (priority 1) being those countries where the situation regarding IP right protection and enforcement is the most detrimental to EU right holders. The priority countries are:

- Priority 1: China
- Priority 2: India, Indonesia, the Philippines, Turkey
- Priority 3: Argentina, Brazil, Canada, Israel, Korea, Malaysia, Mexico, Russia, Thailand, Ukraine, USA, Vietnam.

China arrest 1,900 for fake drugs¹³

Police seized products worth £117 million in a countrywide operation targeting fake drugs made to look like well-known brands used to treat diabetes, hypertension, skin problems and cancer.

European Observatory on Infringements of Intellectual Property Rights

Intellectual Property plays an increasingly important role in EU economies. Indeed for many businesses the value of their intellectual property rights (IPR) actually exceeds the worth of their physical resources. IP rights are therefore vital business assets, which not only help to ensure that innovators and creators get a fair return for their work and investments but also support the future prosperity and economic well-being of the EU. Consequently, measures for their effective protection are vital.

Unfortunately, legitimate businesses are not the only ones to realise the importance of IPR. The 'controlled' infringement of rights has become a global phenomenon and is causing worldwide concern. This not only destabilises EU companies and economies but harms competitiveness, destroys jobs, denies revenue to public finances and continually threatens the health and safety of EU citizens.

The EU Observatory was set up to help respond to these challenges by bringing enforcement authorities from across the EU and the rest of the World together with public and private sector experts in a high level network that aims to support enforcement and build knowledge and awareness about this menacing trade. In addition

to its representatives from the 28 Member States, the Observatory presently includes representatives from 52 business associations, plus eight Observers (including Interpol and the World Customs Organisation), working in close coordination with the European Commission and the European Parliament.

To date the Observatory has been working on a wide range of projects aimed at assessing the legal situation in the EU, delivering independent data and assessments on the scope and scale of counterfeiting and piracy in the internal market, specialised knowledge building programmes for enforcement authorities and raising public awareness. Moreover, systems have been and are being developed to gather, analyse, report and exchange key information. A number of crucial studies and reports are on-going to more fully understand consumer perception across the 28 Member Countries and to clearly establish the role, impact and value of IP rights in the EU economy.

A Work Plan¹⁴ has been developed to cover 2013 that outlines existing major projects and a multi annual strategic plan is being drafted, which will take the Observatory from 2014 to 2018.

EU Observatory to launch Database supporting the Enforcement of IP Rights

The Observatory will be launching a database supporting the enforcement of IP rights. The database aims to facilitate the exchange of data between Commission services, OHIM, National offices, IP enforcement officers and right holders.

This will improve IP coordination, support enforcement authorities' fight against counterfeiting, enable users to contribute to the defence of their rights and enhance IP protection.

Her Majesty's Revenue and Customs (HMRC)

At EU level, HMRC has been actively negotiating on the European Commission's proposals for replacing the EU IP Rights Customs Enforcement Regulation (1383/2003). HMRC have engaged with a wide variety of stakeholders, including trade associations such as the Anti-Counterfeiting Group, to hear their views and to influence decision makers in EU member states, the European Commission, the European Parliament and the EU Presidency. The new regulation was formally adopted by the Council of EU ministers in July 2013. The new regulation will apply from 1 January 2014. HMRC has also worked closely with the European Commission to support the development of a

¹³ www.bbc.co.uk/news/world-asia-china-19144556

¹⁴ http://oami.europa.eu/Annual_report_2012/OBSERVATORY/index_en.html

new database to assist IP right border enforcement. The Counterfeiting and Anti-Piracy database will enter into force in two stages during 2013 and 2014

HMRC has engaged with the European Commission and customs representatives from other EU member states to develop an EU Customs Action Plan to combat IP rights infringements for 2013/17. This multi-annual plan, introduced by a Council Resolution in March 2013, will guide and prioritise the enforcement efforts of customs services across the EU under four strategic objectives covering: the effective implementation of legislation; tackling major trends in the trade in infringing goods; tackling this illicit trade throughout the supply chain; and strengthening co-operation with other law enforcement authorities and with the European Observatory.

Interpol/Europol

Europol is mandated to counter the threats from IP crime and has focussed on products posing a risk of harm to consumers. The priorities for this year are pharmaceuticals and dangerous electrical goods and fertilisers. In addition Europol has supported online copyright infringement through Operation In Our Sights where domains carrying criminally infringing material were de-registered. The UK strongly supported this initiative through the IPO, City of London Police and NFIB, establishing the baseline of examination and assessment of the sites using expertise from the Police –e-crime arena.

Europol is working closely with the European Observatory to identify the most important training and awareness needs for law enforcement in the priority areas.

Interpol also identifies IP crime as key crime threat and supports initiatives such as Operation Opson

The UK has engaged in both strategic and significant tactical operations with both organisations enhancing its capability to influence criminal activity from abroad impacting upon the UK.

International

Intellectual Property Office (IPO)

The IPO was again active on the international stage during 2012/13, exchanging views on enforcement with the US IP Enforcement Coordinator, Victoria Espinel, and hosting a visit from the French Ministry of Culture to exchange views on copyright enforcement. As well as this the IPO met with several delegations from various countries to explain the UK enforcement landscape.

This also included an Italian delegation who presented their findings to the Italian Parliament. A strong relationship and cooperation between the UK-IPO and Guardia di Finza (Italy's Financial Police), based at the Italian Embassy in London, has resulted from this event.

International Cooperation

The IPO's Intelligence Hub received intelligence that a group of individuals in London were importing counterfeit luxury handbags in to the UK on a commercial scale. French Customs identified that these UK based criminals were moving the goods from the UK in to France; UK IPO provided intelligence to French Customs which contributed to the successful conviction of one of the suspects, who received a significant prison sentence and fine in excess of €3million. Further cooperation has resulted in the further investigation of UK based suspects, who have been found guilty and await sentencing in late 2013. Relations with French Customs have been enhanced through this case, resulting in regular exchanges of intelligence between the UK and France to tackle cross-border IP crime.

UK's International Strategy on Intellectual Property

The UK's International Strategy for Intellectual Property 2011 sets out the UK's five year vision to get the international IP framework in the best shape to support innovation and growth and encourages effective approaches to enforcement.

Update on progress:

IP is increasingly seen as an important tool for helping to enable UK growth through trade and investment in leading overseas markets and global emerging economies; however, IP can be a technically complex issue and overseas IP regimes can be difficult for businesses, particularly SMEs, to navigate and to successfully enforce their IP rights. To help address these important needs we now have specialist IP attachés active in perhaps three of the four most important and challenging international markets – China, India, Brazil and South East Asia.

These attachés have already begun to demonstrate their value through improved levels of engagement with host governments and the practical support they can offer to UK businesses which experience difficulties. In the last few months the attachés have spoken to over 150 British businesses with individual IP issues and given training / advice sessions to well over a thousand businesses operating overseas.

This network of four IP attachés is an important part of the Government's plans to strengthen trade relations and unlock the growth potential of UK businesses abroad. There will now be a period of internal evaluation before a decision is taken as to whether the existing network should be extended.

The IPO will continue to work with IP stakeholders, and businesses, to identify other priority markets and opportunities for greater government support to British based businesses on IP issues; this may be through an expansion of the attaché scheme or other forms of support. For example, the Intellectual Property Office has recently added a new web-based support service aimed at those businesses looking to operate overseas (www.ipo.gov.uk/ip4b/ip4b-abroad.htm). This provides businesses and innovators with simple do's and don'ts, country specific IP Business Guides, FAQs for key markets and signposting to other relevant sources of support and advice, including our international IP attachés, FCO, UKTI and various trade associations

WIPO Advisory Committee on Enforcement

On 19-20 December 2012 the eighth session¹⁵ of WIPO's Advisory Committee on Enforcement (ACE) took place. Members and experts presented on a range of topics covering the different types of infractions and motivations for IP right infringement; analytical methodologies for measuring the impact of counterfeiting and piracy on society; and models for addressing the challenges of counterfeiting and piracy. The UK presented on the methodology used in preparing the annual IP Crime Report, as a good example of best practice for measuring the impact of counterfeiting and piracy.

In February 2013 WIPO hosted a regional workshop on Building Respect for Intellectual Property in Male, Maldives. The IPO's New Delhi attaché attended and presented on "IP enforcement: Key Players and Initiatives in the UK".

In January 2013 Grega Kumar was appointed as Senior Advisor on IP issues to the specialised agencies team in the UK Mission to the Office of the UN in Geneva. Grega will cover issues in WIPO, including the enforcement agenda. Grega will be contributing to negotiating the UK's position in various WIPO committees. This involves working with other Member States to reach consensus on the best way forward on the diverse range of topics that WIPO discusses.

¹⁵ http://www.wipo.int/meetings/en/details.jsp?meeting_id=25015

The Anti-Counterfeiting Trade Agreement (ACTA)

ACTA is a plurilateral IP agreement, which seeks to improve the global enforcement of IP rights through the creation of common enforcement standards and practices, and more effective international cooperation. Unfortunately, ACTA required both European Parliament consent and Member State ratification and the European Parliament voted not to give consent. Fortunately, the UK does not need to sign ACTA in order to make progress with domestic and EU intellectual property enforcement priorities.

The European Commission is now considering how best to tackle the issue of large scale infringement of intellectual property by organised crime while safeguarding fundamental rights, privacy and data protection.

Polish Organised Crime Group dismantled¹⁶

An organised crime group has been dismantled by Polish police, after criminals were producing fake versions of internationally well-known brands of body cream, perfume, shampoo and washing powder.

Among various products found during the raid, local authorities seized more than 10 tonnes of counterfeit washing powder, 12,000 bottles and 60,000 labels of shampoo, 15,000 boxes of body creams and 8200 bottles of perfume.

The Polish authorities have published that 90,000 boxes of counterfeit cream have been distributed to the UK market alone. They added that the products were manufactured under primitive conditions and little attention was given to the creation of a hygienic environment.

¹⁶ www.europol.europa.eu/content/press/fake-cosmetics-shampoo-and-washing-powder-destined-for-european-market-confiscated-poland.html

D. Awareness and training

Introduction

Training and awareness of IP and IP crime is a key element of the UK's IP Crime Strategy, and remains a key priority for the IP community as a whole. This sub-chapter outlines some of the campaigns and initiatives that have taken place during this reporting period.

Intellectual Property Office (IPO) activities

The Intellectual Property Office (IPO) raised awareness of the importance of IP and its protection through various campaigns and initiatives to consumers and businesses. This message has been reinforced and supported by delivering training in IP crime – including legislation, gathering and sharing intelligence and the services and role of the IPO's Intelligence Hub to targeted law enforcement agencies and industry.

Since their launch in 2012, the IPO has published five quarterly newsletters which provide an update on the work being achieved in the UK and Internationally on IP crime. This includes in every edition a selection of key successful investigations, links to resources and tools to assist SMEs and law enforcement.

Online counterfeiter sentenced¹⁷

Michael Reeder, from Portsmouth, was found guilty of 13 counts of possession and sale under the Trade Marks Act and sentenced to 30 months in prison, following an 18 month operation by trading standards.

Counterfeit Apple, Sennheiser and Monster goods with an estimated street value of £168,500 were found during a raid on his home.

Victims included a Bristol school which ordered a batch of Sennheiser headphones, and students who bought counterfeit Monster Beats headphones and fake Nintendo Wii controllers.

Customers complained to Portsmouth Trading Standards and to Monster and Sennheiser about headphones bought from Reeder's Odds and Pods website, after some customers noticed minor damage to packaging and faults such as buzzing and poor quality sound.

24 Tweets of Christmas

In the 24 days proceeding Christmas 2012 the IPO posted a series of successful IP and IP crime related tweets reaching 347,703 Twitter users. Each tweet raised awareness of IP and provided a range of hints and tips on how to avoid buying counterfeit goods, and how to report any instances. The tweets were seen and retweeted by other government departments, law enforcement agencies but mostly by consumers and individuals. During this period the IPO gained a further 850 followers.

Business activities

The IPO's business outreach team has continued to offer a range of support for businesses and business advisors. These include:-

- Outreach and business support activities including seminars, exhibitions and workshops which touch over 25,000 businesses per year, including 'Get it Right First Time' workshops for first time Directors in collaboration with Companies House, and a series of seminars with the Institute of Directors;
- A monthly newsletter which has over 8,000 subscribers and a strong social media presence with 20,000+ twitter followers;
- Integration of IP advice into public sector business support programmes through providing IP Masterclass training to business advisors on the GrowthAccelerator programme, the Patent Library network, TSB and Catapult centres, UKTI and MAS;
- Online services including the IP Healthcheck tool which has had over 12,000 users since 2009 and an e-guide series covering issues such as licensing, valuation and IP primers for overseas markets.

These have been developed to ensure that businesses have the skills to assess the IP that is owned by and used within their company and to identify the opportunities and risks this presents for them.

From Ideas to Growth: Helping SMEs get value from their intellectual property

In November 2012, the IPO published its conclusions to the discussion paper "From Ideas to Growth: Helping SMEs get value from their IP" (published April 2012). These conclusions, incorporating the key messages from discussions with SMEs, their representative organisations, advisory services and stakeholders, outlined how the IPO intended to take forward its work in the following areas:

¹⁷ <http://www.bbc.co.uk/news/uk-england-hampshire-22220179>

1. Raising awareness and understanding of IP;
2. Improving access to IP advice;
3. Long term skills development;
4. Future work on dispute resolution.

These plans build upon current work and set out new initiatives to ensure that SMEs can access the advice and support needed to understand and maximise the value of intellectual property to their business.

The plans include:-

- The launch of a modernised Mediation Service; this service, launched March 2013, is designed to make it cheaper and quicker for small businesses to resolve their intellectual property disputes. It is available to businesses involved in an IP dispute that are seeking to resolve matters without resorting to litigation through the Courts. It will offer access to a greater variety of mediation options including short telephone sessions, a wider range of specialist accredited mediators and a more flexible fee scale.

Awareness through education at the IPO

The IPO's Cracking Ideas website at www.crackingideas.com continues to provide resources to introduce students and educators to the world of innovation and creativity. The sixth nationwide Cracking Ideas competition was launched in May 2012, inviting children to develop a space related concept and show how IP can help them protect their creativity and gain value from their ideas.

The IPO "Sprocket Rocket" and "Invention Suspension" on line games, featuring Wallace & Gromit and user friendly IP messaging continue to raise awareness of the work of the IPO. Since launch the games have received almost 30 million plays!

Other campaigns:

- Cracking Idea's' - which uses the Oscar® winning characters Wallace and Gromit to raise awareness and highlight the importance of respect for IP amongst the public.
- Musi© Biz Competition- launched in 2012 is a new educational tool to educate young people about the harm of filesharing - and value of copyright.

Crown Prosecution Service and IPO e-learning module

Launched in August 2011 by the IPO and the Crown Prosecution Service (CPS) this first e-learning toolkit continues to be a useful resource for UK prosecutors and local trading standards prosecutors. This joint initiative raises awareness to CPS prosecutors of IP crime offences, highlights examples of IP crimes and their impact, and a case study following the prosecution of a fictitious case to demonstrate best practice. To date 1.215 prosecutors have completed the module.

IP Crime Group

The IP Crime Group works to the UK's IP Crime Strategy 2011-2015. A key pillar of the Strategy is to establish a smarter and coordinated approach to training and awareness on IP crime. The Group has produced many informative guides targeting SMEs and consumers, such as the Proceeds of Crime Act leaflet for market traders and their customers to the Supply Chain Toolkit to prevent counterfeits entering their supply chain. In September 2011, the IP Crime Group launched the "Preventing IPR Infringement in the Workplace e-guide and tools"¹⁸ that helps businesses assess their risks and develop their response to preventing themselves becoming liable to legal costs and damages from infringing the IP rights of others. In the first two weeks there were over 675 viewings of the e-guide on the IPO's website, with the majority being on the various guides and tools to assist in dealing with any infringements.

Training and Awareness sub group

This sub group leads on taking forward the training and awareness elements of the UK's IP Crime Strategy on behalf of the full Group. In March 2012 the IPO launched an IP crime 'Best Practice' section on the professional side of the IPO website on behalf of the IP Crime Group members. This has been expanded to the main IPO website targeting consumers which includes various information products and hyperlinks to resources catalogued for businesses, consumers and enforcement agencies on IP and IP crime. A new events planner is available on the landing page of the IP enforcement section of the IPO website which provides details of events held by industry, enforcement or government.

An action plan is being developed by the sub group targeting initiatives on training new police recruits in IP crime, whilst raising awareness to existing personnel through internal communications. Further activities are planned to raise awareness of IP crime within trading standards and local authorities including counsellors.

¹⁸ <http://www.ipo.gov.uk/ipenforce/ipenforce-crime/ipenforce-role/ipenforce-group/ipenforce-workplace.htm>

Diploma in Consumer Affairs and Trading Standards (DCATS) Qualification: IP module

The IP module of the Diploma in Consumer Affairs and Trading Standards (DCATS) qualification for Trading Standards Officers continued to deliver the awareness and knowledge of IP legislation and how to enforce to a wide range of delegates. Supported by the IPO and the Alliance for Intellectual Property this successful course which is always well subscribed is increasingly seeing industry representatives and other enforcement agencies in attendance on specifically civil and criminal law training courses, resulting in a threefold increase in attendance. Delivered at the IPO and PRS for Music, this three training days are delivered by IP experts to prepare delegates for the IP examination which has become the third most popular examination in the DCATS qualifications.

Better Regulation Delivery Organisation (BRDO) formerly LBRO: Common Approach to Competency for Regulators Framework¹⁹ - new IP module

Launched in November 2011, the common approach to competency for regulators aims to provide regulators with a robust and cost effective means of identifying and meeting their development needs, thereby supporting their professional development.

Over 1,000 council officers from nearly two thirds of local authorities across England, Wales, Scotland and Northern Ireland have now registered to use the online Regulators' Development Needs Analysis (RDNA) tool, which currently covers the Core Regulatory Skills and Leadership Skills relevant to officers that work within regulatory services, along with the technical knowledge sections relevant to particular regulatory functions.

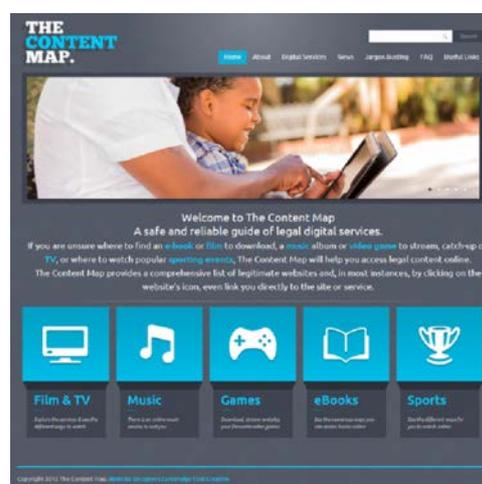
A new IP module - which has been developed and will be launched in the Autumn 2013 - joins a range of comprehensive subject - specific RDNA and GRIP (Guidance for Regulators Information Point) tools that aims to secure the competency and aid the consistency in the delivery of regulatory services. The IP module identifies the knowledge and skills to enforce IP legislation, and provides links to essential and useful courses, resources and tools to increase trading standards knowledge and understanding in IP.

