



Intellectual  
Property  
Office



# IP CRIME AND ENFORCEMENT

Report 2017/18

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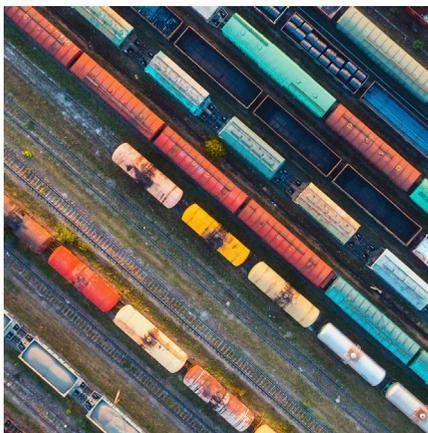
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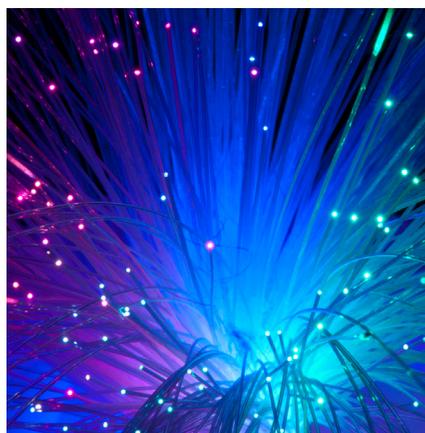
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# AT A GLANCE



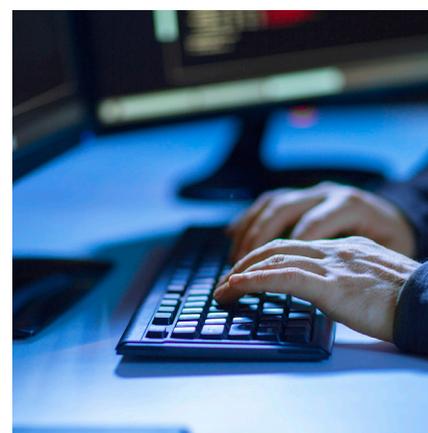
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## Disclaimer

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

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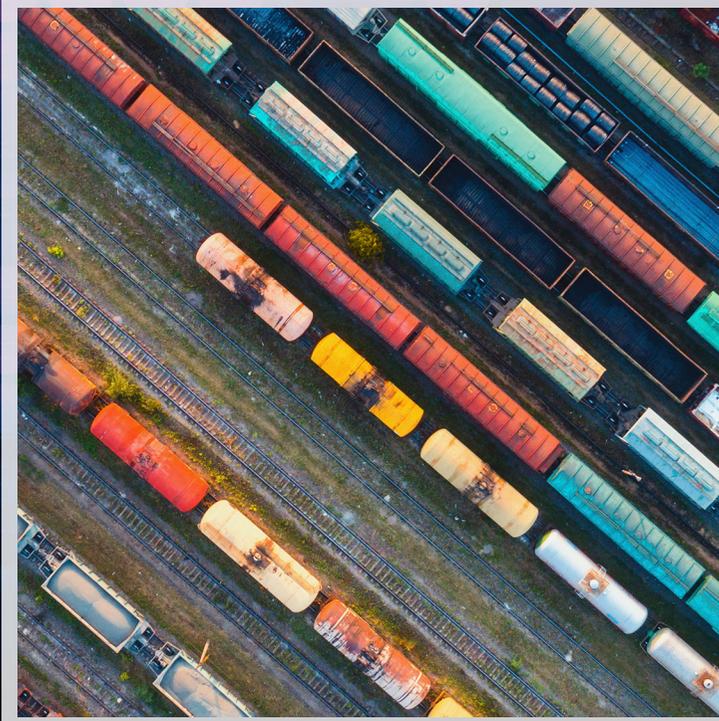
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# Chapter 1

## WELCOME TO THE IP CRIME AND ENFORCEMENT REPORT 2017/18



# FOREWORD



Sam Gyimah

The work of innovators, creators and inventors sits at the heart of the Government's Industrial Strategy. Their ideas, supported by a stable business environment, offers us the opportunity to build on our strengths as we plan for a future outside the EU. Enforcing and protecting IP rights is undoubtedly one of these strengths.

Physical goods and property can exist in a world that has few or no regulations, but intangible assets such as copyright, patents, trade

marks and designs are all called into being by rules. Protection of intellectual property assets is all about the implementation of a fair, international regulatory system.

In fact, the realisation that intangible assets require national and international legislation and a global approach to enforcement goes back a long way. In 1862, as Parliament debated the idea of creating a register of trade marks, Robert Jackson, Director of Spear and Jackson, Sheffield steel manufacturers, gave the following evidence to the parliamentary committee charged with researching the need for regulation:

*'The mischief is two-fold; in the first place, as a foreign manufacturer produces a cheaper article, purporting to be one of ours, we lose the orders: and the next place, in consequence of that article being of a worse quality, we lose our reputation, which is, in my opinion a greater loss than the former one.'*<sup>1</sup>

Jackson's wishes were granted. The Patent Office created the UK Trade Marks Registry in 1876.

Throughout this year's report, the collaborative teams of experts drawn from the sharp end of law enforcement, manufacturers, merchants and trade associations, law makers and judges evidence a passionate desire to protect our markets, consumers and businesses from the very real threat of IP crime.

A key feature of this report is that our desire to encourage cooperation between all parties involved in the fight against intellectual crime is paying dividends. Contributors frequently describe how they work in tandem with teams of knowledgeable experts, many of whom also contributed to the report. This desire to voluntarily collaborate has now been combined with an increasing level of expertise and proficiency in cross-agency, sector and border cooperation. Moreover, consumers are becoming increasingly aware of the value of intellectual property and the personal risks associated with counterfeiting and piracy.

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<sup>1</sup> Report of Parliamentary Select Committee on Trade Marks Bill, and Merchandize Marks Bill: Report, Proceedings, Minutes of Evidence – 6th May 1862: Minutes of Evidence 20th March 1862, page 1 House of Commons Parliamentary Papers Online – Pro Quest UK Parliamentary <<https://idp.cf.ac.uk/idp/profile/SAML2/POST/SSO>> (accessed 08/8/2017).