¹⁹ <http://www.bis.gov.uk/brdo/resources/competency>
<http://www.bis.gov.uk/brdo/resources/competency>

Industry and enforcement agency activities

The Content Map

In response to the problem that it can sometimes be difficult for people to identify legal sites from illegal sites, in November 2012 the Alliance for Intellectual Property launched an online portal to help teachers, parents and other consumers know whether the website they, or their children, are using is legal. The Content Map²⁰ showcases legal services available to consumers whether they are looking to download an eBook, album, game, or watch a sporting event online.



Anti-Counterfeiting Group (ACG) ACG Intellectual Property Training Days (IPTDs)

One of ACG's most important functions is to provide effective liaison between law enforcement and rights holders and their advisers.

ACG IPTDs are held across the UK and Ireland, at least four times a year, alternating Scotland and Ireland each year, to create an informal and widespread networking platform for the IP community.

Enforcement officers from police forces, trading standards and customs in each region are invited to attend free of charge, so that they can attend the seminar programme and visit ACG brand owner members' stands, where genuine and fake products are on display, to learn more about how to spot counterfeits. Speakers throughout the day provide practical updates, with particular focus on ACG brand owner speakers, providing enforcement officers with more detailed updates to complement the exhibits.

²⁰ www.thecontentmap.com

The provincial IPTDs each attract around 150 delegates, with around 200 attending the London event in November each year.

ACG Border Force Training Sessions

Over the last few years, and in addition to the IP Training Day programme, ACG has developed opportunities for its brand owner members to present locally to Border Force Officers across the country. HMRC's IP Policy Unit often fields a representative too.

These training days have become extremely important for members and Border Force officers alike, as they are able to address very specific IPR enforcement issues.

In particular, brand owners can advise the officers of current trends, genuine routes and those typically used by the counterfeiters, packaging, registered importers etc, to assist with developing risk assessments and product identification experience. ACG have recently adopted a similar layout to that of an IPTD, with display tables, so that officers can speak to members at length, which complements members' PowerPoint presentations. (Where possible, incorporating both displays and presentations for maximum effect.)

Around ten brand owner members attend each event along with approximately 30-40 officers. With the welcome development of joint partnership working, local trading standards officers are invited where possible, and ACG have recently held a training session at Southampton Police College, with Special Branch in attendance.

The Federation Against Software Theft – Investors in Software (FASTIIS)

The Federation Against Software Theft (FAST) conducts training for law enforcement officers, assisting them in identifying counterfeit materials and in using appropriate and effective legislation.

FAST receives up to 500 whistle blowing reports from the public each year. Allegations include corporate non-compliance and illicit internet sales.

The Federation Against Copyright Theft (FACT)

In 2012 FACT partnered with Odeon Cinemas to deliver presentations to over 1,200 police and trading standards officers across the UK on key issues affecting FACT members and the impact that criminal piracy can have.

PRS for Music

PRS for Music has supported the Diploma in Consumer Affairs and Trading Standards (DCATS) qualification, hosting presentations and training at its Central London offices. It also continues to lecture to undergraduate students on IP crime and other piracy issues at Bucks University.

BPI Supports Safer Internet Day

The British Recorded Music Industry (BPI) actively participated in and supported Safer Internet Day 2013 which was led with the theme of 'Connect With Respect'. The initiative dedicated significant resource to educating children and teenagers about online rights and responsibilities.

BPI participated in a Radio Day alongside the Industry Trust answering young people's questions about accessing content legally online and the growth of digital services. The Radio Day attracted 74,880 direct listeners, more than a 100% increase on the previous year's tally.

Tackling Confusion Over Digital Music Websites

Continuing its collaboration with Childnet International and the Industry Trust for IP Awareness, BPI supported the launch of a campaign to help consumers distinguish between legal and pirate sites for entertainment content.

With the endorsement of Upstairs Downstairs actress, Keeley Hawes, the initiative provides useful tips for parents and carers on how to identify entertainment sites that are safe and legal to use whilst promoting initiatives such as Music Matters which help children, young people and all-round music lovers to explore the many ways they can access their favourite music online. The recommendations can be found at www.childnet.com/downloading.

Industry Trust for Intellectual Property Awareness

The Industry Trust for IP Awareness continues to deliver IP based consumer education and awareness campaigns on behalf of the UK audio-visual industry. The commitment by the UK film and TV sector is to deliver a wide range of positive and celebratory messages aimed at reducing copyright infringement and promoting the value of IP. The Industry Trust's educational activities has been running for a number of years and has recently been assessed to have restrained the spread of piracy by around two million people a year.

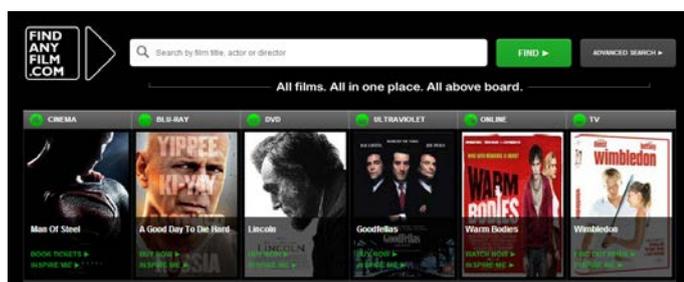
The Industry Trust's activity is insight driven, the performance of each programme is evaluated and assessed enabling the Trust to create programmes which will reach and interest a range of audiences spanning

16-34 males, who we know are most likely to engage in unofficial content, with 'parents' as the gatekeepers to the internet and 'youth' before they reach the tipping point, where infringement is more habitual and prevalent.



After two very successful years, the Trust's 'Moments Worth Paying For' campaign continues as the industry's flagship integrated multimedia campaign. Across 2013 the education message will concentrate on the craft of film making that gives us a movie experience worth paying for. A host of cinema trailers educational and marketing materials have been produced in partnership with UK film distributors delivering a programme which informs audiences on the value of film content.

The campaign has delivered a significant positive impact revealing that those currently accessing content illegally are twice as likely to say they intend to pay for legal content once they have seen the campaign, compare to those who have not. Since September 2012 the campaigns call to action, FindAnyFilm.com has been under the Trust and the industry's stewardship, working collaboratively with the industry to ensure that places that inspire audiences to watch film are connecting them with legal points of purchase.



One in four UK adults struggle to differentiate between illegal and legal sites and the Trust is helping to tackle this problem alongside Childnet and the BPI, through the re-launch of the Music, Films and the Internet' guide fronted by TV actress Keeley Hawes. The guide has now been updated with new advice and information to help parents and teachers distinguish whether a site is selling legitimate content and

also advising on the consequences of accessing infringing materials.

'ScreenThing', the youth outreach programme, continues surpassing 42,000 likes on Facebook and maintaining our engagement with young people through messaging that inspires and educate them about the effort that goes in to creating audio-visual content. In line with this the Trust also support 'Be ©reative' an in-school competition working to a real-world creative brief to research, design and produce a series of original posters or an advert to encourage young people to choose official content and support the UK industry.

Food Standards Agency

The Agency's awareness raising programme, assisted by intelligence provided by industry, local authorities, other Government Departments and, to a growing extent, the public has helped food law enforcement officers continue to seize large quantities of illicit alcohol throughout 2012/13.

A large number of these seizures have subsequently led to the premises licence holder being prosecuted for placing counterfeit products on the market for sale. Additionally, a growing number of local authorities via their internal licensing review procedures have suspended/revoked alcohol licenses and have imposed hefty financial penalties on those found to be guilty of selling illicit alcohol in their shops. This approach sends a clear message to those shop owners involved in or considering selling illicit alcohol; your livelihood and reputation are at stake.

Scottish Crime and Drug Enforcement Agency (SCDEA)

One of the most successful ways of raising public awareness carried out by the SCDEA involved attending all main Scottish Airport and Ports, where in conjunction with UK Border Force and trading standards, travellers were made aware of the personal dangers plus links between serious organised crime and counterfeit products, IP crime. Targeting key weeks such as the last week in June (start of the Scottish school holidays) and the October week - both recognised as being the busiest for travellers seeking the sun - in addition to a large visible display stand full of counterfeited items located beside security which attracted continual interest from those travelling, the SCDEA devised several ways in which to convey their message including a postcard, luggage label and by far and away the most successful, a accredited sized clear plastic bag - required by all passengers to place liquids into. The media attention received was excellent with slots on national television news, radio plus national and local newspaper coverage. The team were even invited to travel on a ferry travelling to and from Northern Ireland which provided a captive audience.



During 2012, the Scottish Crime and Drug Enforcement Agency, (SCDEA) Interventions team once again attended the 'Girls Day Out' events in Edinburgh and Glasgow. Advertised as one of the UK's biggest and best fashion and beauty shows, in total almost 30,000 females attended the two events which feature over 200 of the UK's top brands. The SCDEA were once again joined by representatives from Medicines and Healthcare products Regulatory Agency, (MHRA) and Estee Lauder Companies who brought a variety of products appropriate to those attending as the 'Girls Day Out' events provides an ideal environment to highlight personal dangers, harm to health and links to serious organised crime in an attempt to raise awareness and change attitudes on buying counterfeit and pirated products. As with previous years, the stand always attracted non stop interest with constant questions on the products being displayed plus this year a large media attendance from TV, radio and written press resulted in an additional 250,000 people throughout Scotland being made aware of the campaigns.



National campaigns

Border Force – Christmas campaign²¹

Border Force has been reminding Christmas shoppers to be wary of counterfeit goods in the run-up to the festive season. The month-long anti-counterfeiting Christmas campaign, which ended on 21 December 2012, was created to raise awareness of the risks posed by IPR infringing goods as well as Border Force's role in detecting commercial importations.

Border Force ran the integrated communications campaign across a range of channels to reach and engage with the public. These included digital (Twitter, Flickr, YouTube and the Home Office website), media (Daybreak, Radio 1) and help from partners such as the Intellectual Property Office, trading standards, the Anti-Counterfeit Group as well various IP right's holders.

A dedicated campaign webpage on the Home Office website offered wide variety of information to help people understand and to protect against dangerous counterfeit products.

As a result of the success of this campaign, Border Force and partners plan to run an anti-counterfeiting awareness campaign on an annual basis in December.

Electrical Safety Council (ESC)

In the lead up to Christmas 2012 the Electrical Safety Council (ESC) launched a safety campaign, supported by Trading Standards, to raise awareness of the danger of counterfeit electrical goods being bought as Christmas presents.

The campaign was successful, reached an estimated 2.8 million consumers via 259 pieces of coverage, including 11 national print and broadcast and 38 regional print articles. As part of the campaign consumers were directed to the ESC's Safe Shopper's guide²².

IPORTA business guides²³

IPORTA is a network of European Intellectual Property Offices who have joined together to share best practice in outreach activities and tools to SMEs; plus to raise awareness of IP and its value to business through the INNOVACCESS website.

²¹ <http://www.homeoffice.gov.uk/passports-and-immigration/counterfeit-goods/>

²² www.esc.org.uk/SafeShopping

²³ <http://www.innovaccess.eu/>

IPOPTA will build synergies among National Offices, with business support organisations and with other IP stakeholders such as the European and China IPR Helpdesk and the Enterprise Europe Network to help SMEs to better integrate IP in their business strategies and better exploit them. The UK through the Intellectual Property Office (IPO) is building synergies by attending joint working groups and sharing best practice. The IPO are active members on the Workshops IP Valorisation, How to reach SME'S and Increasing cooperation between helpdesks of European National IPO's.

Brand-i

Brand-i – the online safe shopping tool and counterfeit site reporting website - is approaching its second anniversary since launch in June 2011. Now a well-established forum for consumers to locate genuine branded goods online and to report any suspected counterfeit websites, the registry features over 40 consumer brands, and ensures consumers have the opportunity to shop safely from its growing list of e-commerce stores authorized by its brand members.



New members include Jimmy Choo, Barbour, Overfinch, Kenwood and Anglepoise lamps, and this visible brand presence is supplemented with support from key industry bodies and affiliates who together help to give greater consumer confidence to purchase goods online. Recent affiliations include National Trading Standards' E-Crime Centre.

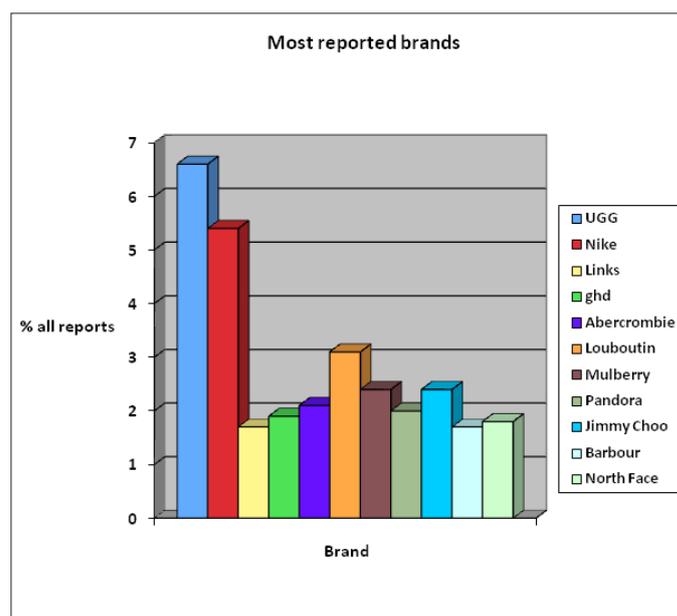
The consistent growth of the consumer reporting function on Brand-i has highlighted a significant consumer demand for this type of IP-related service not being fulfilled elsewhere. Brand-i is on track to receive over 4,500 consumer reports a year from 2013, which eclipses most consumer protection bodies. This is largely due to the unique consumer service position of focusing purely on brand related e-crime, and the position within Google searches. Almost 70% of Brand-i's traffic comes via search engines.

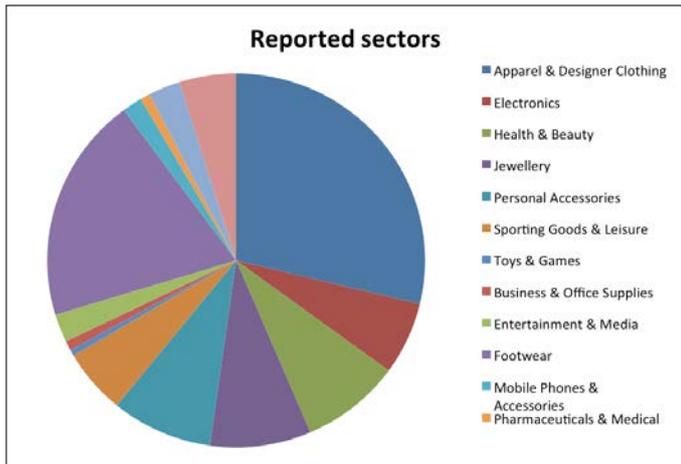
Enter 'report a website' into the Google search engine to see Brand-i's position at the very top of relevant searches.

Brand-i members receive reports for their brand automatically but Brand-i has recently linked to the Trading Standards E-Crime Centre to ensure non-member or non-brand related queries are investigated. Brand-i provides valuable statistics to support the IP crime evidence picture and enable an assessment of the level of E-Crime fraud in the UK.

Consumer reports

From April 2012 to April 2013 more than 3,196 suspicious and fraudulent websites featuring over 330 brands have been reported to Brand-i





Having started as a safe shopping channel for consumers, the website has now developed into a significant national IP reporting database. Brand-i and its reporting system has a growing value in terms of market intelligence and in providing an industry-wide reporting tool.

Brand-i users are now readily seeking guidance through the 'safe shopping' pages which cements the idea that there is a niche group within the population that wants specific help to avoid counterfeit sites - Brand-i's captive audience.

Rights holders are engaging with the principles of Brand-i and now recognise the value of compiling a selective list of authorised online stores through the Brand-i directory – as well as promoting the service via their customer service teams. In several cases this means Brand-i is the definitive list of authorized online stockists for key brands, and in, for example, the case of Overfinch (highly copied accessories and wheels for Range Rover), that there are no authorised UK online stockists. The same list acts as a useful referral point for consumer protection bodies such as Trading Standards and Citizens Advice Bureau who regularly signpost consumers to Brand-i.

Safe Shopping advice pages: Key advice to help shoppers quantify safety of any online shopping site.

Home > safe shopping > safe shopping advice

Safe Shopping Advice

SHOPPING ONLINE SAFELY: TIPS AND HINTS

Brand-i is a search tool that directs you to the official websites of popular brands. The shop links in our directory have been provided to us by the brand holders themselves – meaning you can be sure of the authenticity of any purchase you make from any of these listed sites.

HOWEVER, there are a few simple checks you can carry out when shopping online which will help give you extra confidence that any website you visit in the future is safe.

Note: This guidance is not exhaustive so if you require further help see our list of useful links below.

YOUR SAFE SHOPPING CHECK LIST:

- **'.co.uk'** – just because the web address has 'UK' in it don't assume an internet company is based in the UK – check out the physical address and phone number. Although shopping from overseas websites is relatively safe it may be difficult to enforce your contract if things go wrong. If the item or service is over £100 then consider paying by credit card as you may have some redress against the credit card company who is equally liable.
- **Geographical address and phone number?** Look for the trader's full address, especially if the company is based outside the UK and not just a PO Box or email address. This can normally be found in the 'contact us' section and you should beware of websites that are only contactable via email alone. If not available consider checking who owns the website or domain name on www.whois.domaintools.com.
- **Secure payment facility** (known as an encryption facility)? Is the website secure? Look for 'https://' and the padlock symbol at the bottom, which should be present on the page you are using when you are giving personal information or any payment details (credit card).
- **Clear, transparent privacy and returns policies?** Check whether the company has a privacy statement that tells you what it will do with your personal information. Make

CASE STUDIES

www.victoriabeckhamoutlet.co.uk

'This site advertises Victoria Beckham clothing claiming that they come from the original source. I purchased a dress that arrived from China. It is definitely counterfeit and is extremely poor quality. The site also advertised 100% money back guarantee but they are refusing to refund my full payment. This website looks genuine packed with very official looking brand images.'

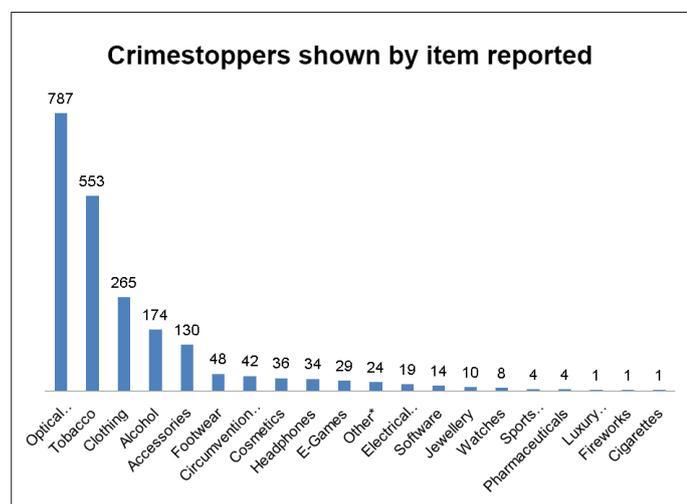
www.ergouk.co.uk

'Baby equipment. This seems to be a very good copy, I was aware of fakes but I still made a mistake, I was only alerted to this when I received a shipping update saying that it was coming from China. Please add more baby brands on your site. Thank you for helping.'