Four themes reoccur throughout this report: Firstly, it's clear that the rapid advances in the digital environment have brought opportunities and risks to consumers. Secondly, although improved cooperation between the enforcement, business and legal communities increases efficiency, challenging fiscal constraints limit the amount of direct enforcement action that can be taken. Thirdly, in a post Brexit world, maintaining strong enforcement partnerships at European and international levels inevitably creates challenges. Fourthly, engaging the public in the fight against IP crime is becoming an increasingly important aspect of our remit.

This report showcases successes and evidences best practice in the fight against counterfeiting and online piracy in the UK.

A key message for all involved with the enforcement of intellectual property rights is that IP crime connects the local with the global. Effective deterrence within the UK depends on the work of Police, Trading Standards and Border Force Officers within an internationally coordinated context.

Public opinion regarding intellectual property crime can only be altered through positive actions: deterring criminality by enforcing international rules, encouraging greater public respect for IP rights and emphasising the dangerous nature of fake goods.

**Sam Gyimah**  
**Minister of State for Universities, Science, Research and Innovation**

“A desire to encourage cooperation between all parties involved in the fight against intellectual crime is paying dividends.”

“Engaging the public in the fight against IP crime is becoming an increasingly important aspect of our remit.”

# INTRODUCTION



Giles York

Every year I find the Intellectual Property Crime Report is recognised internationally as a comprehensive insight to the exceptional activity of agencies and partners in the United Kingdom tackling IP crime, and this year's report, 2018, maintains that high standard. It showcases best practice and enforcement activity, alongside the complexity of world trade and future challenges on the horizon. Contributions from the UK's experts in IP are presented

here from the enforcement community, policy developers, administrators and judges.

The government's Industrial Strategy, published in November 2017, set out key foundations for productivity, with 'Ideas' and 'People' being two specific aspects that the UK's IP enforcement strategy underpins. Maintaining a secure IP system is fundamental to encouraging innovation and supporting businesses to start and grow. This year's report provides ample evidence of how UK businesses and agencies work closely and collaboratively to support that strategy.

This incredible snap-shot of IP crime in the UK today identifies key themes, like emerging threats on supply chains, use of online content and complex technological systems that challenge our agencies at markets, ports and distribution centres.

Supporting this, the 2017 OECD Report on counterfeit trade in the UK found that almost 4% of all UK imports in 2013 were counterfeit, worth £9.3 billion. This translates to around 60,000 jobs being lost and almost £4 billion in lost tax revenue aside from any consumer harm issues, fraud and further targeting of individuals for other forms of crimes like fraud, identity theft and malware. This concerning report, produced with support from the UK IPO, was followed in July 2018 by an All Party Parliamentary Group investigating the UK response to Illicit Trade. Drawing evidence from over 50 stakeholders, recommendations included support for the formation of a UK Anti-Illicit Trade Group with clear governance and accountability, empowered to facilitate and coordinate partners across this complex enforcement landscape.

Central to enabling effective enforcement activity is the work of the IPO Intelligence Hub, located at Newport, Wales, within the Copyright and Enforcement Directorate of the IPO. Working with partners and stakeholders from industry, law enforcement and other government departments it comprises researchers, intelligence officers, financial investigators and analysts. Developing intelligence to map organised crime and create 'Local Profiles' on IP and illicit trade for Police Forces, illustrates how global IP crime impacts individuals and businesses locally. With two Financial Investigators within the hub confiscation of over £1.2m worth of assets from criminals has been achieved using the Proceeds of Crime Act.

The proliferation of criminality and types of products counterfeited is highlighted by the range of enforcement actions taken by Trading Standards at this local level. Examples range from counterfeit DVDs in Staffordshire, fake Rolex and Swatch watches in West Sussex, footwear in Manchester and MAC lipsticks in Wales with over 300 times the legal limit of lead in the counterfeit product.

The Crown Prosecution Service Specialist Fraud Division (SFD) has developed a high level of experience in prosecuting a wide range of IP cases and is part of the European Prosecutors' network sharing good practice. The SFD works closely with Police teams, the specialist Police Intellectual Property Crime Unit (PIPCU), to a consistent and co-ordinated approach. Extending the prosecution options is The Private Prosecutors' Association, established in 2017 by a group of practitioners with experience of bringing private prosecutions. Under draft is a Code of Conduct for bringing private prosecutions which those who practice in this area can adopt as a benchmark and which they and others, including defendants, can go to as a point of reference.

This comprehensive report puts the spot light on the work across the UK, not just on enforcement, but projects to improve public engagement on the consequences of IP crime, the technical developments on traceability and protection of complex supply chains, and the important outreach work conducted by the leadership of the UK IPO with our partners across Europe, Asia and America to ensure the UK is a world leader on protection IP rights.

My personal thanks go to all the elements of the system that tackle IP Crime day in and day out, keeping the public safe, bringing criminals to justice and protecting the economy of the UK and this report is testament to their hard work.

**CC Giles York, QPM**  
**IP Crime Group Chair**

“The proliferation of criminality and types of products counterfeited is highlighted by the range of enforcement actions taken by Trading Standards at this local level.”

“This comprehensive report puts the spot light on the work across the UK, not just on enforcement, but projects to improve public engagement on the consequences of IP crime.”

# EXECUTIVE SUMMARY

The Annual IP Crime and Enforcement Report is a chance for everyone involved in the business of securing the reputation of the market to see the big picture. The report is written by members of the IP Crime Group and coordinated and presented by the Intellectual Property Office. It is an open, accessible forum where partners in the fight against IP crime can showcase best practice, make connections and better understand future challenges. Characteristic features of this report are the voices and opinions within it. These are the UK's experts in IP enforcement and we are the UK's enforcement community. Contributions to this report can be broadly categorised as follows: *enforcers* – police, trading standards, border force and other public and private IP and fraud investigation and prosecution services; *makers* – manufacturers, merchants and trade associations and *enablers* – policy-developers, administrators and judges. All these groups share an objective: to eliminate IP crime. The contrasting observations of this diverse group strengthen our ability, as a team, to achieve our goal. In this year's report some key themes emerge.

## Traceability

As Electrical Safety First say 'given the global nature of production processes, traceability issues impact on all manufacturers' – because supply chains are complex. At every point where components enter a supply chain there is a potential IP crime issue, because components can be counterfeited.

In the automobile industry, for example, the traceability of components has become a business incentive and selling-point. Innovations like Manufacturers Against Product Piracy (MAPP) ensure that all spare parts using this system have a unique bar code. Scanning a product and checking MAPP's database confirms a part's authenticity. With a MAPP code, car makers, parts manufacturers and garages can verify the origin of any individual part, cutting out the risk of illegal and dangerous counterfeits. This service adds value and it has the desirable effect of both attracting consumers and educating them about the nature of IP crime.

## Supply chains

Although the specific terms and conditions influencing the UK's trading relations with the EU and other international trading partners are being re-negotiated, the nature of trade in the UK remains global, sophisticated, valuable and IP-dependent. As the Anti-Counterfeiting Group (ACG) point out, from border crossings at air and sea ports, through supply chains, the need to preserve the integrity of original, IP-protected, trade marks, designs, copyright and patent-protected goods on their journeys through complex systems must be maintained. From the identification of suspect packaging or false brands, to the reporting of sub-standard, faulty goods, to the prosecution of cases through the courts, to the management and development of trusted-supply chains, we can all make a contribution.

## Public engagement

As ever, the quest for robust data on the volumes of unreported IP crime is on-going. Our statistics, which measure seizures, arrests and prosecutions suggest the maintenance of a high volume of successful interventions. The invisible nature of 'successful' physical counterfeits and the visible (but often ignored) problem of digital, online content theft, mean that raising public awareness is becoming an increasingly important part of our work. As Police Scotland say: 'The most problematic aspect in taking effective enforcement action against those involved in the commissioning of IP offences is dealing with consumer apathy.'<sup>2</sup>

The internet, through product platforms like eBay and Facebook and Internet Protocol TV (IPTV) offers consumers tremendous choice and great freedom. Unfortunately, without constant reinforcement, our message: that counterfeit goods and content are dangerous, they feed crime and weaken public services and business confidence can be overlooked. It is here that our relationship with the public must develop.

Brands communicate with consumers and Paul Polman, Chief Executive of Unilever, has built his reputation on the holistic context of IP enforcement. For him the term 'brand value' isn't merely financial, it's moral. At the IPO's 2014 International IP Enforcement Summit, he emphasised the need for citizens to regain trust in brands to reduce the desire to commit IP crime. Polman sees the future of brands as 'in the service of society square and firmly.' His vision is a 'sustainable living plan' designed 'to maximize social impact'.

Our messages to consumers and businesses are often warnings and threats. To gain traction with the widest possible community, we must link with successful, trusted, relevant brands to imbed the positive values of commerce. We are committed to raising awareness of IP crime not because we want to, but because we must.

# IP LANDSCAPE IN FIGURES

The IP Enforcement Strategy 2020 committed the IPO to publish data on the prevalence of intellectual property crime and the economic impact caused by it. The figures contained within this scorecard, many of which appear elsewhere in this Report, demonstrate the ongoing demand for IP rights in our economy, work being done to analyse the impact of IP crime in the UK, as well as help provided to UK businesses operating abroad.

## **Input**

The IPO have recently published application data covering the period 1995-2017, and this data for trade marks, patents and registered designs rights (including the EUIPO data for Registered Designs) applications shows significant increases in output in recent years. This is largely because of the economic recovery post-recession, the changes made to the UK registered design application process and a recent surge in trade mark applications following the decision of the UK to leave the European Union.

## **Criminal Sentencing**

According to the Ministry of Justice, in 2017 398 people were found guilty of offences under the Trade Marks Act and 47 under the Copyright Designs and Patent Act. The number of people cautioned fell to 7 under the Trade Mark Act and 1 under the Copyright Designs and Patents Act.

## **Attachés**

The UK IPO has specialist IP attachés in key economies around the world – Brazil, South East Asia, China, India and at WIPO. They have given one to one direct support to 1,474 UK businesses dealing with individual IP issues. So far, this year they have dealt with IP cases worth over £98 million in potential lost revenue.

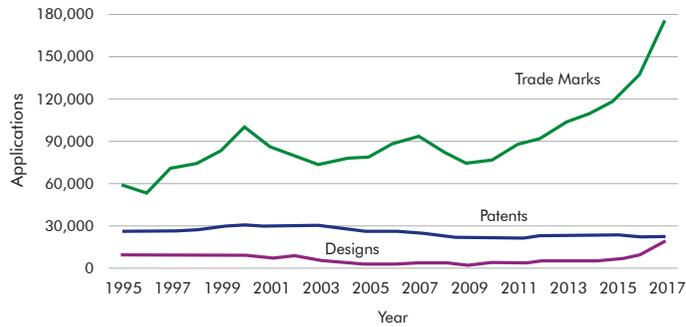
## **OCI Tracker**

The IPO has continued to conduct an annual survey to help understand people's habits for consuming content online. It is estimated that 15% of UK internet users aged 12+ (equating to approximately 6,525,000 people) consumed at least one item of online content illegally in the 'past three months', this is in line with the findings in 2017 and 2016. The reasons for infringing remained largely similar to those given in 2017. 'Convenience' (41%) drops slightly and is overtaken once again by 'it is free' (44%).

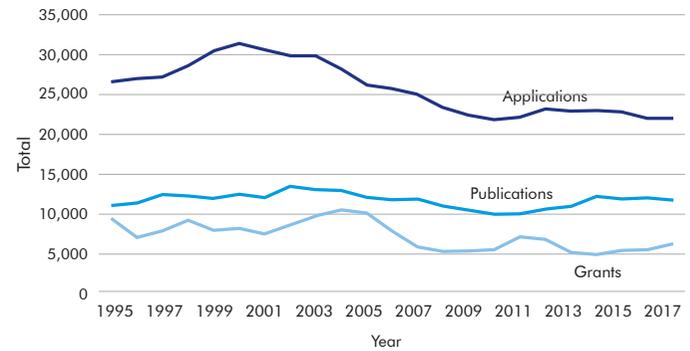
## **TS Survey and Investigations**

In the annex to this report we have published the full Trading Standards survey results, as well as case studies highlighting their 'successes' in enforcing IP rights. This year's survey again lists the top ten products most investigated by Trading Standards, with cigarettes/tobacco, clothing and cosmetics/make-up leading the list. The top three locations in which they were investigated were the same as last year – ordinary shops, social media and auction sites.