Crimestoppers Fakes Fund Crime campaign

The IPO assisted Crimestoppers, Home Office and the Serious and Organised Crime Agency to develop and support their four week Crimestoppers IP crime campaign launched on 15th November 2010. The campaign aimed to educate the public about the links between fake goods and serious organised crime, deter the public from purchasing fake goods and generate actionable information on fake goods and serious organised crime which can be used by the law enforcement community.

The IPO's Intelligence Hub continues to receive intelligence reports and has received over 2,000 reports during this year. This shows that the public continue to be concerned about IP crime and highlights the potential for increased awareness campaigns to further their participation in tackling IP crime further.

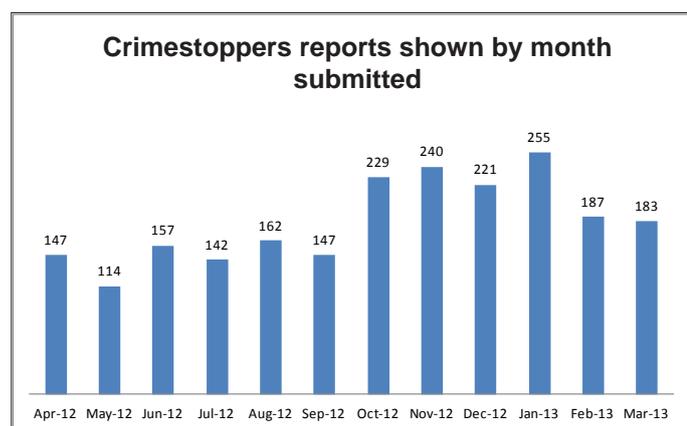


The chart above shows the number of reports received by the Intelligence Hub from Crimestoppers.

What are the major problems?

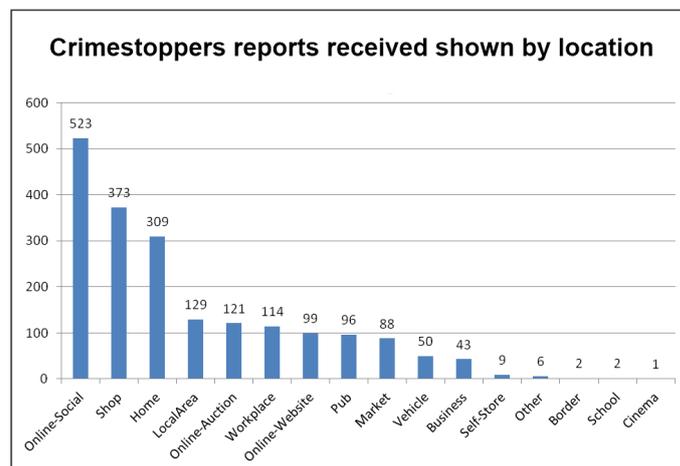
The reports received follow a similar pattern to the trend across other reporting areas in this Report and in comparison with last year's Crimestopper reports. Optical media is the highest reported issue followed by tobacco, clothing, alcohol and accessories.

Monthly Crimestoppers Breakdown



During this year the IPO Intelligence Hub received a similar amount of reports compared to the last reporting period. This year the highest number of reports were received during January 2013 with the second highest being November 2012.

Crimestoppers reports against Locations



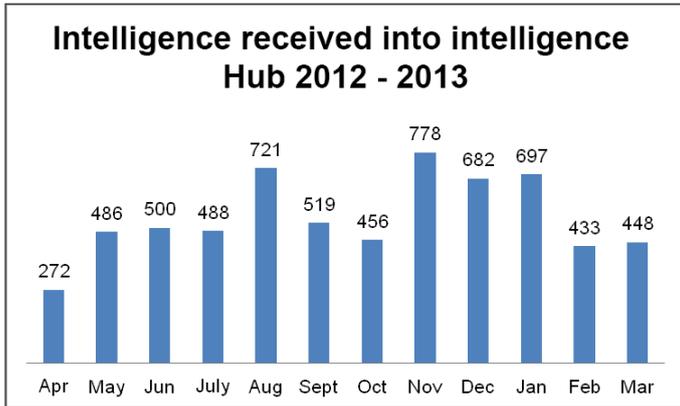
What are the major problems?

Online social media has now become the most prevalent way of committing IP crime according to reports to Crimestoppers. This year the biggest rise in location has been local shops selling counterfeit goods, normally tobacco products and alcohol.

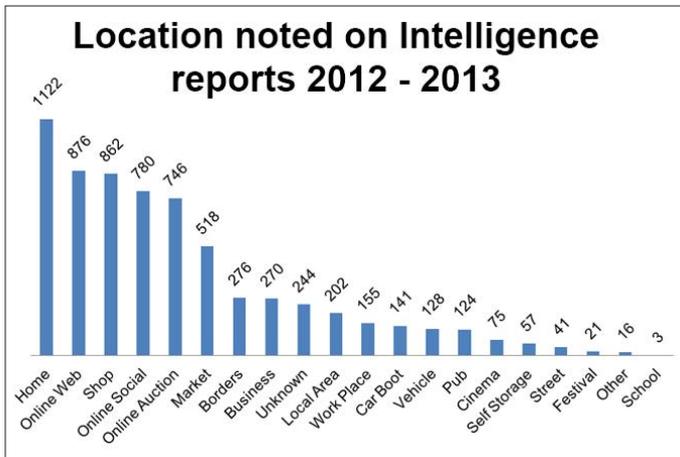
It is worth noting that market sales continue to have a lower ratio of reports in terms of counterfeit logs which may indicate a trend towards greater internet sales.

The Intellectual Property Office (IPO) Intelligence Hub

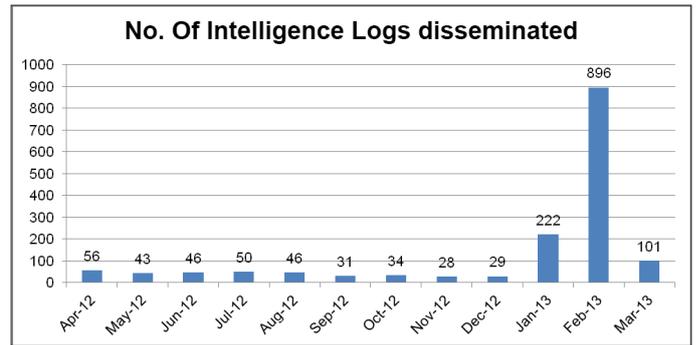
The Intelligence Hub engages with law enforcement and during the reporting period there have been over 6,480 intelligence reports handled by the Hub. This has resulted in a more efficient exchange of information between agencies and resulted in greater opportunities for targeted law enforcement action.



Intelligence reports received have highlighted that during this year the sale of counterfeit items has become an activity which tends to be centered on the home and the internet with a rise in online activity through websites, auctions and social media sites.



The IPO Intelligence Hub has also disseminated 1,582 intelligence reports to other Law enforcement agencies during this year.



E. Sentencing, seizures and the Proceeds of Crime Act

Introduction

This section provides an update on the legal outcomes in tackling IP crime. It includes published statistics on the volume of cases being progressed through the courts for criminal IP infringements under IP legislation and the Fraud Act 2006 is also used to prosecute IP infringing cases. An overview is provided on the seizure data received from enforcement agencies and industry bodies, and the use of the Proceeds of Crime Act 2002 to tackle IP crime during this reporting period.

Sentencing Outcomes

The Ministry of Justice provided the following data showing the number of individuals proceeded against, found guilty and cautioned under the criminal provisions of the Copyright, Designs and Patents Act 1988 (CDPA88) and the Trade Marks Act 1994 (TMA94).

The statistics show that those individuals proceeded against, found guilty or cautioned have steadily increased since 2002, however from 2009 to 2011 there had been a slight decrease under the TMA, and larger decrease in relation to the CDPA. In 2012 these figures have increased under TMA and stayed the same under the CDPA.

In comparison the success rate of people proceeded against and found guilty in 2009 was 80%, this has dropped to 76% in 2012.

Seizure data from the IPO's Intelligence Hub showing the volume of seizures of counterfeit goods by trading standards indicates that enforcement activities remain high in comparison to seizures in previous years as suggested again by this year's annual survey of trading standards.

Number of people proceeded against											
Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
TMA	455	507	629	962	1128	1068	1012	958	753	655	674
CDPA	97	111	134	195	342	514	621	753	520	113	113
Total	552	618	763	1157	1470	1582	1633	1711	1273	768	787

Number of people found guilty											
Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
TMA	329	399	503	749	920	884	913	801	662	487	506
CDPA	71	84	100	160	249	362	478	563	366	97	92
Total	400	483	603	909	1169	1249	1391	1364	1028	584	598

Number of people cautioned											
Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
TMA	18	59	120	194	187	187	201	118	66	55	38
CDPA	13	55	171	202	247	177	180	79	45	41	16
Total	31	114	291	396	434	364	381	197	111	96	54

The following figures from the Ministry of Justice detail the age and sex of the individuals who were preceeded against in the period between 2002 – 2012.

Sex of people preceeded against												
Year		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
TMA	Male	367	440	555	826	952	888	806	725	562	481	410
	Female	40	46	43	102	128	155	123	133	117	78	93
	Other	48	21	31	34	48	25	22	34	25	36	57
	Not stated							46	66	49	60	114
CDPA	Male	81	85	117	172	265	392	429	487	353	72	79
	Female	13	24	17	22	74	114	159	196	128	15	22
	Other	3	2		1	6	8	12	15	12	2	4
	Not stated							21	54	27	5	8

Sex of people found guilty												
Year		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
TMA	Male	277	353	447	652	793	742	745	624	517	378	334
	Female	21	33	37	82	93	126	128	112	103	57	66
	Other	21	13	19	15	34	16	13	26	15	16	38
	Not stated							27	39	27	36	68
CDPA	Male	63	71	89	139	201	291	356	390	263	78	68
	Female	6	13	10	20	44	70	106	124	83	14	17
	Other	2		6	1	4	4	6	10	6	0	2
	Not stated							10	39	14	5	5

Age of people preceeded against												
Year		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
TMA	Under 18	1	7	10	11	8	13	17	9	3	2	9
	18 - 20	12	14	28	31	57	44	31	29	12	13	16
	21 – 30	238	265	238	394	418	369	330	307	215	239	239
	31 – 40	110	127	223	309	398	389	374	318	273	197	192
	41 – 50	66	68	100	158	183	194	189	216	178	148	145
	50 +	28	26	30	59	64	59	71	79	72	56	13
CDPA	Under 18	1	1	0	2	0	2	2	2	2	0	0
	18 - 20	0	1	5	9	11	10	16	8	3	1	0
	21 – 30	53	65	65	62	182	270	328	423	226	31	39
	31 – 40	23	26	37	90	90	113	129	124	110	33	27
	41 – 50	10	11	19	31	46	86	103	119	106	38	28
	50 +	10	7	9	5	15	33	45	75	71	10	19

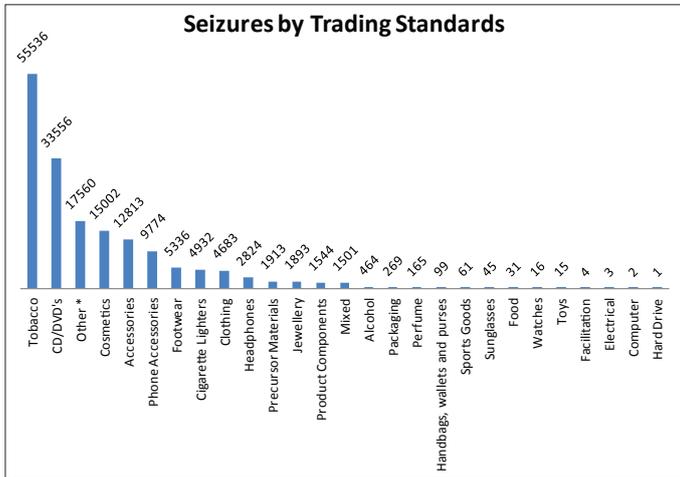
Age of people found guilty												
Year		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
TMA	Under 18	1	2	8	6	4	9	13	6	0	1	8
	18 - 20	10	11	24	22	50	35	30	21	12	9	9
	21 – 30	152	194	170	285	306	287	274	226	173	154	158
	31 – 40	88	116	187	254	352	337	357	282	247	159	163
	41 – 50	55	52	84	131	165	167	172	201	167	117	109
	50 +	23	24	30	51	43	49	67	65	63	47	62
CDPA	Under 18	0	1	0	1	0	2	2	1	3	0	0
	18 - 20	0	1	3	5	10	7	11	8	145	0	0
	21 – 30	38	44	47	51	113	168	224	301	82	23	29
	31 – 40	15	19	31	70	80	91	108	106	92	30	29
	41 – 50	13	23	12	27	37	68	93	97	44	36	22
	50 +	5	6	8	6	9	29	40	50	0	8	12

Statistics show that in relation to those individuals who were proceeded against, found guilty or cautioned there was a considerable higher level of males compared to females in both Acts.

Concerning the age of those individuals, in relation to the TMA 21 – 40 year olds were the highest number of offenders, followed closely by 41 – 50 year olds. CDPA offences were most commonly found in 21 – 40 year olds, followed by 41 – 50 year olds – compared to the 2011 the age of those found guilty has dropped to at least 21 years old.

Seizure and detention activity

The IPO Intelligence Hub receives reports from trading standards departments. In relation to seizures of counterfeit items made during the course of their investigations.



As with other data across this report the most prevalent item reported was tobacco.

If products have not been listed as in previous reports there were no reported seizures. Other consists of seizures with no clear product details.

	Aberdeen TS	Bedford TS	Bexley TS	Brent & Harrow TS	Bromley TS	Cambridshire TS	Camden TS	Cheshire West
Sports Goods	61							
Accessories		55	9	64		21		
Alcohol				43				
Phone Accessories			1176				11	
Clothing				718	1			
Headphones				200				
Cosmetics					2			
Footwear					1			
Tobacco								
CD/DVD's						450		
Other *							1140	
Product Components								1500
Mixed								
Perfume								
Cigarette Lighters								
Computer								
Handbags, wallets and purses								
Precursor Materials								
Electrical								
Jewellery								
Watches								
Sunglasses								
Toys								
Hard Drive								
Food								
Packaging								
Facilitation								
Batteries								
Total	61	55	1176	970	68	450	1172	1500

City of London TS	Coventry TS	Denbigh TS	Dorset TS	Dudley TS	Enfield TS	Glouc TS	Greenwich TS	Hereford TS	Hertfordshire TS	Hillingdon TS	Islington TS	Kensington and Chelsea TS	Kent TS	Kingston Upon Thames TS	Leics TS	Lothian and Borders Police	LOTSA	Manchester TS	Met Police	N. Somerset Police	Neath TS
																	371		96		
	5				18		17	9	33					158							
296									249					17			2063		139		
												109	281			22	208		4		
									23	2431						12	34				
												15000									
						56						160			24				31		
		22	15	21100		118														16	
					47										18		1985				
									1	9600											
																	44				
					1176						325										
									158												
										4707							91				
												1									
												1							10		22
												2									
															3						
															8	287	1358	74			
																5					3
																7					
																			15		
									21												
296	5	22	15	21100	1241	174	17	9	464	16738	325	109	15445	175	18	69	5095	1358	369	16	25

	Newham TS	Newport TS	Oxford TS	Plymouth TS	Powys TS	Redbridge TS	Rhonda TS	Sandwell TS	Solihull TS	South Yorks police	Southwark TS	Staffordshire TS	Surrey TS	Sutton TS	Tower Hamlets TS	W.Sussex TS	Waltham Forest TS
Sports Goods																	
Accessories			53				18				92		103				
Alcohol				2		8	65	12							94		
Phone Accessories							7						595		353		
Clothing			161				127					400	11	31		261	172
Headphones							11		68								
Cosmetics																	
Footwear			350				56			4609							24
Tobacco	3460			3613			27192										
CD/DVD's		691				865			500			24000					
Other *					5214	14	54										
Product Components																	
Mixed																	
Perfume				7													
Cigarette Lighters													4		97		
Computer		1															
Handbags, wallets and purses							26										
Precursor Materials				150													1761
Electrical																	
Jewellery							59										
Watches							8										
Sunglasses						37	1										
Toys																	
Hard Drive		1															
Food				31													
Packaging							119					150					
Facilitation												4					
Batteries																	
Total	3460	693	564	3803	5214	924	27743	12	568	4609	92	24554	713	31	544	261	1957

Wandsworth TS	Warwickshire TS	West Sussex TS	West Yorkshire TS	Westminster TS	Wilts TS	Wolverhampton TS	Worcestershire TS	
								61
11341				530		60		12813
								464
3		290		4575				9774
145	107	252		764	109		800	4683
21						24		2824
								15002
2				23				5336
								55536
	5000							33556
35			440	1062				17560
								1544
								1501
								165
				33				4932
								2
				40				99
								1913
								3
				107				1893
								16
								45
								15
								1
								31
								269
								4
2								
11547	5107	542	440	7134	109	84	800	

* Other category includes: babyoil, watch batteries, ravel chargers, memory sticks, stickers, flags, condoms and goods not staled.

What are the major problems?

The greatest number of seizures this reporting year was in tobacco and accessories, which have nearly doubled this reporting year. Clothing and footwear and optical media (music, film and TV, etc) are still highly reported by a large number of the contributing Trading Standards Authorities. Cosmetics were also high compared to last year's report although nearly all of this was from one authority, Kent Trading Standards.

Are there any developing trends (Regional/product)?

Clothing, footwear and optical media are the most reported seizures across all the contributing authorities.

In terms of product there now appears to be a trend for a move into cosmetics and accessories with large numbers being identified across the country.