### Total IPR Applications to UK IPO<sup>3</sup>



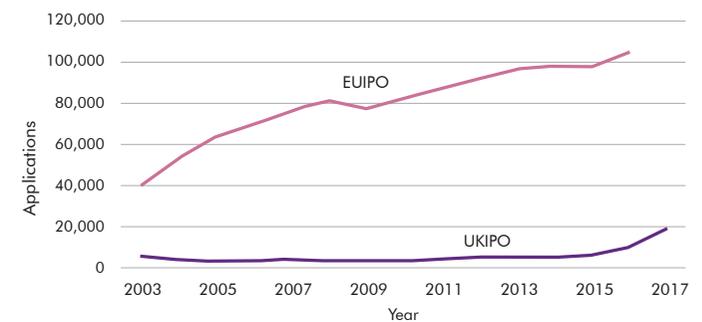
### UK Patenting Activity 1995-2017<sup>3</sup>



### UK Trade Mark Activity 1995-2017<sup>3</sup>



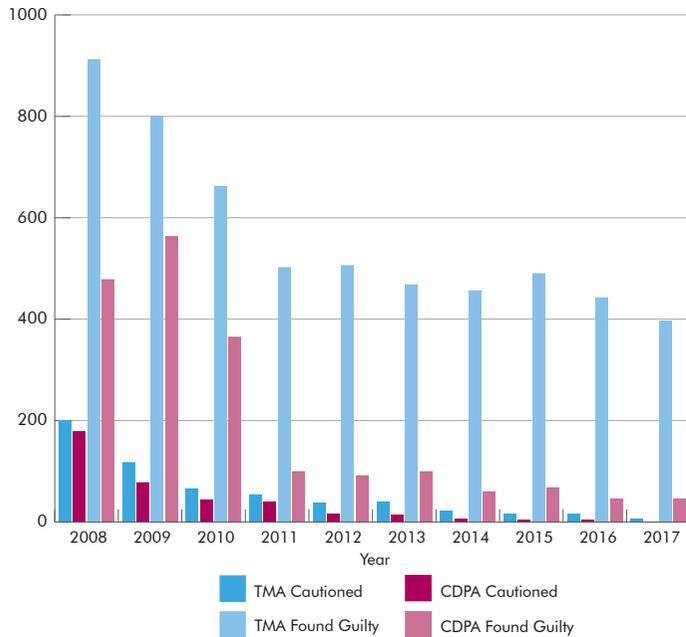
### UK IPO and EUIPO Design Applications<sup>3</sup>



<sup>3</sup> [www.gov.uk/government/publications/trends-at-uk-intellectual-property-office-1995-to-2017](http://www.gov.uk/government/publications/trends-at-uk-intellectual-property-office-1995-to-2017)

# IP DATA

## Sentencing statistics

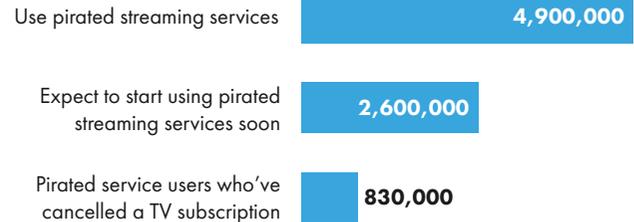


## Tackling online criminal activity



## UK population switching to illegal streaming services

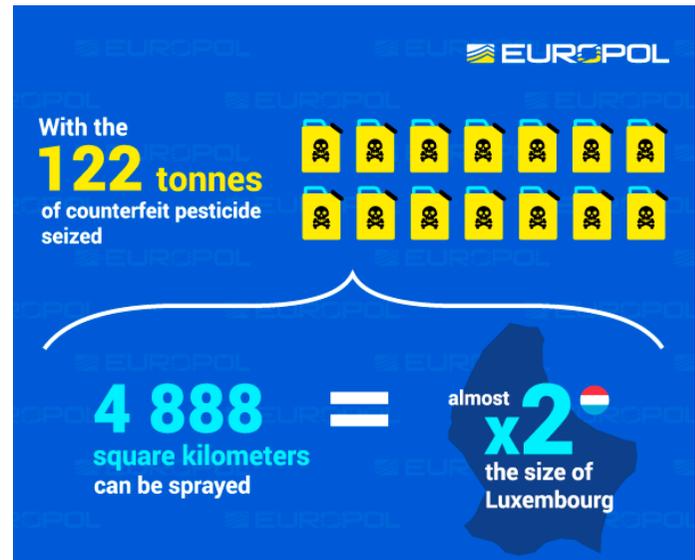
### The impact of pirated streaming services in Britain



YouGov | yougov.com

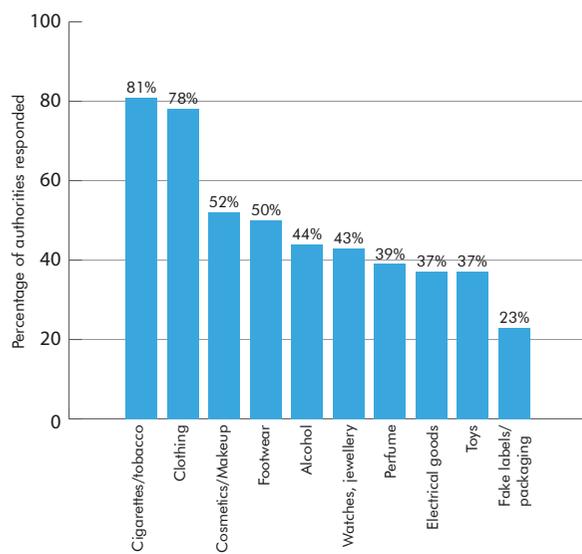
Source: YouGov illegal Streaming study March 2017

## Europol

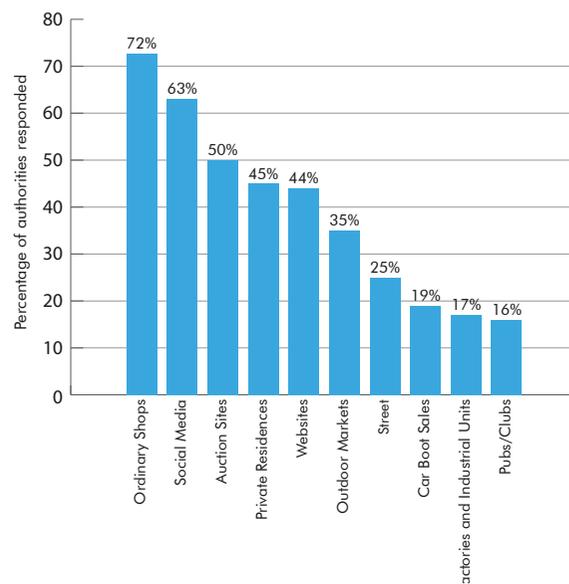


## Trading Standards statistics\*

Top ten counterfeit/pirate products investigated by Trading Standards

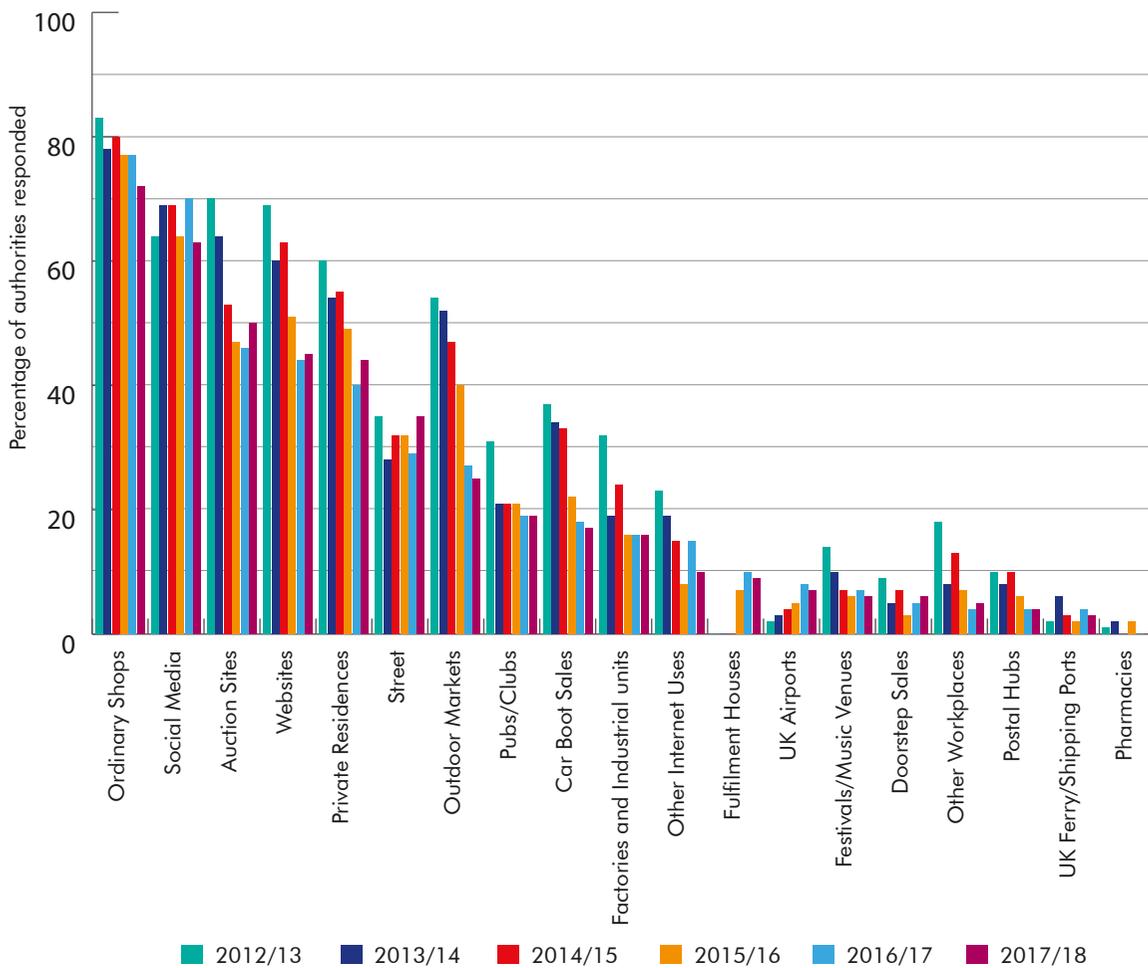


Top ten locations



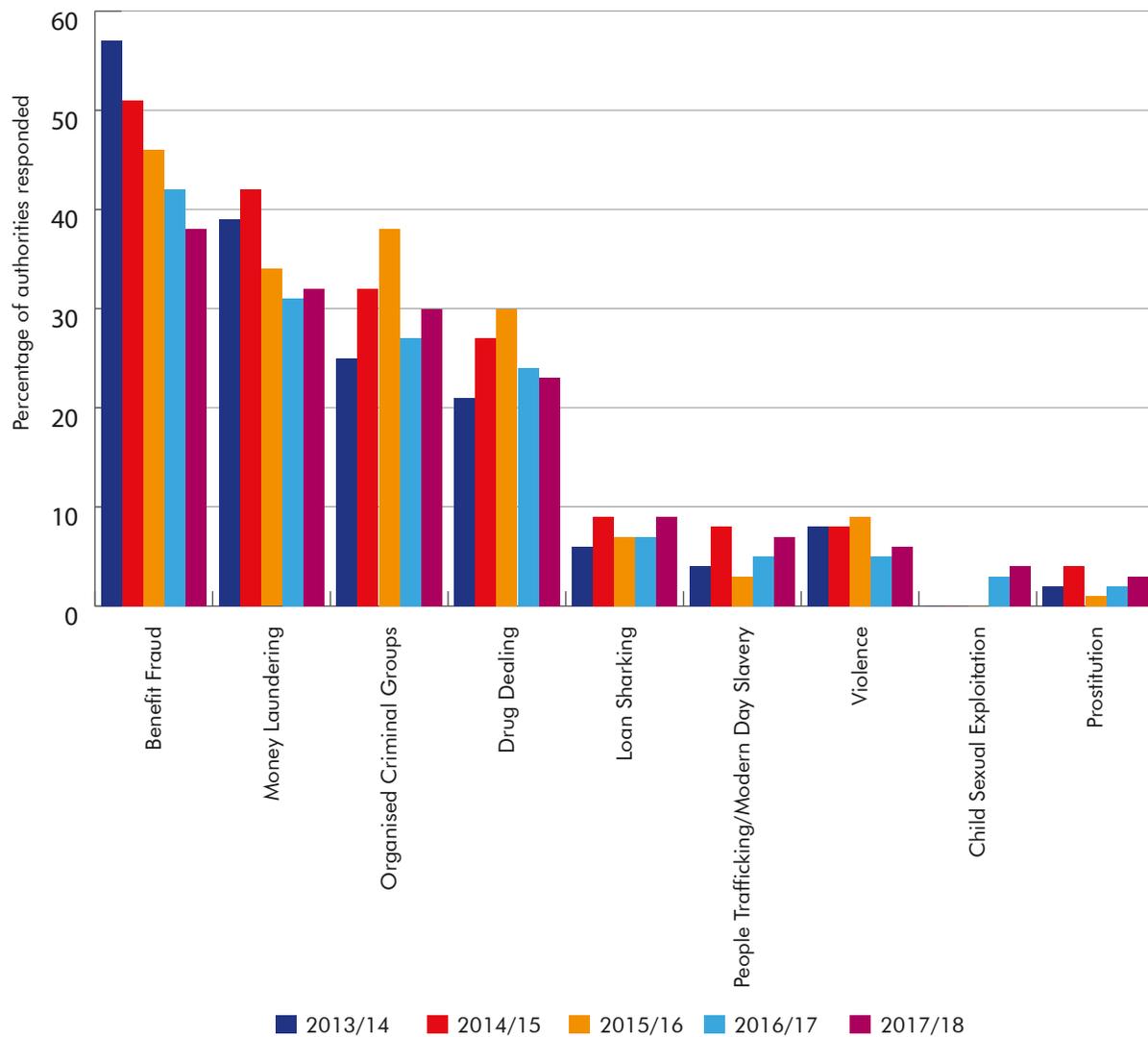
\* A complete set of graphs can be found in Trading Standards Successes publication report 2017/18