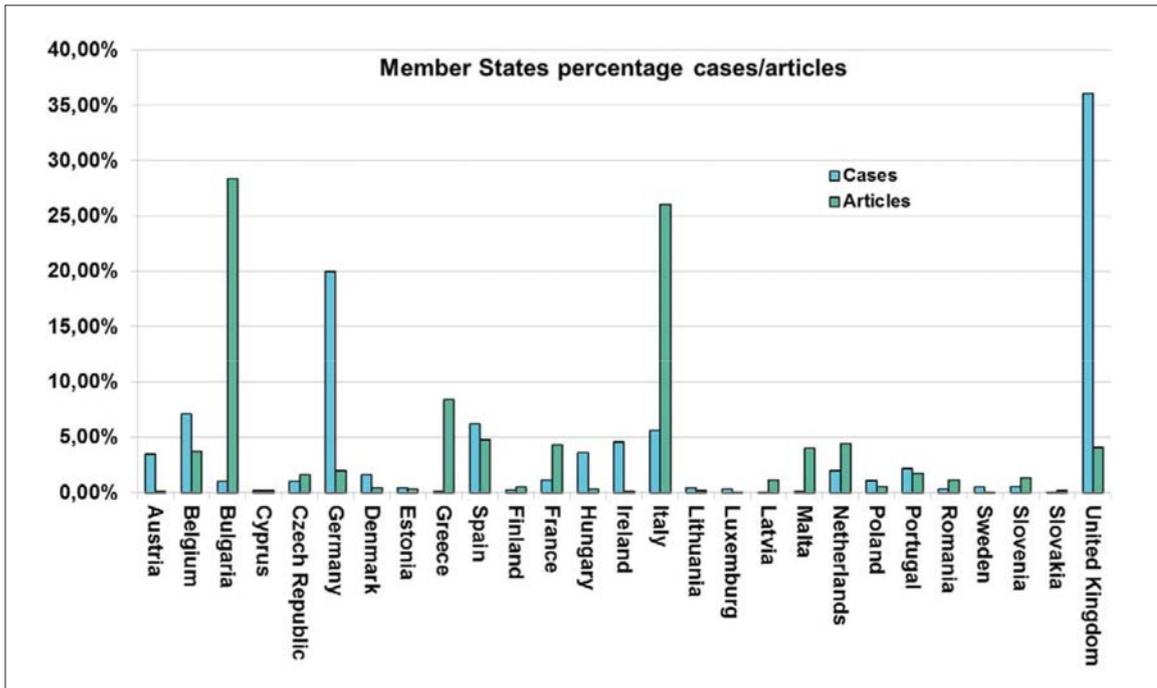
Activity at UK and wider EU borders

Physical goods enter the UK though the postal system, ports, airports, road, rail and sea links. Her Majesty's Revenue and Customs (HMRC) and UK Border Force continue to work together to tackle the threats posed by cross-border movements of IP infringing goods. In the financial year 2012/13 their successes included detaining over 32,000 consignments of IP infringing goods in postal traffic and over 1,300 consignments in air and sea cargo, fast parcel and vehicle traffic.

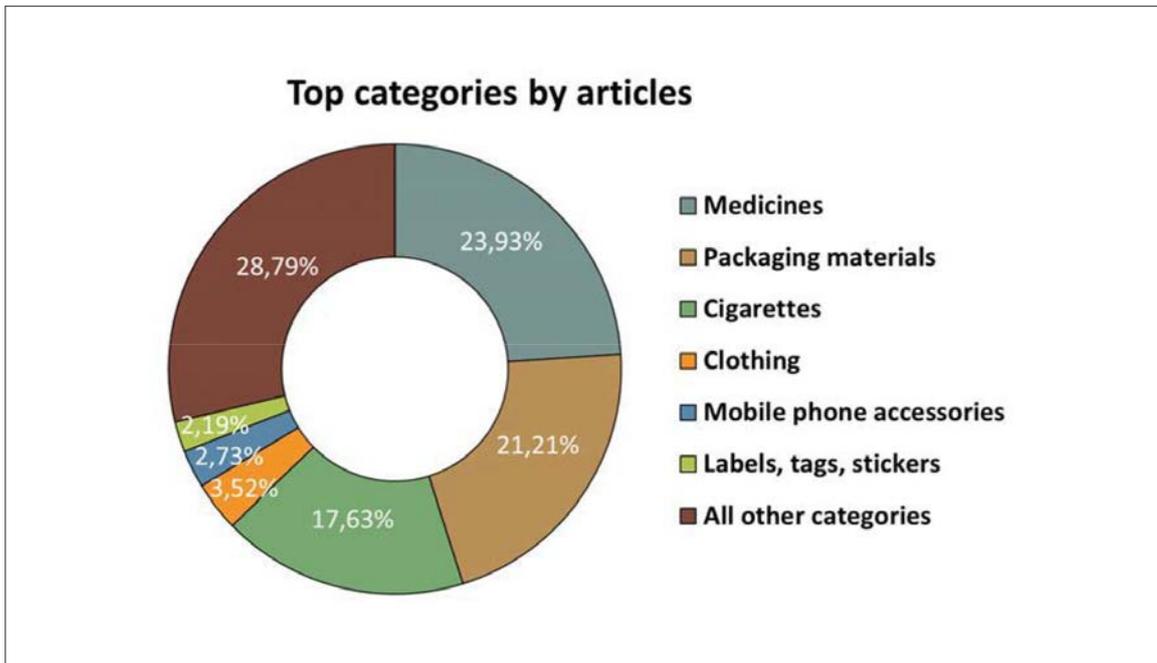
A report is published annually on the enforcement of IP rights across EU customs "Report on EU customs enforcement of intellectual property rights²⁴". This includes data from HMRC and the UK Border Force on the detentions of IP infringing goods. The next report containing data for 2012 will be published during late summer 2013 and will be available as an appendix on the IPO website.

The current published report covering the period calendar year 2011 details that the UK accounted for 36% of all detentions of cases made by HMRC under EC Regulation EC 1383/2003. In 2011 4.6 million articles suspected of being counterfeit were intercepted at the UK's borders with a significant increase in the number of procedures carried out.

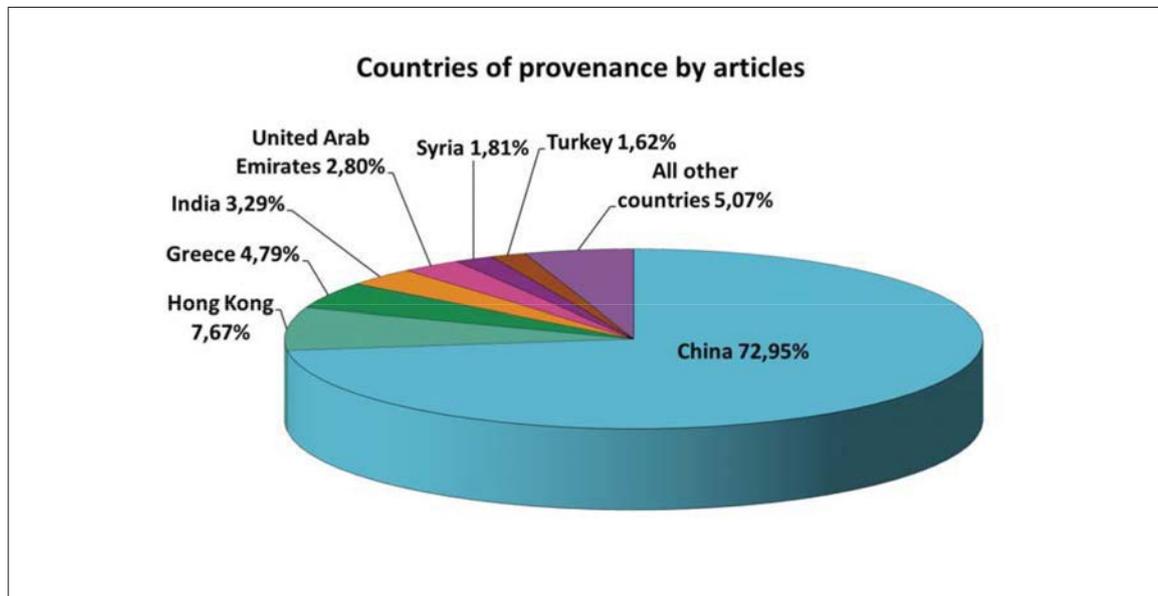
²⁴ http://ec.europa.eu/taxation_customs/resources/documents/customs/customs_controls/counterfeit_piracy/statistics/2012_ipr_statistics_en.pdf



The top three articles detained by EU customs are medicines, packaging materials and cigarettes. The next highest detentions include clothing, mobile accessories and labels.

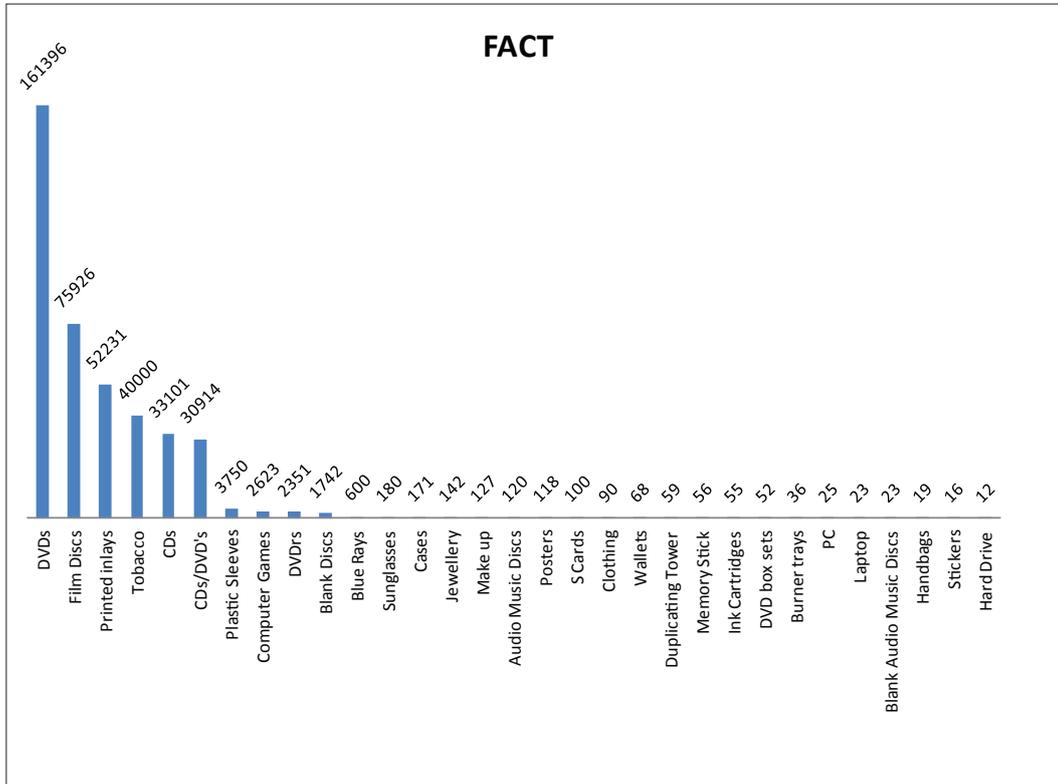


The report highlights that 72.95% of articles detained in the EU are from China, the most popular fakes being 'non-sport shoes' (27.9%) and 'clothing' (19.6%). Almost 50% of these articles are being detained within EU postal systems. The EU saw an 11% increase in the amount of intercepted articles, now standing at 114.7 million.



Industry seizures

The following seizure data has been received and collated by the IPO's Intelligence Hub from industry sectors within the period 1 April 2012 to 31 March 2013.



FACT conviction

FACT achieved a criminal conviction of Anton Vickerman in August 2012, following an eight week jury trial at Newcastle Crown Court. Vickerman was making £50,000 each month running a website, surfthechannel.com, which facilitated mass scale copyright infringement. He was prosecuted and subsequently convicted on two counts of Conspiracy to Defraud and sentenced to four years imprisonment.

Anton Vickerman, age 38, set up the website surfthechannel.com in 2007 with the aim of being a 'one stop' destination for illegal copies of films and television programmes. Within two years the site was attracting more than 400,000 visitors per day, ranking amongst the top 500 websites globally.

Vickerman ran surfthechannel.com as a business through a limited company, Scopelight Ltd, and was generating income of over £300,000 per year. Profits from the company were funnelled to a bank account in Latvia operated by an offshore company based in Dominica.

He was found guilty at Newcastle Crown Court of Conspiracy to Defraud by "facilitating" the infringement of copyright on 27th June 2012 after an eight week trial.

The site was not a passive linking or search site. Vickerman targeted pirated films including those not yet released at the cinema which he and his staff secretly and anonymously uploaded to third party sites before linking to them via STC. Members of the surfthechannel.com community were also encouraged to find, check and add links, ensuring that surfthechannel.com was always one of the most up to date databases of illegally copied material anywhere on the internet.

Kieron Sharp, FACT Director General, said:

"This case conclusively shows that running a website that deliberately sets out to direct users to illegal copies of films and TV shows will result in a criminal conviction and a long jail sentence. Mr Vickerman knew what he was doing from the outset, having been involved in the pirate community for some time. This was not a passive search

engine. Surfthechannel was created specifically to make money from criminal activity and it became the biggest site of its kind on the internet within two years.

The sentencing indicates the severity of the offences committed and the sophistication of his criminal enterprise and should send a very strong message to those running similar sites that they can be found, arrested and end up in prison.”

Seizure figures

The figures below outline the number of seizures conducted by the BPI (British Recorded Music Industry) and FACT (Federation Against Copyright Theft) for the period 1 April 2012 to 31 March 2013.

BPI seizures	2012					2013	
	Q1	Q2	Q3	Q4	Total	Q1	Total
CDs	44,941	22,675	23,975	24,681	116,272	6,407	6,407
Digital Tracks	1,247,592	117,156	7,291,977	7,266,036	15,922,716	248,160	248,160
Music DVD	30,832	25,027	28,205	63,046	147,110	4,270	4,270

FACT seizures	2008	2009	2010	2011	2012	
DVD (pressed disc unit)	8246	33127	34986	7617	104564	NB: a unit can include a box set
DVD burners	2588	4422	2580	1293	552	
DVD recordable	3293102	2579459	1618570	860856	470154	

FACT seizure data shows reported seizures of pressed discs (ones manufactured using professional DVD pressing machinery), DVD burners (used to mass produce pirate copies on DVD-R discs) and DVD-R discs themselves.

Whilst FACT focuses predominantly on internet infringements and online criminality, there has been a huge upsurge in the importation and sale of high quality pressed disc box sets of popular TV series.

Circumvention - The UK Interactive Entertainment (UKIE)

The UKIE have carried out 18 raids in the last reporting year and seized 5,000 master games discs and 6,000 master games computer files. These master discs can be used to make additional copies, however UKIE don't know how many times they were used to make copies. The following table highlights the court results and seizure details during this period.

DVD/ Software	E-games	Computer Equipment	Computer consumables	Other	Location of offence	Sentencing
				offering R4 cards loaded with 40 games. TP made. Also offering Virgin TV cards.	Operated web site	sentenced to 1 year prison, suspended for 2 years. Also 250 hours Community Punishment and £5,000 costs.
1,500		6,360			Copying factory hidden in shop basement behind wall shelving and whiteboards.	sentenced to 18 months prison after pleading guilty to 44 specimen trade mark offences.
400+					Market stall	sentenced to 32 weeks prison, suspended for 12 months, and 250 hours Community Service & ordered to pay £4,000 costs. Pled guilty to 16 specimen trade mark, section 296ZB and Fraud act charges.
43			350	First ever seizure anywhere of PS3 jailbreak dongle.	Online	sentenced to 9 months prison, suspended for 12 months and 200 hours Community Service. 16 specimen 296ZB charges for selling & advertising, Wii chips, R4 cards, consoles & jailbreak dongle.
18			114		Online	sentenced to 120 hours Community Service. Ordered to pay £43,089 POCA within 6 months or face 15 months in prison.

350					Online market place	Sentenced to 200 hours Community Service and £200 costs.
970		143	30		Online	pleaded guilty to 5 charges under section 296ZB and 12 charges under Trademarks Act. Fined £2,500 with £3,052 costs.
			478		Industrial unit	pleaded guilty to 3 specimen charges under section 296ZB for supplying R4 cards. Fined £6,000 with £7,449 costs.
	1,129		8		Shop	sentenced to 9 months imprisonment, suspended for 12 months. Umar Shazad and Bilal Munir were sentenced to 15 months imprisonment.
				Web site selling Wii chips and DS game copier cards.	Online	sentenced to 52 weeks imprisonment, suspended for 12 months. Also ordered to pay £2,000 costs.
					Online	sentenced to 32 months imprisonment, half in prison and half on licence.
100		2	20	Rug warrant executed	Private residence	sentenced to a 12 month Community Order with 200 hours unpaid work, to be completed within 12 months. Also ordered to pay £898 costs.
122		857		Shop was closed after seizures	Car boot sale and shop	sentenced to 9 months imprisonment after pleading guilty to 11 Trade Marks Act offences.
50		2			On street and private residence	sentenced to 100 hours Community Service and £500 costs.
					Online	200 hours Community Punishment.
3,553	1,129	7,364	1000			

Anti-Counterfeiting Group

Product	Brent & Harrow	Cheshire	Cumbria	Dumfries & Galloway	Enfield	Glasgow	Gloucester	Horsham	Ilford	London	Luton	Oldham	Redditch	Surrey	West Yorkshire	York
Advertising																
Bags					1		1					1				1
Bears																
Blanket													1			
Childrens Clothes								43		29						
Dog Beds																
Duffle coats - ladies																
Handbags																1
Hat											1					
Jumper			3													
Mobile Phone Fascia									3							
Perfumes										5						
Phone fascia										7				10		
Picnic Blanket															1	
Polo Shirt					1											
Purses	2									1						
Scarves																
Shirts								15								
Shoes										2						
Skirt								1								
Socks								4								
Stickers		1														
Sunglasses				7												
T shirts						8		9								
Ties								9								
Trousers					1											
Umbrellas	2															
Watches										2						
Totals	4	1	3	7	3	8	1	81	3	46	1	1	1	10	1	2



Locations of Seizures			Products and quantities seized		
Aberdeen	Ealing	Northumbria	Wiltshire	ACCESSORIES:	340
Ayrshire	Edinburgh	Nottingham	Worcestershire	CELL PHONE COVERS:	370
Bedford	Enfield	Oldham	Warrington	CLOTHES:	582
Birmingham	Essex	Plymouth		COMPONENTS:	3,183
Blackpool	Gateshead	Poole		COSMETICS:	2,102
Brent	Gloucestershire	Reading		COSTUME JEWELLERY:	1,327
Bristol	Hackney	Redbridge		EYEWEAR:	1,053
Bromley	Harrow	Sefton		HANDBAGS:	269
Bury	Havering	Sheffield		PERFUME:	410
Caerphilly	Hertfordshire	Shropshire		SHOES:	66
Camden	Islington	Southampton		SMALL LEATHER GOODS:	22
Cambridgeshire	Kensington	Southwark		WATCHES:	33
Carmarthenshire	Kent	Sunderland			
Cheshire	Kingston	Surrey			
Conwy	Leicestershire	Torbay			
Coventry	Liverpool	Tower Hamlets			
Derbyshire	Newcastle	Wandsworth			
Dorset	Newham	West Sussex			
Dudley	Norfolk	West Yorkshire			
Durham	North Yorkshire	Wigan			

The National Crime Agency - Proceeds of Crime Centre

The new National Crime Agency (NCA) will go live on 1 October 2013 as an operational crime fighting agency that will fight organised crime, strengthen UK borders, fight fraud and cyber crime, and protect children and young people

It will take on the work of the Serious Organised Crime Agency and the Child Exploitation and Online Protection Centre, and will incorporate functions of the National Policing Improvement Agency – demonstrating the governments' continuing support of the Proceeds of Crime Centre (POCC) and its authority under Part 1 Section 3 Proceeds of Crime Act 2002 (PoCA) as amended. Regulators under the Act will continue to train, accredit and monitor the performance of Accredited Financial Investigators (AFI's) within legislatively enabled law enforcement agencies.