### Most investigated locations\*



\* A complete set of graphs can be found in Trading Standards Successes publication report 2017/18

### Links to other criminality\*



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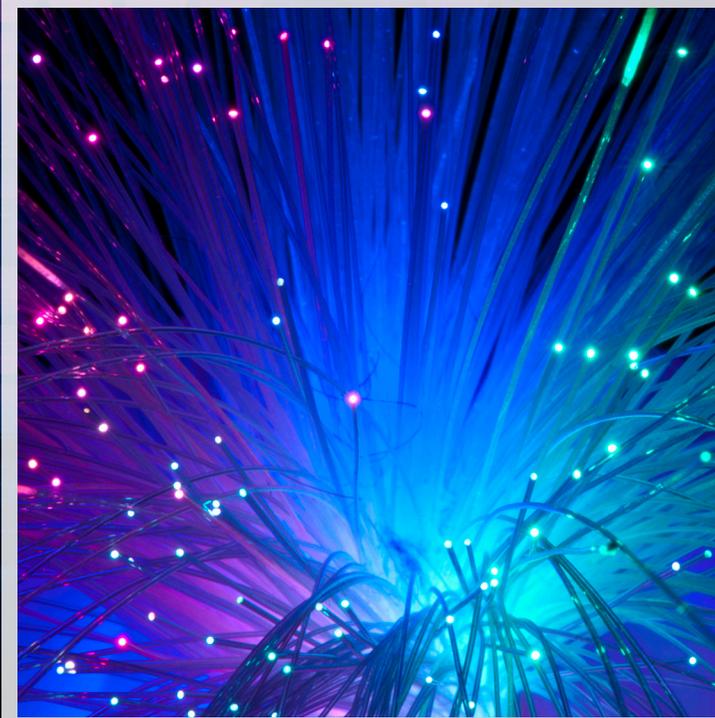
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# Chapter 2

## IP CRIME TODAY



## OVERVIEW – THE SCALE AND SCOPE OF IP CRIME

According to the Ministry of Justice, 398 people were found guilty of offences under the Trade Marks Act and 47 under the Copyright, Designs and Patents Act 1988 during 2017, compared with 443 and 47 in the previous year. The number of people cautioned for Trade Marks Act and Copyright, Designs and Patents Act offences in 2017 were lower than the previous year.

### Interpretation

During the last ten years prosecutions for offences under the Trade Marks Act and Copyright, Designs and Patents Act have fallen drastically. Anecdotal evidence and observations from the market, which comprise the bulk of this section, suggest that these positive outcomes overlay a more complex situation.

The British Phonographic Industry (BPI) reports a drop of 33% in the number of illegal downloads of bit-torrent and stream rippers. Moreover, total number of downloads fell from 54 million in 2016 to 35 million in 2017 and the Alliance for Intellectual Property outlines collaborative measures taken to mitigate illegal downloading. Although this downward trend is clear, the BPI point to the staggering volumes of criminal activity that remain. 426 million illegal musical tracks were downloaded last year. Furthermore, the BPI submitted over 200 million URLs to Google and Bing search engines for removal. PRS for Music emphasise the damage done by stream ripping and also make the link between digital online crime and cryptocurrency mining. This is the first reference in any of our reports to the impact of

cryptocurrencies on digital crime in general, and IP crime in particular. These statistics, although positive, indicate the fact that, for digital content creators, copyright theft occurs on a significant scale and that a raft of measures are required to counter it.

Contributions from Sky, Trademark and Rights Holders Against Piracy (TRAP) and Nominet emphasise the scale of the technological threat against fair trade. Far from reducing, Nominet point to a 100% increase in illegal domain name suspensions and the FACT report a dramatic rise in complaints regarding the illegal use of IPTV. FACT argue that faster broadband speeds have moved the technological threat from audio to visual content, with 10% of the UK population now using pirated streaming services. Similarly, during the past year TRAP note the passing of a regrettable landmark – the issue of its millionth notice of infringement. These huge volumes of criminality in the field of digital content theft are serious threats to UK and global creative industries.

#### Ministry of Justice IP crime statistics:

YEAR	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
TMA Cautioned	201	118	66	54	39	40	23	17	17	7
CDPA Cautioned	180	79	45	41	16	15	7	4	4	1
TMA Found Guilty	913	801	662	502	506	469	456	490	443	398
CDPA Found Guilty	478	563	366	99	92	100	61	69	47	47

Table showing Ministry of Justice statistics on CDPA and TMA conviction 2008-2017

## Component counterfeiting

The Anti-Counterfeiting Forum refer to their own work in the defence industries, stressing the importance of reliable supply chains and confidence in the veracity of packaging, branding and product testing. They point to developments in the supply of semiconductors and the threat counterfeiting poses to complex medical, military and infrastructural computing systems. This focus on supply chains, particularly in relation to the assembly of complex products is echoed by Electrical Safety First.

## Supply chain protection

The Anti-Counterfeiting Group (ACG) stress the importance of border controls and points at which authorities can check and verify products. The global nature of counterfeit crime, with consignments being manufactured and shipped across borders is of particular importance. Alliance for Intellectual Property stress the value of a joined-up policy – linking initiatives striking against physical counterfeits on their way through supply chains to their markets with online, digital anti-counterfeiting strategies. As evidence, they quote the Real Deal campaign which now covers over 500 markets in the UK.

## Content protection

Both The Publishers Association and the Professional Publishers Association stress the threat posed to content producers by online digital copying. The Publishers Association, acknowledging the international nature of counterfeit crime, has held workshops in China using the IPO attaché network. In the UK, the Professional Publishers Association Publishers Association's Copyright Infringement Portal is designed to streamline and quantify delisting requests from legitimate traders against online copyright abuse.

## Knowledgeable networks

The views expressed in this section of the report provide a snapshot of IP crime in the UK today. Emerging threats affect supply chains, online content, complex technological systems as well as markets, ports and distribution centres. Contributions from the IPO and Crown Prosecution Service (CPS) demonstrate how, through creating knowledgeable networks, we are recognising the scale and scope of IP crime today and countering it.

## Alliance for Intellectual Property

Established in 1998, the Alliance for Intellectual Property (IP) is a UK-based coalition of 20 trade associations and enforcement organisations with an interest in ensuring intellectual property rights receive the protection they need and deserve. Our members include representatives of the audiovisual, music, video games and business software sectors, as well as sports industries, branded manufactured goods, publishers, authors, retailers and designers.

As the Alliance for Intellectual Property enters its 20th year as a leading UK coalition of organisations representing IP rights creators and owners there is much to commend, with the UK a world leader in IP enforcement.<sup>4</sup> However, there are still a number of areas of concern for Alliance members and their sectors, especially around enforcement of their rights online.

The Alliance continues to participate in the Search Roundtable and we are seeking to include a larger number of participants in the process as well as addressing how to demote or delist links to sites selling counterfeit goods. The Creative Industries Sector Deal, announced in March 2018, includes some measures to protect IP, including the formation of three additional roundtables to discuss issues on social media and user upload sites, online marketplaces and digital advertising with internet intermediaries.<sup>5</sup> Those meetings are tasked with delivering positive outcomes by the end of 2018. We are also working with the IPO to educate and train SMEs on how to protect their IP via a series of seminars and workshops, tying in with existing initiatives, and also via webinars.

Illicit streaming devices are an ongoing threat to the UK's film, TV and sports rights sectors and those employed directly and indirectly by them. The Alliance responded to the IPO Call For Views on this issue in April 2017.<sup>6</sup> We still await the publication of the response from Government to address gaps in current legislation. Whilst there have been some convictions for the sale of devices with more pending following enforcement actions by Trading Standards and police across the UK, there is still some inconsistency in prosecutions and sentencing.

The creation of a National Group on Illicit Trade will also help coordinate the evidence base showing links between IP crime and other forms of criminality that harm consumers, businesses and the UK economy. The Alliance is part of the Anti-Illicit Trade Industry Group that seeks to develop closer cooperation between business and law enforcement through intelligence sharing and education initiatives as well as promoting messaging to consumers.

The Real Deal initiative (covered in detail elsewhere in this report) continues to promote best practice for market operators, land owners and local councils. The Real Deal Online programme is a new strand which aims to work with a wide range of online trading platforms to promote the same messages about consumer safety and help to inform consumers. Initially, Trading Standards services will reach out to local administrators of social media buy-sell groups, making them aware of their responsibilities to prevent the sale of IP infringing products by traders within their group, and inviting the administrators to sign up to the Real Deal Online Code of Practice. Subsequent phases will extend this work to other platforms. The Alliance is fully committed to supporting this work and is actively promoting the Real Deal as a means to deliver results in both the online platforms and social media roundtables as well as through the Digital Charter.<sup>7</sup>

Whilst there are still many challenges, Brexit also presents some unique opportunities to secure our borders against counterfeits, to find ways to protect consumers online and to fix some anomalies, such as delivering decent protection for unregistered design rights. The UK can continue to lead the way by forging ahead with innovative solutions that will allow for even greater growth in our IP-rich industries.

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4 [www.theglobalipcenter.com/ipindex2018/](http://www.theglobalipcenter.com/ipindex2018/)

5 [www.gov.uk/government/news/creative-industries-sector-deal-launched](http://www.gov.uk/government/news/creative-industries-sector-deal-launched)

6 [www.gov.uk/government/news/illicit-iptv-streaming-devices-call-for-views](http://www.gov.uk/government/news/illicit-iptv-streaming-devices-call-for-views)

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7 [www.gov.uk/government/publications/digital-charter](http://www.gov.uk/government/publications/digital-charter)

## Anti-Counterfeiting Group (ACG)

The Anti-Counterfeiting Group (ACG) is a not for profit trade association which will be celebrating its 38th year in 2018. ACG's membership comprises over 170 organisations globally, operating in, or providing specialist advice to, most industry sectors where counterfeiting is an issue. Collectively our members own over 3500 registered trade marks, the use of which plays a major role in driving and supporting the UK and global economies.

ACG members report an ever increasing number of physical products entering the UK through air, sea and road, from countries such as China, Hong Kong, India, Pakistan and Turkey.

These goods, which include electrical products such as chargers and batteries, hair utensils, household goods, toys, luxury goods and accessories, are being sold both online and at physical locations such as markets, wholesalers and retail shop premises.

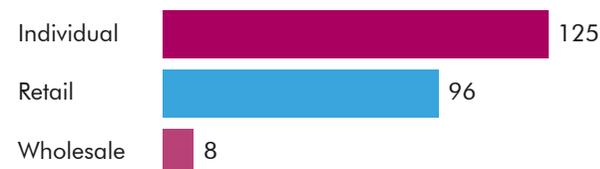
Although, most counterfeit products found in the UK originate from outside of the country some established manufacturing locations including Manchester, Leicester and Birmingham still feature. Individuals and organised groups in these areas often import blank garments and other products separately to the badges and logos and then assemble them in the UK.