Through a network of centrally and regionally based Regulators the POCC in addition to its primary role provides added value delivering support, guidance and advice available to all Trading Standards depts., with or without an AFI in the fight against intellectual property crime.

AFIs have the support of a Senior Appropriate Officer (SAO) providing appropriate oversight and scrutiny to take place ensuring the integrity and proportionality of its PoCA investigations. Ideally this person is a line manager or supervisor working within the investigative environment and able to maintain POCA awareness.

POCC can provide training to trading standards regular investigators and management, focussing on initiatives and raising awareness of money laundering investigations, confiscations and evidence gathering; there is also greater emphasis on the broad proactive application of the legislation and its practical use. Significantly, aspects of IP crime relating to trade marks and copyright are deemed scheduled offences under PoCA, this enhances a AFI's capability by which a defendant is said to have a "criminal lifestyle".

Strategically the POCC has been working together with organisations such as the Trading Standards Institute to drive forward initiatives in support of mutual objectives. Trading standards departments are fully supported with the establishment of national and regional financial investigators working groups; representatives also sit on the National Financial Investigators Working Group alongside the Police, HMRC and other national law enforcement agencies. This professional relationship enables the exchange of working initiatives, as well as the opportunity to discuss concerns and legislative matters.

However, whilst the Act has been in force for nine years only 24% of local authorities are presently represented by accredited financial investigators.

Brent & Harrow Trading Standards using PoCA²⁵

Brent & Harrow Trading Standards Service secured a confiscation order for £127,040.38 at Harrow Crown Court after Haider Al-Tamimi was caught dealing in counterfeit goods. Mr Al Tamimi was also ordered to pay the prosecution costs of £8,767.

In August 2011, Mr Al Tamimi pleaded guilty to six offences under the Trade Marks Act 1994 for selling and possessing counterfeit items for sale online including phone accessories, for which he was sentenced to 150 hrs of unpaid work.

Brent & Harrow Trading Standards have now secured 20 confiscation orders using the Proceeds of Crime Act 2002 against individuals associated with the supply of counterfeit goods and clocked cars and these orders amount to £1,647,652.79

Proceeds of Crime legislation

The legislation provides for financial investigation into whether a person has benefitted from a criminal act. It allows AFIs (Accredited Financial Investigator) to apply to the Crown Court for investigative orders to obtain financial evidence.

The Act also caters for the recovery of the criminal benefit through a confiscation process, as well as enabling a compensation regime.

Investigative Orders

Investigative orders compel financial institutions to provide evidence held on persons that are under investigation or convicted of criminal offences.

- Production Orders provide detailed banking information such as statements and account opening material which can be used as evidence to support the prosecution and confiscation process.
- Customer Information Orders facilitate the enquiry of financial institutions as to a customer's personal information identifying a suspect to enable a criminal financial investigation to progress.

²⁵ <http://www.tradingstandards.gov.uk/brent&harrow/NEWS-pros.htm#AITamimi>

- Account Monitoring Orders are a form of electronic banking surveillance that can be granted to operate for up to 90 days into the future. Financial institutions will report on all a suspects' account transactions within the terms of the order to satisfy and progress a financial investigation.
- Restraint orders prevent a suspect from dealing with their assets anywhere in the world, and can be imposed at any time after a financial investigation has started. They are particularly useful where cash has been identified in a suspect's bank account which would otherwise be dissipated and stopping the suspect in dealing with property until the court makes a decision.

Cash Seizure

This process allows an AFI to seize cash believed to be over £1,000 which is suspected of being recoverable property or intended by any person for use in unlawful conduct. As a civil means of recovering cash found, the burden of proof is on the balance of probabilities. For example, where a search is conducted of a person and/ or premises where involvement in counterfeit goods is suspected and cash is also found. The cash seizure process is dealt with through the Magistrates Courts' where successful applicants will recover 50% of the forfeited amount for their authority.

Confiscation Orders

A person on conviction of an acquisitive crime from which there has been a criminal benefit can see the Crown Court make a confiscation order.

The order will deem that a person's recoverable amount is an amount equal to his benefit from the criminal conduct concerned. This amount is recoverable from the person's identified assets. Successful applications will see 37.5% of the recovered amount returned to the applicants' authority under the incentivisation scheme.

Joint Assets Recovery Database (JARD)

JARD is a national financial information database accessed by approximately 4,500 users, including AFI's, prosecutors, enforcement staff and the courts, and managed by the POCC. It is used to gather information from the start of an investigation through the prosecution stage, to conviction at court and any later confiscation. It supports the incentivisation process by recording financial case details and monetary amounts confiscated and forfeited.

It encourages crime reduction in the community aided by the incentivisation process and is seen as a valuable and essential tool to fight acquisitive crimes.

Previously IP crime was recorded along with the counterfeiting of money and forgery so it was difficult to ascertain a specific IP crime confiscation figure. In consultation with trading standards, however, the JARD administrators have since added IP crime as its own independent primary offence type option. This change will allow reporting tools to more accurately identify cases that are exclusively related to IP crime and will make available precise data reporting functions on IP crime specific.

Confiscations under the Proceeds of Crime Act 2002

Four men were found guilty of conspiracy to defraud at York Crown Court after selling and distributing counterfeit copies of branded clothing, jewellery and other items. The ringleader was sentenced to 52 weeks in prison suspended for 12 months, any offence in that time triggering 250 hours community punishment; another was fined £1,000 and the other two ordered to each do 100 hours unpaid community work. The last three were ordered to pay a total of £1,750 prosecution costs and a lengthy financial investigation under the Proceeds of Crime Act resulted in a Confiscation Order against the ringleader for over £82,500 which must be paid to the Court within six months or he will go to prison for another 21 months and still have to pay the amount of the Order.

A woman offering various fake goods for sale on the Facebook social networking site was also investigated. She offered for sale clothing, jewellery, footwear, purses and handbags which on searching her address the officers found over 200 items with counterfeit trade marks.

As a result, she faced 18 charges, under the Trade Marks Act 1994, of having the goods with a view to sale, the number of charges showing the range of different trade marks and types of goods. She pleaded guilty to all the offences and was sentenced at York Crown Court to 150 hours of unpaid community work. Once the financial investigation under the Proceeds of Crime Act is complete the same Crown Court will deal with any confiscation order.

Civil Recovery

Part 5 of PoCA enables law enforcement to pursue the recovery of criminal property through a civil process. It can be utilised where conventional criminal processes have failed for a variety of reasons under the Act, and therefore it is not dependent upon a successful criminal prosecution. The NCA will assume responsibility for this function allowing them to apply to the High Court to freeze and forfeit assets obtained through unlawful conduct.

In addition, under Part 6 of PoCA to raise a tax assessment against individuals and companies including offences such as IP crime, where there has been a failure to pay tax on income, with additional sanctions of other penalties and non payment of interest available. Again these are powerful tools available to all law enforcement involved in IP crime.

Harm Reduction Policy & Crime and Disorder Act

The return of incentivisation monies to local authorities has enabled an investment into good causes and is seen as a strategic engagement underwriting a Harm Reduction Policy. Money is seen to be directed back into the communities from where the initial crime occurred. An integrated policing strategy bringing together various law enforcement agencies has seen the police and local authorities for instance working together under the Crime and Disorder Act 1998 to combat crime and antisocial behaviour.

Results have demonstrated that through the practical application of PoCA law enforcement is tackling crime head-on, reducing re offending and causing disruption to organised crime networks through driving forward a dynamic criminal justice system. This raises public confidence and awareness together with victim/witness satisfaction. A strategic approach to law enforcement partnerships and integrated policing is fundamental to a Harm Reduction Policy servicing the community.

Chapter 3: Results of the 2012/13 Trading Standards Survey

Introduction

The annual survey of Trading Standards (TS) work on IP crime was launched on 2 April 2013 and ran until 29 April 2013, covering the financial year 2012/13. The results of this chapter provide detailed information on the scale of IP crime, including the type and location of counterfeit goods investigated, as well as resources and training dedicated throughout authorities in their efforts to address the criminality. The chapter also offers an analysis of time trends, through comparison of this year's survey responses to annual data from previous surveys.

A total of 168 responses were received from authorities representing 12 geographical regions in the United Kingdom, this equates to a 66% increase in respondents to the previous year's survey, which is very positive considering the changing landscape of trading standards over the past few years.

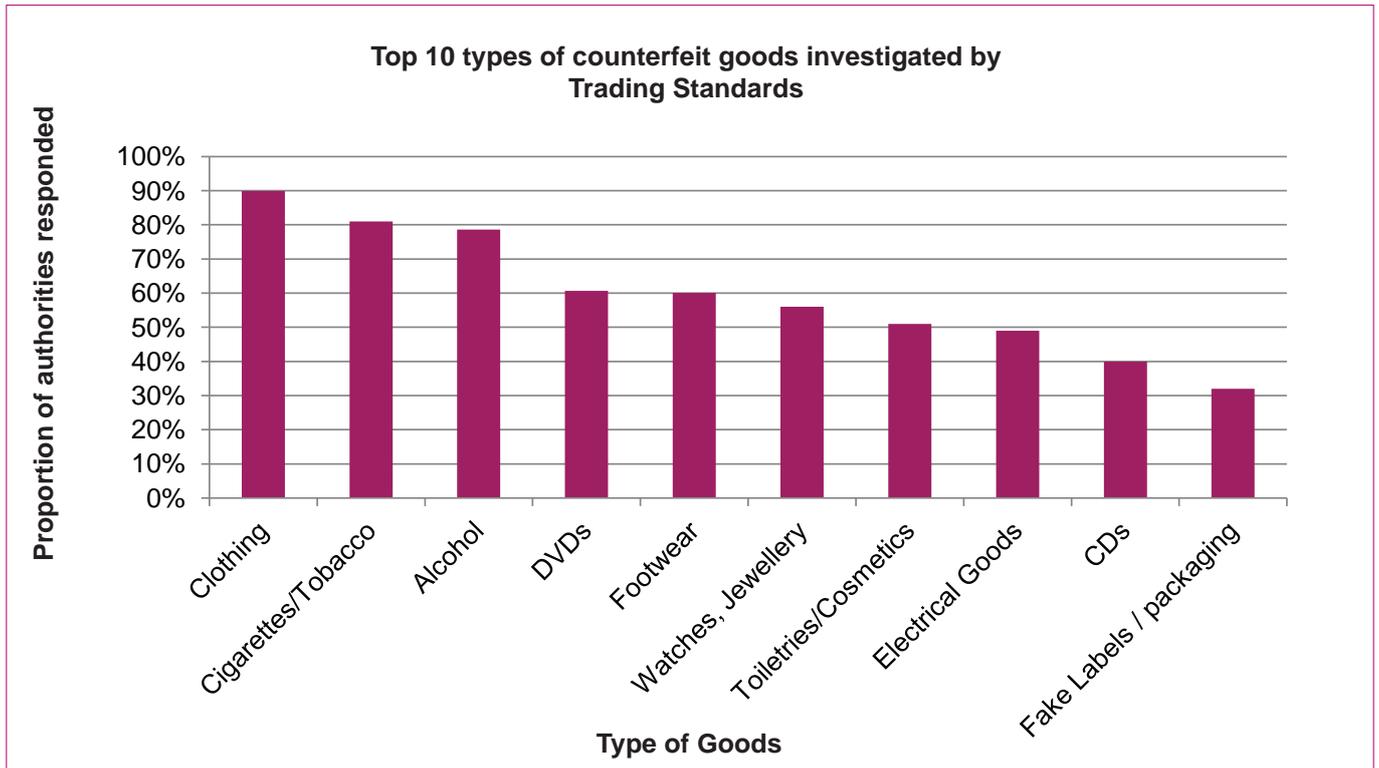
The charts and analysis that follow illustrate the most frequent answers given by participating authorities and, where possible, are compared year-on-year to the results of the 2009/10 - 2011/12 surveys. Full tables summarising the survey data (including region and authority information) are produced as appendices at the end of this chapter.

Highlights

- Over the past four years there has been a substantial rise of 27% in the amount of illicit alcohol being investigated by trading standards, highlighting the considerable response now being made to tackle the increasing availability of these potentially harmful products.
- Criminals are now using social media, and the wider web to sell illegal and unregulated goods. 64% of Trading Standards Authorities have investigated counterfeit goods on social media websites over the past financial year, and 69% have investigated websites.
- The proportion of Trading Standard Authorities reporting investigations into counterfeit DVDs has dropped significantly, by 19.3%; investigations into counterfeit CDs has also dropped, by 14.6%. This could indicate a change in behaviour, as more individuals now use the internet to illegal download or stream music and film.
- According to trading standards investigations, clothing continues to be the most heavily counterfeited products available, with 89.9% of authorities investigating incidents in 2012/13.
- 74.3% of Trading Standards Authorities observed links between IP crime and benefit fraud, 45.7% saw links between money laundering and IP crime, and 42.9% identified links between IP crime and drug dealing.
- 68.8% of Trading Standards Authorities reported that IP enforcement activity had either increased or stayed the same over the last year.

A. Types of goods investigated

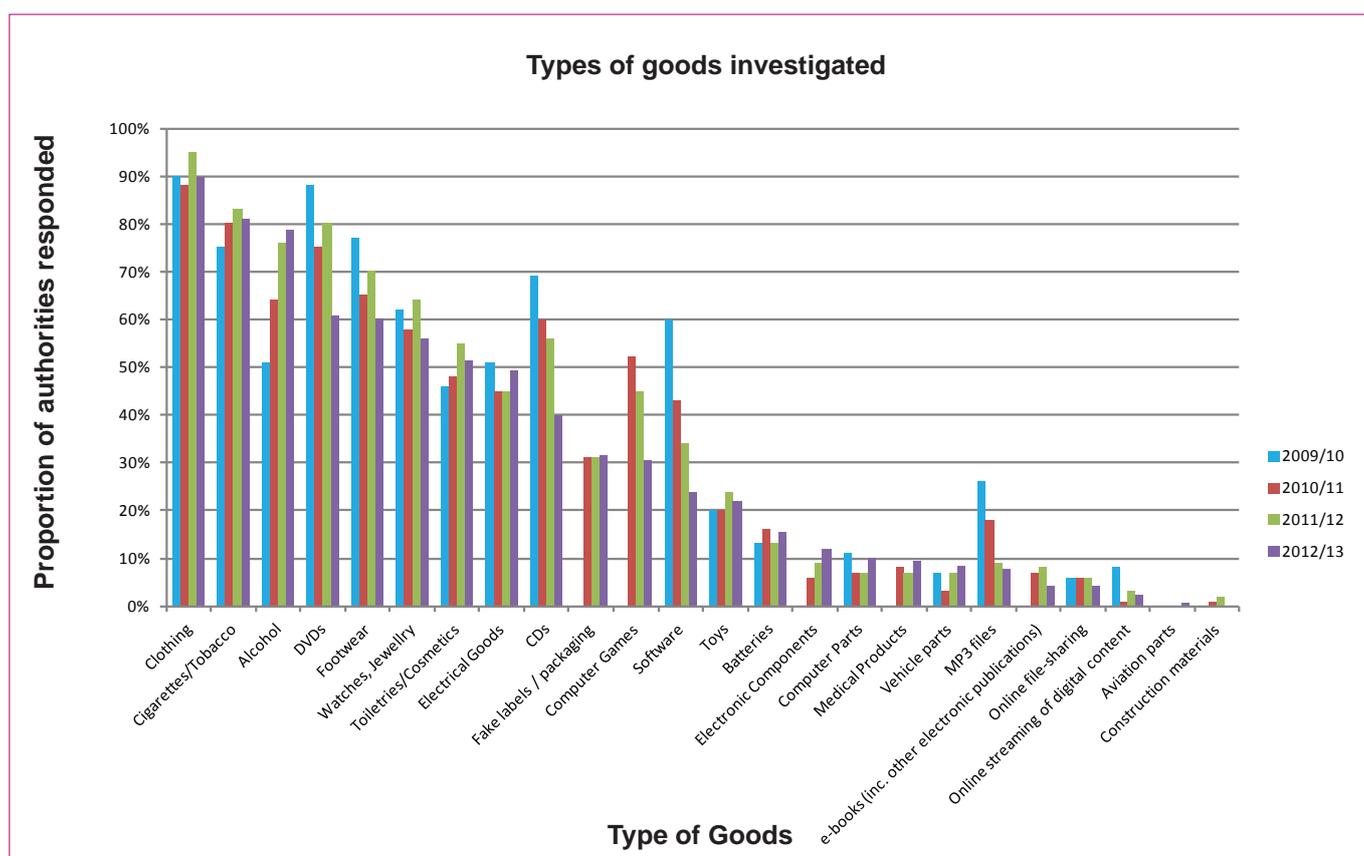
The chart below indicates the 10 most investigated products reported by Trading Standards in the past year, (at least 28% or more of participating authorities reported investigating these counterfeits in the last year).



Clothing remains the most investigated item with 89.9% of responding authorities indicating that they had investigated this. This is despite the fact that the proportion of authorities examining counterfeit clothing has dropped by 5 percentage points on the last financial year. Investigations of alcohol have increased, with 78.6% of authorities investigating this good type, followed by DVDs at 60.7%, footwear at 60.1%, watches and jewellery at 56% and toiletries and cosmetics at 51.2%.

Responding authorities commented that they had investigated counterfeit chain saws, razorblades, washing liquid, condoms and consistently throughout the UK, counterfeit chocolate.

Notably, there has been a reduction in the proportion of authorities reporting investigations of computer games and CDs during this period (by 14.6 % and 16.1%), which is on par with the changes to how in which audio/digital content is procured by consumers, with many more people using the internet to download this content.



Year on year comparison

The chart above provides a year-on-year comparison of types of goods investigated by authorities.

Overall few goods saw a higher proportion of authorities investigating them compared to 2011/12, with a majority of goods types (62%) seeing reductions.

Notably the proportion of authorities reporting investigations of physical copyright material fell, in particular, pirate/counterfeit DVDs reduced by 19.3%, CDs by 16.1%, computer games by 14.4% and software by 10.2% compared to the last financial year. Responding authorities have noted that they are investigating this material more on the internet.

A higher share of authorities reported investigations of alcohol, electrical goods, fake labels/packaging, batteries, electronic components, and medical products vehicle and aviation parts.

Four year comparison

The most noticeable trend is the proportion of authorities reporting counterfeit clothing, which remains the most investigated item in 2012/13 with approximately 90% of authorities reporting infringement investigations. Clothing has consistently featured on the list of top ten counterfeit products since 2009/10.

The good that has seen the biggest increase in investigations is alcohol, as the share of authorities investigating this has increased by 27.0% over the past four years. Counterfeit alcohol has been shown to pose a serious risk to the health and safety of the public. Software has seen the biggest fall in investigations with a 36.2% drop in the proportion of authorities investigating this.

B. Location of counterfeit goods investigations

The survey asked where authorities have investigated counterfeit or pirated goods in 2012/13. The chart below illustrates the top ten most frequent locations of reported investigations.



Comparison of top 10 locations of investigations		
	2011/12	2012/13
1	Auction sites/websites	Ordinary Shops (↑)
2	Ordinary Shops	Auction sites/websites(↓)
3	Private Residences	Websites(↑)
4	Outdoor Markets	Social Media(↑)
5	Car boot Sales	Private Residences(↓)
6	On the Street	Outdoor Markets(↓)
7	Pubs/Clubs	Car boot Sales(↓)
8	Other internet uses	On the Street(↓)
9	Factories/industrial units	Factories/industrial units(↔)
10	Other Workplaces	Pubs/Clubs(↓)

The ranking opposite is based on the proportion of authorities reporting investigations of counterfeit/ pirated goods in various locations. Two additional location options were added to the 2012/13 survey, these were, social media and websites. The majority of authorities participating in this year's survey (64% and 69% respectively) indicated that they are investigating counterfeit goods through these two mediums.

In comparison to last year there has been a noticeable increase in the proportion of responding authorities reporting investigations of fake products sold in 'ordinary shops' (from 77% to 83.3%). Authorities commented that there had been a return of small shops selling often counterfeit clothing or tobacco. This is perhaps because there are an increased number of empty premises available to let cheaply, or on a shorter term basis. 70% of authorities indicated they were investigating IP crime

on auction websites, down from 83% last year. However many authorities commented that they are seeing the distinct move by counterfeiter to using social media as a platform to sell their goods and online cottage industries selling on auction websites.



Year on Year comparison

The chart above illustrates locations of IP crime investigated by Trading Standards Authorities between 2009/10 – 2012/13. It shows that during 2012/13 there have been some fluctuations in the proportion of authorities reporting investigations of IP crime across different locations. Auction sites, car boot sales, outdoor markets and private residences have seen reductions whilst ordinary shops have seen increases.

Four year comparison

Over the last 4 years, the share of Trading Standards Authorities reporting investigations in ordinary shops has increased by 53.1%, whilst investigations of car boot sales have dropped by 36.5 percentage points. The share of authorities reporting investigations of IP crime through door to door sales have dropped by 71.1% over the same period.

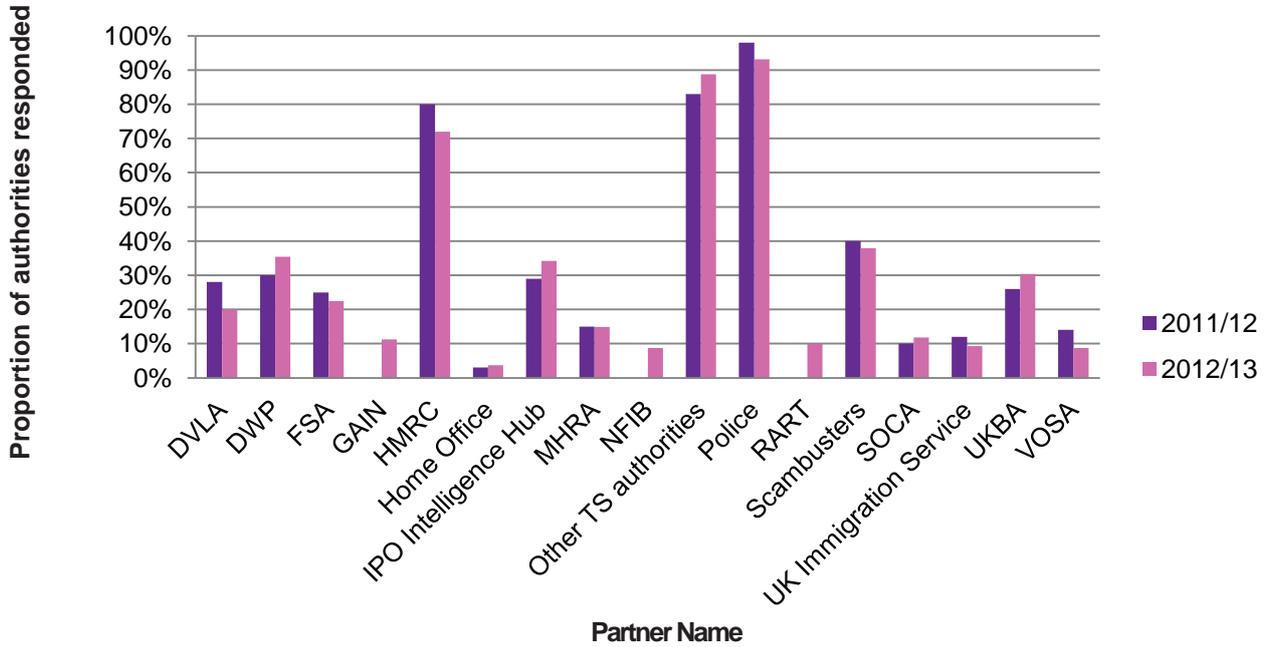
C. Coordinated Working

A wide range of organisations including other law enforcement agencies, government departments and industry bodies were identified by respondents as key partner agencies in the past reporting year.

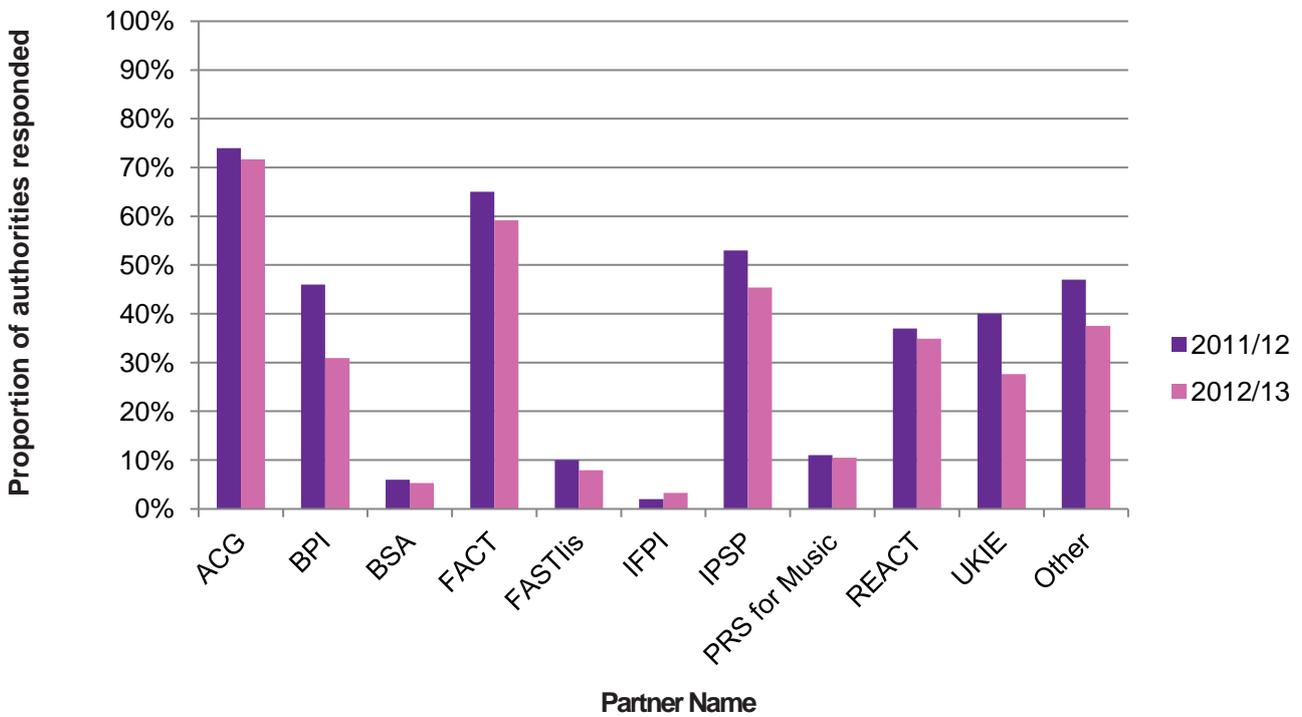
Over 93% of responding authorities reported working with the police in 2012/13, and 88.8% reported working with other trading standards. Work with the Department for Work and Pensions saw a notable increase, from 30.0% to 35.4% of trading standards authorities reporting coordinated work. This trend coincides with a small reported decrease in reported links to benefit fraud (see below).

Coordinated working with industry bodies has declined slightly since 2011/12. Overall, just one industry body (IFPI) saw a higher proportion of Trading Standards Authorities report coordinated working with it. The remaining ten saw reductions.

Work with Public Sector Partner Organisations



Work with Industry Bodies



Year on year comparison

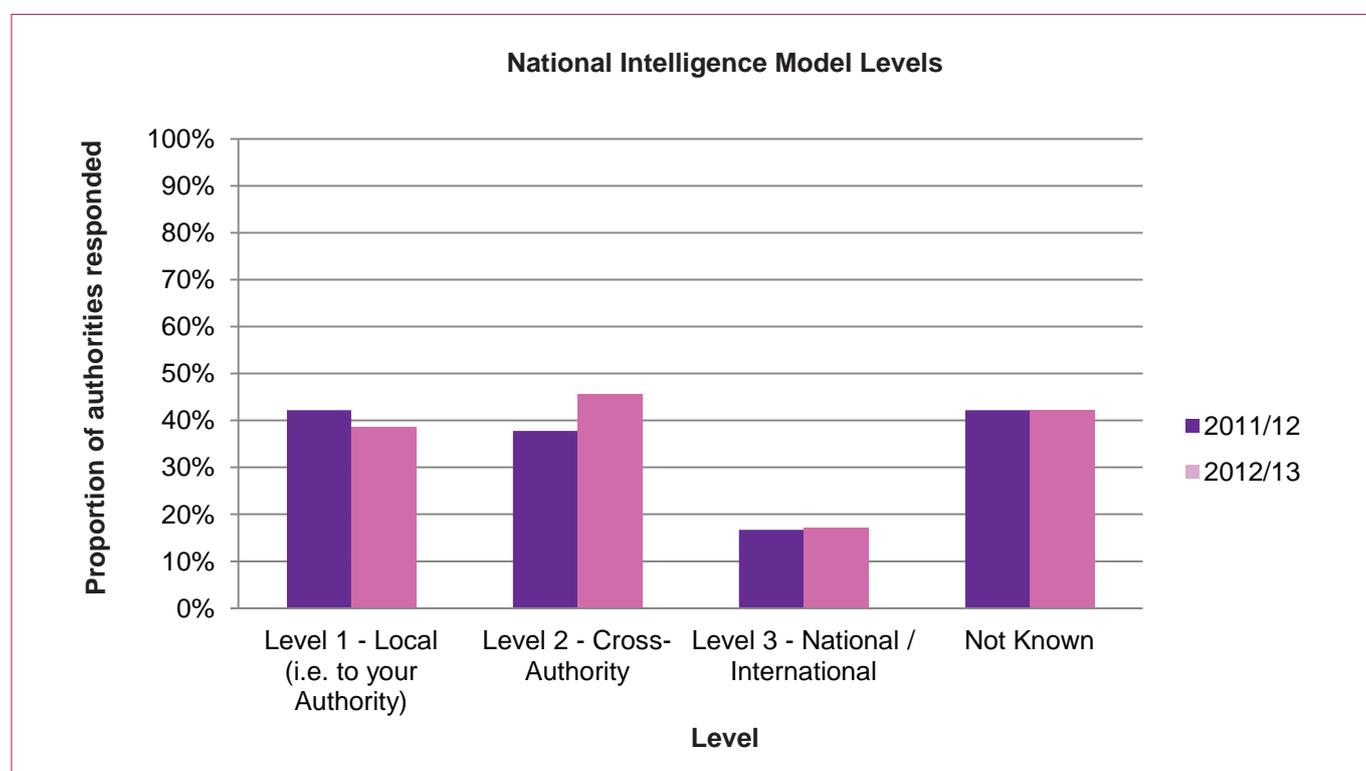
Work with other Trading Standards Authorities is up, from 83% in 2011/12 to 88% in 2012/13; this is in contrast to work with the police, which has fallen, slightly, from 98% in 2011/12 to 93.2% in 2012/13. There was also 5.2% increase in the proportion of authorities using the IPO's Intelligence Hub, which holds the national Intellectual Property Intelligence Database (IPID).

Reported work with Industry bodies - notably the BPI, UKIE, FACT and IFSP - has reduced by an overall share of 5.16%.

There was however a slight overall increase of 1.14% in the proportion of Trading Standards Authorities reporting work with public sector partners compared to last year. More specifically, cooperation with Department of Work and Pensions increased (+5.4%) along with Government Agency Intelligence Network (+11.2%), Regional Asset Recovery Team (+9.9%) and National Fraud Intelligence Bureau (+8.7%). These increases were counterbalanced by moderate reductions in some other Government bodies; HMRC (-8.0%), DVLA (-8.1%) and VOSA (-5.3%).

Cross Authority Work

The chart below shows where local authorities have worked according to the National Intelligence Models (NIM) levels I, II and III (these levels indicate: I- local, II-cross authority or III-nationally/internationally working for trading standards). The results show an increase (+7.7%) in the share of Trading Standards Authorities reporting cross border activity compared to 2011/12, counterbalanced by a decrease in the share of authorities investigating at the local level (-5.4%). The level of reported national/international work is up slightly by 0.5% on last year's figure.



D. Levels of infringement

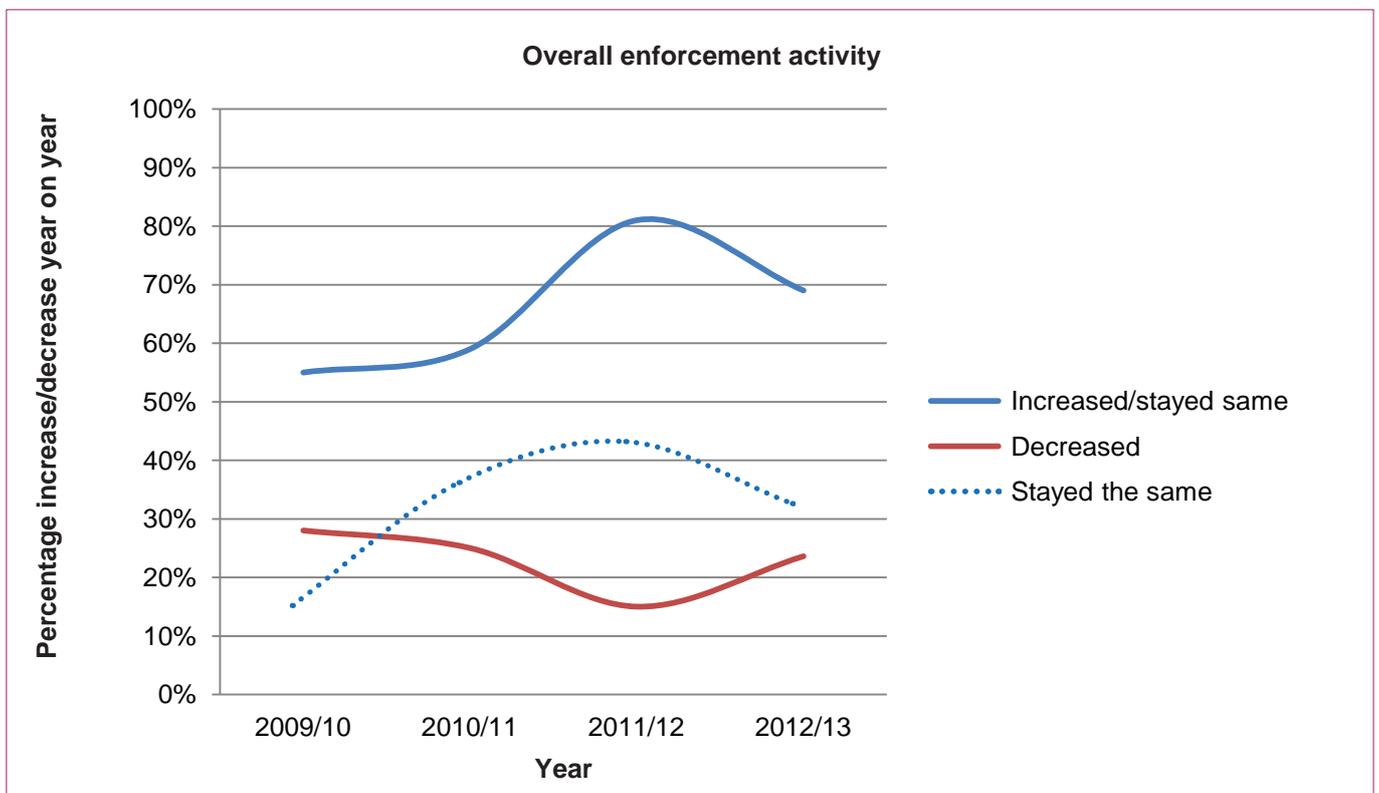
The questionnaire asked whether or not respondents felt that the level of IP criminality in their authority had increased or decreased. 37.2% of respondents said that there had been an increase in levels of infringement compared to 31% last year. A smaller share of 9.0% felt that infringements had decreased, and just under 31% reported they didn't know whether IP crime had changed. Interestingly, the share of respondents who felt levels had remained unchanged stands at 22.4%, which represents a significant decrease from previous year's levels (-13.6%).

E. Levels of IP enforcement

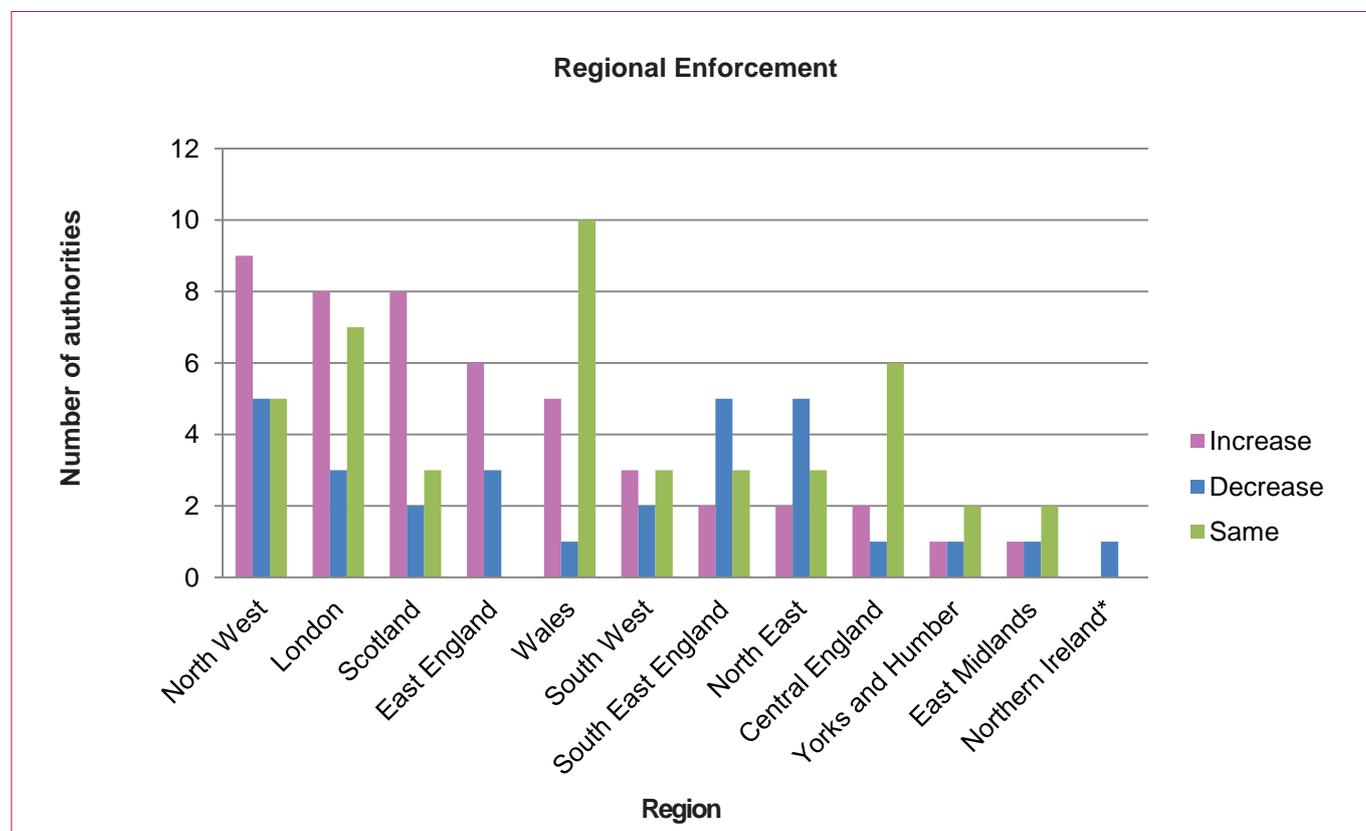
Respondents were asked to identify the levels of IP enforcement they had undertaken during the year. Of the 166 respondents, a third felt their level of enforcement had stayed the same in 2012/13 compared to 2011/12, and an overarching majority (68.8%) reported their levels of enforcement had either increased or stayed the same. About a quarter of respondents (23.6%) this year reported an increase in enforcement levels.

The line diagram below illustrates these responses

graphically and presents some time trends. Across the four surveys, there has been a 12% drop in the proportion of authorities who report their enforcement activities as increasing or remaining unchanged. In line with this, the proportion of authorities who report lower enforcement levels has jumped by 8.6%. The proportion of trading standards authorities who feel that enforcement levels have stayed the same has risen sharply from 17.0% to 45.0% between financial years 2009/10 and 2011/12, before dropping to 34.4%.



The Chart below shows how the level of reported enforcement activity has changed in each region from 2011/12 and 2012/13.



* Please Note: Northern Ireland consisted of one response from the Department for Enterprise, Trade and Investment.

F. Training

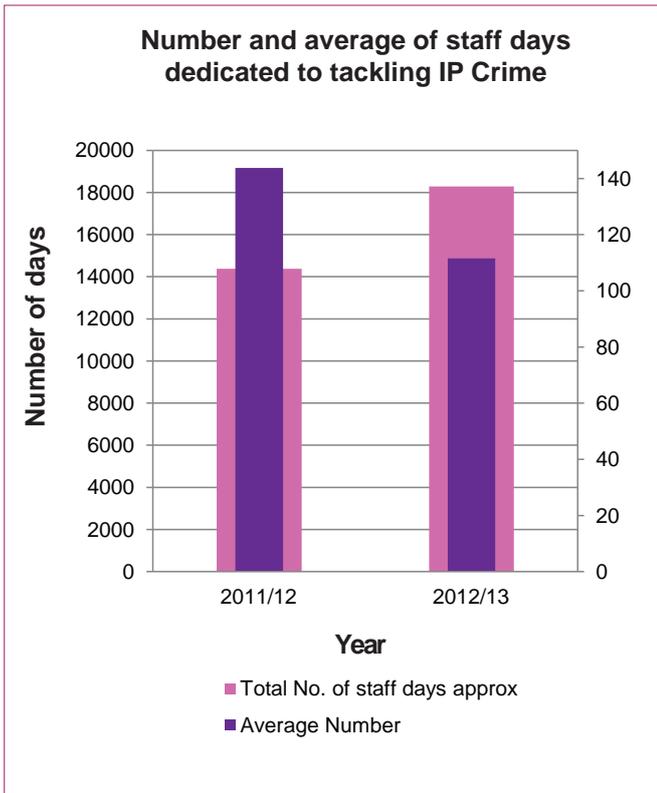
Trading Standards Authorities were asked if they had delivered or received IP related training over the past year. More than two-thirds of those responding confirmed that they received IP training in the past year, a small 2.6% reduction compared to last year. Approximately 24.1% responded that they had not or did not know of any training available, which is a 9% increase on previous year's figure. None of the authorities said they had delivered training this year, a reduction of 3% compared to last year.

The majority of those who had received training did so through established routes such as Trading Standards Institute conference, the IP module of the Diploma in Consumer Affairs and Trading Standards (DCATS) and Anti-Counterfeiting Group road shows.

G. Resources

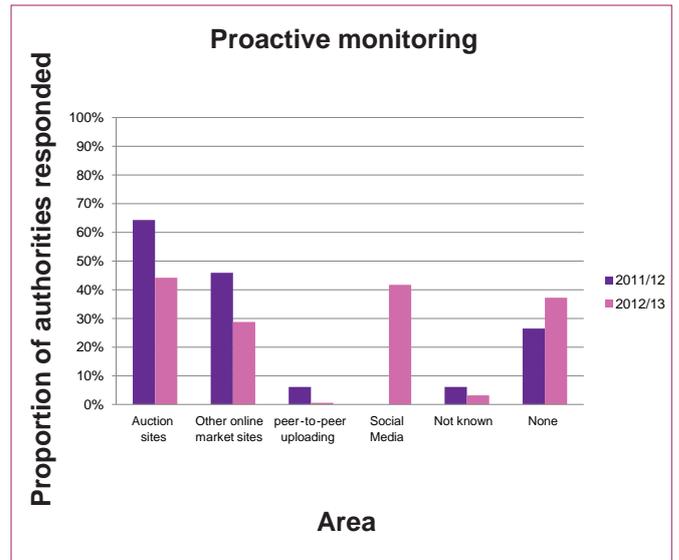
As part of the survey respondents were asked to provide figures as to the resources that were dedicated to the enforcement of IP crime in the period 2012/13. In a change to previous years' surveys, this year authorities were asked to report total resources dedicated to IP crime, rather than a break-down by grade structure.

The diagram below shows that the overall amount of reported staff days dedicated to tackling IP crime has increased significantly from 14,000 to over 18,000 staff days. However part of this increase is likely due to more authorities completing the survey compared to previous years. The average number of staff days per authority has decreased from 143 to 111 days, which equates to just under a 30% drop.



H. Proactive monitoring of the internet

The survey asked authorities to indicate the level of internet monitoring they had undertaken over the past year. This year has seen a large reduction in the proportion of Trading Standards Authorities reporting monitoring of auction sites/websites (-19.2%) and other online market sites (-17.1%). Part of this reduction may be due to the introduction of a new option in the survey: In 2012/13 41.7% of authorities said they were proactively monitoring IP infringement on social media. There was also an increase in the share of authorities not monitoring at all, up by 10.7% to 37.2%.

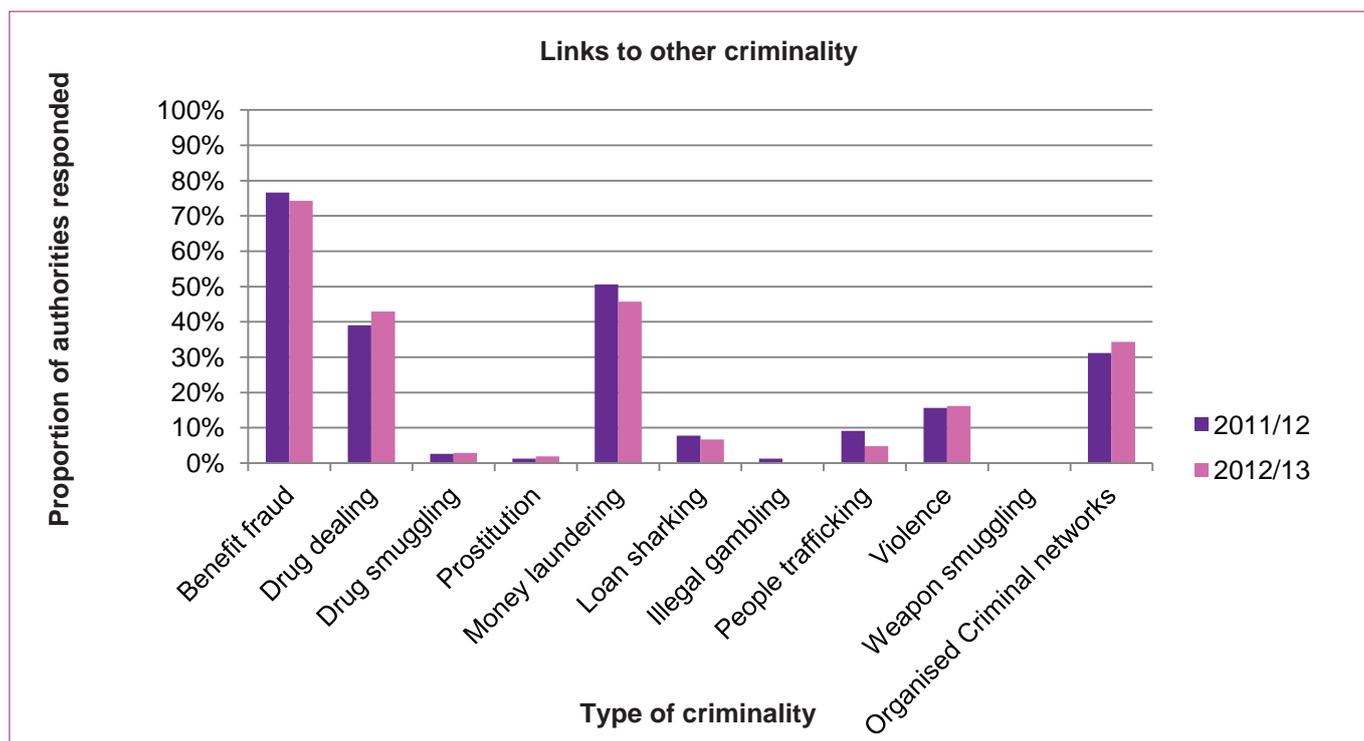


I. Links to other criminality

The survey asked respondents to identify other criminality associated with IP crime they had investigated.

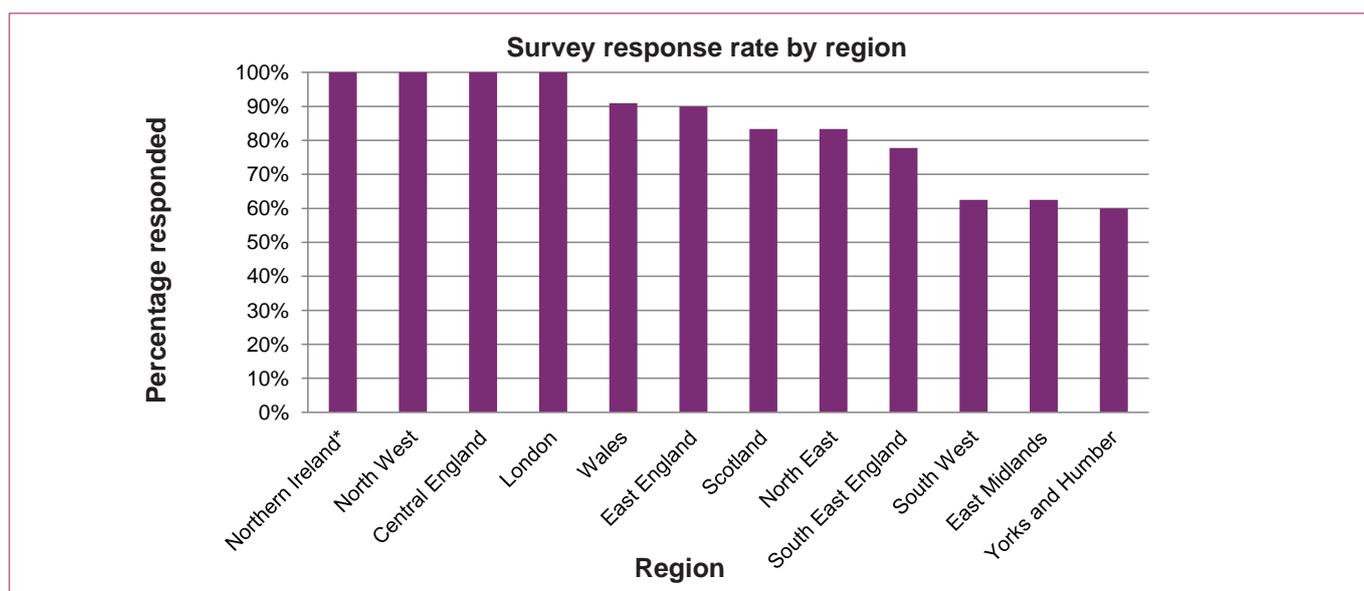
Similar to last year, 74.3% of respondents to this question observed links between IP crime and benefit fraud.

Overall, the proportion of respondents who reported links with other crimes has not changed much from previous years across the 11 crimes. The largest increases were in Trading Standards Authorities reporting links to drug dealing (+ 3.9%) and organised criminal networks (+3.1%). A lower share of Trading Standards Authorities investigating IP crime observed links to benefit fraud (-2.3%), money laundering (-4.9%) and people trafficking (-4.3%) amongst others.



J. Regional analysis

This year participating authorities were asked what trading standards region they belonged to. This additional data has allowed further analysis that provides more insight into the variation of counterfeiting across the various trading standards regions.



* Please Note: Northern Ireland consisted of one response from the Department for Enterprise, Trade and Investment.

The table below shows the top 5 most investigated products for each of the authorities that answered the question.

Top 5 investigated products

	1	2	3	4	5
Scotland	Clothing	Alcohol	Cigarettes Tobacco	DVDs	Footwear
North East	Clothing	Watches, Jewellery	Cigarettes Tobacco	DVDs	Electrical Goods
Yorkshire and Humber	Cigarettes Tobacco	Clothing	Footwear	Alcohol	DVDs
East Midland	Cigarettes Tobacco	Clothing	Alcohol	DVDs	Footwear
South East	Alcohol	Clothing	Cigarettes Tobacco	DVDs	Watches Jewellery
London	Clothing	Alcohol	Cigarettes Tobacco	Footwear	Watches Jewellery
North West	Cigarettes Tobacco	Alcohol	Clothing	Electrical Goods	Toiletries Cosmetics
Wales	Alcohol	Clothing	Cigarettes Tobacco	Footwear	DVDs
Central England	Alcohol	Clothing	Cigarettes Tobacco	DVDs	Watches Jewellery
East England	Cigarettes Tobacco	Clothing	Alcohol	Footwear	Toiletries Cosmetics
South West East	Clothing	Alcohol	Cigarettes Tobacco	Footwear	Toiletries Cosmetics
Northern Ireland	Alcohol	Cigarettes Tobacco	Clothing	Footwear	Watches Jewellery

Top 5 investigated locations

The table below shows the top 5 locations authorities reported investigated IP crime.

	1	2	3	4	5
Scotland	Ordinary shops	Auction site	Private residences	Social media	Websites
North East	Auction site	Ordinary shops	Social media	Websites	Car boot sales
Yorkshire and Humber	Ordinary shops	Auction site	Private residences	Social media	Websites
East Midland	Auction site	Ordinary shops	Private residences	Websites	Factories and industrial units
South East	Ordinary shops	Websites	Outdoor markets	Car boot sales	On the street
London	Ordinary shops	Websites	Auction site	Private residences	Social media
North West	Ordinary shops	Websites	Auction site	Outdoor markets	Private residences
Wales	Social media	Ordinary shops	Private residences	Auction site	Websites
Central England	Auction site	Ordinary shops	Social media	Websites	Outdoor markets
East England	Ordinary shops	Outdoor markets	Websites	Auction site	Factories and industrial units
South West East	Auction site	Ordinary shops	Social media	Private residences	Websites
Northern Ireland	Auction site	Ordinary shops	Private residences	Social media	Websites

Average number of staff days

The table below outlines the average number of days reported spent dealing with IP related issues.

Region	Days	Percentage responded to question	Average per authority
East England	1699	89%	212
Wales	2472	60%	206
London	4739	84%	176
Scotland	3250	83%	171
East Midlands	350	60%	117
Yorkshire and Humber	671	100%	112
North West	1646	86%	87
South East	635	71%	64
South West East	447	80%	56
North East	555	100%	56
Central England	428	64%	48
Northern Ireland	0	0%	0

Links to other criminality

The table below shows the top 5 types of criminality linked with IP crime by authority.

	1	2	3	4	5
Scotland	Benefit fraud	Money laundering	Organised Criminal networks	Drug dealing	Drug smuggling
North East	Benefit fraud	Organised Criminal networks	Money laundering	Drug dealing	Violence
Yorkshire and Humber	Money laundering	Drug dealing	Benefit fraud	Loan sharking	Organised Criminal networks
East Midland	Benefit fraud	Money laundering	Organised Criminal networks	Drug dealing	Drug smuggling
South East	Benefit fraud	Money laundering	Violence	Drug dealing	Organised Criminal networks
London	Benefit fraud	Drug dealing	Money laundering	Organised Criminal networks	People trafficking
North West	Benefit fraud	Money laundering	Drug dealing	Organised Criminal networks	Violence
Wales	Benefit fraud	Drug dealing	Money laundering	Organised Criminal networks	Loan sharking
Central England	Benefit fraud	Drug dealing	Violence	Money laundering	Organised Criminal networks
East England	Benefit fraud	Drug dealing	Violence	Organised Criminal networks	Money laundering
South West East	Benefit fraud	Drug dealing	Money laundering	Loan sharking	Violence
Northern Ireland	Benefit fraud	Drug dealing	Drug smuggling	Prostitution	Money laundering

Annex A

Region	Authority	Alcohol	Aviation parts	Batteries	CDs	Cigarettes/Tobacco	Clothing	Computer Games	Computer Parts	Construction materials	DVDs	e-books (inc. other electronic publications)	Electrical Goods	Electronic Components	Fake labels / packaging	Footwear	Medical Products	MP3 files	Online file-sharing	Online streaming of digital content	Software	Toiletries/Cosmetics	Toys	Vehicle parts	Watches, Jewellery
SCOTTS	Aberdeenshire	x									x	x											x		
SCOTTS	Angus Council	x				x	x				x					x							x		
SCOTTS	City of Edinburgh	x			x	x	x				x	x				x							x		
SCOTTS	Dumfries and Galloway	x		x	x	x	x	x	x	x	x	x			x	x	x						x		x
SCOTTS	Dundee City	x			x	x	x								x	x									x
SCOTTS	East Ayrshire					x							x										x		
SCOTTS	East Dunbartonshire	x					x				x					x							x		
SCOTTS	East Lothian	x				x	x								x		x								
SCOTTS	East Renfrewshire	x					x				x														
SCOTTS	Glasgow City					x	x				x											x			x
SCOTTS	Midlothian					x	x				x				x	x							x	x	
SCOTTS	Moray	x				x	x	x	x	x	x	x	x	x	x	x	x						x	x	x
SCOTTS	North Ayrshire	x				x	x	x	x	x	x	x				x		x						x	
SCOTTS	North Lanarkshire	x				x	x		x	x	x	x	x	x	x	x	x						x	x	x
SCOTTS	Orkney Islands	x				x	x				x					x							x		x
SCOTTS	Perth & Kinross	x				x	x						x		x										
SCOTTS	Renfrewshire					x	x	x	x		x			x		x							x		x
SCOTTS	Scottish Borders	x				x	x	x			x					x									x
SCOTTS	South Lanarkshire	x				x	x				x												x	x	
SCOTTS	Stirling and Clackmannanshire	x																							
SCOTTS	Highlands	x																							
SCOTTS	West Dunbartonshire	x				x	x						x		x								x		
SCOTTS	West Lothian						x						x												
TSNE	Darlington BC					x	x				x					x						x			x
TSNE	Durham County Council					x	x																x	x	
TSNE	Gateshead					x	x		x	x					x							x	x		x
TSNE	Hartlepool Borough Council	x					x					x													

Annex B

Region	Authority	Auction site	Car boot sales	Door to door sales	Factories and industrial units	Festivals / Music venues	On the street	Ordinary shops	Other workplaces	Other internet uses (i.e. email)	Outdoor markets	Pharmacies	Postal hubs	Private residences	Pubs / Clubs	UK airports	UK ferry / Shipping ports	Social media	Websites
SCOTTS	Aberdeenshire							x						x				x	x
SCOTTS	Angus Council	x						x										x	x
SCOTTS	City of Edinburgh	x			x			x						x					x
SCOTTS	Dumfries and Galloway	x			x		x	x		x	x								x
SCOTTS	Dundee City		x			x	x	x			x						x		x
SCOTTS	East Ayrshire	x			x			x	x					x					
SCOTTS	East Dunbartonshire	x									x			x					
SCOTTS	East Lothian	x	x				x	x										x	
SCOTTS	East Renfrewshire		x					x		x				x				x	x
SCOTTS	Glasgow City	x	x	x	x		x	x					x	x	x			x	x
SCOTTS	Midlothian		x				x	x			x							x	
SCOTTS	Moray	x			x		x	x		x	x			x				x	x
SCOTTS	North Ayrshire	x		x				x			x			x	x			x	
SCOTTS	North Lanarkshire	x	x			x	x	x			x			x				x	
SCOTTS	Orkney Islands	x					x	x			x							x	x
SCOTTS	Perth & kinross	x						x						x					x
SCOTTS	Renfrewshire	x	x				x	x			x			x	x			x	x
SCOTTS	Scottish Borders									x				x				x	x
SCOTTS	South Lanarkshire	x									x			x				x	
SCOTTS	Stirling and Clackmannanshire							x											
SCOTTS	Highlands																		
SCOTTS	West Dunbartonshire					x	x	x	x	x	x	x		x					x
SCOTTS	West Lothian							x											
TSNE	Darlington BC	x		x				x							x			x	x
TSNE	Durham County Council	x						x			x							x	x
TSNE	Gateshead	x			x					x				x				x	x
TSNE	Hartlepool Borough Council	x				x					x								
TSNE	Middlesbrough Council	x	x								x		x	x				x	x
TSNE	Newcastle City Council	x						x											

LOTSAs	LONDON Borough of Croydon	x	x	x			x	x			x			x				x		
LOTSAs	Lambeth Council	x	x		x	x	x	x	x	x	x			x	x			x	x	
LOTSAs	LB Bromley																			
LOTSAs	LB Wandsworth Trading Standards	x			x						x			x				x	x	
LOTSAs	London Borough of Barking and Dagenham	x			x			x			x			x				x	x	
LOTSAs	London Borough of Barnet	x			x		x	x	x	x	x			x					x	
LOTSAs	London Borough of Bexley	x		x				x										x	x	
LOTSAs	London Borough of Camden	x						x		x				x	x			x	x	
LOTSAs	London Borough of Ealing	x	x				x	x	x	x	x			x	x			x	x	
LOTSAs	London Borough of Enfield	x	x			x					x			x				x	x	
LOTSAs	London Borough of Hackney	x	x					x		x	x			x	x			x	x	
LOTSAs	London Borough of Hammersmith and Fulham																			
LOTSAs	London Borough of Haringey	x						x						x	x			x	x	
LOTSAs	London Borough of Havering	x	x	x	x		x	x	x	x	x			x	x	x		x	x	
LOTSAs	London Borough of Hounslow				x			x	x	x	x			x	x	x		x	x	
LOTSAs	London Borough of Lewisham	x		x				x											x	
LOTSAs	London Borough of Merton	x	x	x	x	x	x	x	x	x	x			x	x	x		x	x	
LOTSAs	London Borough of Newham	x						x			x			x				x	x	
LOTSAs	London Borough of Redbridge	x						x										x	x	
LOTSAs	London Borough of Waltham Forest	x						x	x	x	x			x	x			x		
LOTSAs	Richmond	x	x					x			x			x	x			x	x	
LOTSAs	Royal Borough of Greenwich	x	x		x			x	x		x			x	x			x	x	
LOTSAs	Royal Borough of Kensington and Chelsea	x				x								x					x	
LOTSAs	Royal Borough of Kingston upon Thames	x			x			x	x					x	x			x	x	
LOTSAs	Tower Hamlets	x	x								x							x	x	
LOTSAs	Westminster Trading Standards Service				x			x	x		x							x	x	
TSNWs	Bolton M.B.C.	x	x					x			x			x	x			x	x	x
TSNWs	Tameside MBC	x			x			x			x					x			x	
TSNWs	St Helens Council	x	x															x		
TSNWs	Blackburn with Darwen	x						x								x		x		
TSNWs	Sefton Council	x	x		x			x	x	x				x				x	x	
TSNWs	Wigan Council	x	x		x			x			x	x		x	x			x	x	
TSNWs	Cheshire East Council		x		x			x											x	
TSNWs	Oldham Council		x		x			x	x		x									
TSNWs	Wirral Council			x				x	x							x		x	x	

TSNW	Trafford Council	x					x		x				x				x	x
TSNW	Cheshire West and Chester	x	x		x		x	x	x	x			x	x			x	x
TSNW	Knowsley MBC	x			x		x			x			x	x				x
TSNW	Rochdale	x					x						x					x
TSNW	Liverpool						x		x	x			x					x
TSNW	Salford	x	x				x	x					x				x	x
TSNW	Bury MBC						x		x	x								x
TSNW	Lancashire County Council	x					x			x			x	x			x	x
TSNW	Cumbria Trading Standards	x	x			x	x	x					x	x			x	x
TSNW	Blackpool Trading Standards						x											
TSNW	Stockport	x	x										x				x	x
TSNW	Warrington & Halton Trading Standards			x			x	x					x				x	x
TSNW	Manchester City Council	x	x		x	x	x	x	x	x	x	x	x					
WHOTS	Blaenau Gwent County Borough Council	x					x						x				x	x
WHOTS	Bridgend CBC	x																x
WHOTS	Caerphilly CBC	x	x		x		x			x		x	x		x		x	x
WHOTS	Cardiff County Council						x						x				x	x
WHOTS	Carmarthenshire County Council	x	x		x		x	x				x	x	x			x	
WHOTS	Ceredigion County Council																	
WHOTS	City & County of Swansea	x			x		x	x					x	x	x		x	x
WHOTS	Denbighshire	x					x						x				x	
WHOTS	Flintshire												x					x
WHOTS	Gwynedd Council	x	x		x		x			x			x				x	x
WHOTS	Isle of Anglesey County Council					x	x		x								x	x
WHOTS	Merthyr Tydfil	x								x	x						x	x
WHOTS	Monmouthshire County Council	x											x				x	
WHOTS	Neath Port Talbot CBC	x							x				x	x			x	
WHOTS	Newport City Council		x				x	x				x					x	x
WHOTS	Powys County Council	x	x				x							x			x	
WHOTS	Rhondda Cynon Taff		x		x		x		x				x	x				x
WHOTS	Torfaen County Borough Council	x			x		x	x					x				x	x
WHOTS	Vale of Glamorgan						x						x				x	
WHOTS	Wrexham Trading Standards						x											
CENTSA	Birmingham City Council						x										x	x
CENTSA	City of Stoke on Trent Council																	
CENTSA	Coventry City Council	x	x										x	x		x	x	
CENTSA	Dudley Metropolitan Borough Council	x					x						x					

CENTSA	Herefordshire Council				x			x	x					x			x	x	x	
CENTSA	Sandwell MBC	x	x				x				x				x			x	x	
CENTSA	Shropshire Council	x			x			x			x			x				x	x	
CENTSA	Solihull MBC																			
CENTSA	Staffordshire County Council	x	x			x	x				x			x				x	x	
CENTSA	Telford & Wrekin	x				x		x								x			x	
CENTSA	Walsall Trading Standards	x	x		x			x	x					x	x			x	x	
CENTSA	Warwickshire Trading Standards	x	x			x	x	x			x									
CENTSA	Wolverhampton City Council							x												
CENTSA	Worcestershire Regulatory Services	x			x													x	x	
EETSA	Central Bedfordshire Council		x					x			x								x	
EETSA	essex county council							x												
EETSA	Hertfordshire	x	x	x	x	x	x	x	x	x	x			x	x			x	x	
EETSA	Luton Borough Council	x			x		x	x	x	x	x			x	x	x			x	x
EETSA	Norfolk	x	x					x			x			x					x	x
EETSA	Peterborough City Council	x			x	x	x	x	x					x	x	x			x	x
EETSA	Southend Borough Council				x		x	x	x	x				x	x	x			x	x
EETSA	Suffolk County Council	x	x		x		x	x			x			x					x	
EETSA	Thurrock Council	x			x			x			x									x
SWER-COTS	Bath and North East Somerset Council																			
SWER-COTS	Bournemouth	x				x	x	x			x			x	x				x	x
SWER-COTS	Council of the Isles of Scilly	x						x												
SWER-COTS	Devon County Council	x			x			x			x			x						
SWER-COTS	Dorset County Council (Trading Standards Service)	x						x						x	x				x	
SWER-COTS	Plymouth City Council	x	x					x	x	x	x	x		x					x	x
SWER-COTS	South Gloucestershire Council	x						x												
SWER-COTS	Swindon Borough Council																			
SWER-COTS	Torbay	x						x											x	x
SWER-COTS	Wiltshire Council	x						x											x	x
NI	DETI - TRADING STANDARDS SERVICE	x						x						x					x	x

Annex C

Region	Authority	Department for Work and Pensions (DWP)	Driver and Vehicle Licensing Agency (DVLA)	Food Standards Agency (FSA)	HM Revenue and Customs (HMRC)	Home Office	IPO Intelligence Hub	Medicines and Healthcare products Regulatory Agency (MHRA)	Other TS authorities	Police	Serious Organised Crime Agency (SOCA)	Scambusters	UK Border Agency (UKBA)	UK Immigration Service	Vehicle and Operator Services Agency (VOSA)	Regional Asset Recovery Team	National Fraud Intelligence Bureau	Government Agency Intelligence Network	Environmental Health	Anti-Counterfeiting Group (ACG)	British Recorded Music Industry (BPI)	British Software Alliance (BSA)	Federation Against Copyright Theft (FACT)	Federation Against Software Theft - Investors in Software (FASTIS)	International Federation of the Phonographic Industry (IFPI)	International Federation of Spirit Producers (IFSP)	PRS for Music	REACT	The Association for UK Interactive Entertainment (UKIE, formally ELSPA)	
SCOTTS	Aberdeenshire								X	X										X			X							
SCOTTS	Angus Council																													
SCOTTS	City of Edinburgh				X				X	X											X		X							
SCOTTS	Dumfries and Galloway	X			X	X	X	X	X	X	X	X	X						X	X	X	X	X	X	X	X				
SCOTTS	Dundee City	X				X		X	X			X	X		X			X	X								X	X		
SCOTTS	East Ayrshire	X			X				X	X										X			X							
SCOTTS	East Dunbartonshire		X		X				X	X		X											X							
SCOTTS	East Lothian	X			X			X	X	X				X																
SCOTTS	East Renfrewshire		X			X		X	X		X						X			X			X		X					
SCOTTS	Glasgow City								X	X							X			X			X							
SCOTTS	Midlothian	X	X		X				X	X		X				X				X										
SCOTTS	Moray				X			X	X	X									X	X	X	X						X		
SCOTTS	North Ayrshire								X	X										X	X	X			X		X	X		
SCOTTS	North Lanarkshire				X			X	X	X										X			X							
SCOTTS	Orkney Islands	X	X		X				X	X		X				X				X	X	X	X					X		
SCOTTS	Perth & Kinross									X		X								X	X	X			X					
SCOTTS	Renfrewshire			X					X	X		X									X		X		X				X	
SCOTTS	Scottish Borders				X				X	X		X						X		X			X							
SCOTTS	South Lanarkshire						X		X	X							X						X							
SCOTTS	Stirling and Clackmannanshire				X	X																			X					
SCOTTS	Highlands																													

Glossary

Alliance for IP

The Alliance for Intellectual Property

ACPO

Association of Chief Police Officers

ACG

The Anti-Counterfeiting Group

AFI

Accredited Financial Investigator

BASCAP

The Business Action to Stop Counterfeiting & Piracy

BBC

British Broadcasting Corporation

BEAMA

The British Electrotechnical and Allied Manufacturers Association

BIS

The Department of Business, Innovation and Skills

BPI

The British Recorded Music Industry

BSA

Business Software Alliance

BVA

British Video Association

CD

Compact disc

CDRs

Compact disc recordable format

CDPA

The Copyright, Designs and Patents Act 1988

CENTSA

Central England Trading Standards Authorities

CPS

Crown Prosecution Service

COG

Component obsolescence group

The Commission

European Commission

DCATS

Diploma in Consumer Affairs and Trading Standards

DCMS

Department for Culture, Media and Sport

DMCA

Digital Millennium Copyright Act

DVD

Digital versatile disc

DVDr

A DVD recordable format

DVLA

Driver and Vehicle Licensing Agency

DWP

Department for Work and Pensions

ECC

Economic Crime Command

sECC

Shadow Economic Crime Command

EETSA

East of England Trading Standards Association

eGame

Electronic game

EU

The European Union

FACT

The Federation Against Copyright Theft

FASTiS

The Federation Against Software Theft – Investors in Software

FI

Financial investigator

FSA

The Food Standards Agency

GAO

US Government Accountability Office

GHD

Good hair day

gTLD

generic top level domain

HMRC

Her Majesty's Revenue & Customs

HQ

Headquarters

The Hub

Intellectual Property Office's Intelligence Hub

ICANN

The Internet Corporation for names and numbers

IFPI

International Federation of the Phonographic Industry

IFSP

International Federation of Spirits Producers

IP

Intellectual Property

IPC

Intellectual Property Crime

IPID

The national IP crime Intelligence Database

IPO

Intellectual Property Office

IPOP

The Intellectual Property Online Protection group

IPR

Intellectual Property Right

ISP

Internet Service Provider

JARD

Joint Assets Recovery Database

LOCOG

The London Organising Committee of the Olympic and Paralympic Games Limited

LOTSAs

The London Trading Standards Authorities Group

Met Police

Metropolitan Police Service

MHRA

Medicines and Healthcare products Regulatory Agency

MOU

Memorandum of Understanding

NTSECC

National Trading Standards E-Crime Centre

NCA

National Crime Agency

NETSA

North East [of England] Trading Standards Association

NHS

National Health Service

NIM

National Intelligence Model

NMG

National Markets Group

NTSB

National Trading Standards Board

The Observatory

The European Observatory on counterfeiting and piracy

ODA

Olympic Delivery Authority

OGDs

Other government departments

OECD

Organisation for Economic Co-operation and Development

OFT

The Office of Fair Trading

OHIM

The Office for Harmonization in the Internal Market

P2P

Peer-to-peer

PA

The Publishers Association

PACE

Police and Criminal Evidence Act 1984

PC

Personal computer

PDDRP

Post delegation dispute resolution procedure

PLS

Publishers Licensing Society

PoCA

Proceeds of Crime Act 2002

POCC

Proceeds of Crime Centre

The Portal

The Publishers Associations' Copyright Infringement Portal

P2P

Peer-to-peer

POCA

Proceeds Of Crime Act

PPA

Professional Publishers Association

PSNI

Police Service of Northern Ireland

RART

Regional Asset Recovery Team

The Report

IP Crime Report 2012/13

SCDEA

The Scottish Crime and Drug Enforcement Agency

SCOTSS

The Society of Chief Officers of Trading Standards in Scotland

SMEs

Small and medium enterprises

SOCA

The Serious Organised Crime Agency

SWERCOTS

Trading Standards Partnership for the South West of England

TMA

Trade Marks Act 1994

TS

Trading standards

TSEM

Trading Standards East Midlands

TSI

Trading Standards Institute

TSNW

Trading Standards North West [of England]

TSSE

Trading Standards South East [of England]

UK

United Kingdom

UKBA

UK Border Agency

UKBF

UK Border Force

UKEA

The UK Electronics Alliance

UKIE

The Association for UK Interactive Entertainment

URL

Uniform Resource Locator

URS

Uniform Rapid Service

US

United States of America

USD

US Dollar

VAT

Value Added Tax

VOSA

Vehicle and Operator Services Agency

WHO

World Health Organization

WHOTS

Wales Heads of Trading Standards

WYTS

West Yorkshire Trading Standards

YORKS/HUMB

Yorkshire and the Humber Trading Standards Group

Bibliography

Anti Counterfeiting Forum - UKEA

BPI - Digital Music Nation – The British Recorded Music Industry

Empowering and Protecting Consumers - Department for Business, Innovation and Skills.

From Ideas to Growth, Helping SMEs get value from their intellectual property – Intellectual Property Office.

Hargreaves Independent Review of Intellectual Property and Growth.

HMRC Tackling tobacco smuggling.

Home Office - National Crime Agency Plan.

IP Crime Strategy 2011-2015 - Intellectual Property Office.

IP Crime Toolkit - Intellectual Property Office.

National Audit Office - Protecting consumers.

Ninth Annual BSA Global Software Piracy Study – Business Software Alliance

OCI Tracker Benchmark Study 2012 – prepared for Ofcom by Kantar Media

Piracy impact study 2010 - The economic benefits of reducing software piracy - British Software Alliance (BSA).

Real Deal - Industry Trust.

Report on EU customs enforcement of intellectual property rights – EU Customs

The six business models for copyright infringement – A data driven study of websites considered to be infringing copyright – Detica / PRS for Music / Google

The Digital Economy Act 2010 - Department for Business, Innovation and Skills.

Workplace E guide – IP Crime Group.

IP Awareness and Enforcement – IpeuropAware



The IP Crime Team is based at:

Intellectual Property Office
Concept House
Newport
South Wales
NP10 8QQ

The contact details are:

E-mail: ipcrimeteam@ipo.gov.uk

Tel: 01633 814535
Fax: 01633 814950