One ACG member had some 105,090 counterfeit items seized in the reporting period.<sup>8</sup>

### Breakdown of items seized by one ACG member, by type:

Components	55,555
Cosmetics	11,732
Perfume	9,545
Miscellaneous	5,904
Eyewear	5,023
Fashion Jewellery	4,497
Handbags	4,034
Clothing	2,946
Accessories	1,640
Watches	1,346
Footwear	1,303
Mobile Phone Covers	1,252
Small Leather Goods	253
Fine Jewellery	60

### Type of infringer related to those seizures of counterfeit goods



<sup>8</sup> Chanel (UK Stats 2017)

## Top 5 locations of ACG member's products seized

City	Seized Products
Manchester	83029
Ipswich	6192
London	5209
Middlesex	2383
Darlington	1340

## Breakdown by agency

Authorities	Authorities Count
Customs	199
Trading Standards	126
Criminal	66
Police	24
C&D/Undertaking	7
Admin	5

Although members are still reporting a reduction in seized goods at the borders, due in the main to limited Border Force resources targeting IP specific importations, there has been some large scale detentions of potentially unsafe counterfeit goods at ports such as Felixstowe and Heathrow with tens of thousands of items being detained, leading to proactive investigations by industry and public sector agencies.

## Developing/emerging trends

1. The continual growth of e-commerce is having a significant impact on the availability of counterfeit merchandise to both criminal businesses and the consumer alike.

Facebook (profiles/marketplace) and Instagram continue to be a focus of brand protection teams mitigating the risk to consumers from buying counterfeit and often unsafe counterfeit goods. Other platforms such as Twitter, Gumtree, Amazon and Alibaba are also favorites for counterfeiters who use the world-wide reach of such platforms to sell their infringing products.

2. A continuing threat is the ongoing use by Organised Crime Groups (OCGs), of fulfilment houses in the UK to facilitate the importation and distribution of often unsafe counterfeit goods.

Whilst enforcements focus is on wholly criminal fulfilment houses, the increased use by counterfeiters of legitimate fulfilment services provided by the likes of Amazon and some freight forwarding companies creates a major concern for rights owners trying to self-police the online market space and trying to safeguard consumers from buying counterfeit products.

The business model used by such companies helps to perpetuate the availability of counterfeit goods and sometimes legitimises the sale of such products in the mind of the consumer.

3. The use of the UK as a stop off point for counterfeit goods destined for other European countries is of growing concern to IP rights owners. Recent examples of counterfeit football kits imported from China into the UK for onward distribution to countries such as Spain and Italy indicate that the UK is potentially viewed as a safe haven for such criminality. This could be as a result of limited Border Force resource targeting counterfeit goods or the often poor level of judicial deterrent to those engaged in this criminal activity.

## Anti Copying in Design (ACID)

ACID is the UK's leading design and intellectual property campaigning membership organisation. They are a forward-thinking trade association for designers and manufacturers; a not-for-profit organisation funded by membership fees. ACID represents the views of thousands of UK designers spanning 25 different sectors within design. Even though most designers are micro and SME businesses, the design economy<sup>9</sup> GVA grew at a faster rate than the UK average and the value of exports where design had made a key contribution was £34bn. Design's contribution to the UK economy is £85.2bn in GVA equivalent to 7% of UK total GVA. Collectively, design and design skills according to the Design Council, are worth £209 billion.

### ACID's Participation in the UK crime group

The theft of designs is a significant issue in the UK and ACID joined the UK-wide IP Crime Group (IPCG) in 2014 to take part in collaborative discussions to tackle IP crime in design, which had been ongoing since the IPCG was created in 2001. This was not possible before because until 2014 and the introduction of criminal provisions, the intentional infringement of a UK registered design right was not a crime. One of the reasons for ACID spearheading a campaign to change the law was to act as a real deterrent against design theft but, sadly, this only affects a minority of designers as the majority rely on unregistered design rights and infringement of an unregistered UK design is still not a crime. Our main *raison d'être* is to ensure that all design theft is treated as a serious crime. ACID has recognised that there is a disparity between the IP rights which have criminal sanctions and those that do not but the IP offence is the same.

Asked in a recent survey whether copying was intentional or unintentional, **90%** of ACID members said copying was intentional. This is consistent with earlier research some years ago when **91%** said copying was intentional.

9 Design Council – The Value of Design to the UK Economy [www.designcouncil.org.uk/what-we-do/design-economy?gclid=CjwKEAiw07nJBRDG\\_tvshfHhWQsJABRcE-ZefazBy\\_u3gn0C8MuDy9W6nYaUUbqQCv31CobpX\\_p2xoCIMlw\\_wcB](http://www.designcouncil.org.uk/what-we-do/design-economy?gclid=CjwKEAiw07nJBRDG_tvshfHhWQsJABRcE-ZefazBy_u3gn0C8MuDy9W6nYaUUbqQCv31CobpX_p2xoCIMlw_wcB)

### Key stats: intentional copying in the UK



### 3D Printing

With no provision in place for unregistered design infringement to be made a criminal offence there is a concern that there is still no adequate law in place to stop criminals who exploit this ground-breaking technology to counterfeit on an industrial scale in near perfect quality. Unless, of course, a prosecution for fraud or conspiracy is pursued.

### Brexit preserving EU design laws

The level of protection afforded to designers by the EU's Unregistered Community Design (UCD) right is significantly higher than that of the UK equivalent and government has gone some way to assure designers that an equivalent level of protection will be introduced post-Brexit in a technical note on March 6 which stated, 'In the future, where the UK does not have existing domestic legislation to protect certain types of rights, it will establish new schemes'.<sup>10</sup>

However, even if equivalent protection (that is, a new or improved UK right) is achieved through the Withdrawal Bill or by other means, the design sector will still be at risk without reciprocal protection (that is, from the EU27). Post-Brexit, designs first disclosed in the UK, while they may well be sufficiently protected here, will incur no UCD protection in the EU, because the UK will no longer be a member of the EU.<sup>11</sup> This would have significant consequences for UK designers, almost 80% of whom rely on the UCD right to protect their designs, according

10 [www.gov.uk/government/publications/technical-note-other-separation-issues-phase-2](http://www.gov.uk/government/publications/technical-note-other-separation-issues-phase-2)

11 A Q&A document published by the EUIPO on 30 January 2018 made this point quite unequivocally when it stated that the UCD right's "territorial scope of protection ceases to extend to the UK as from the withdrawal date" [euiipo.europa.eu/tunnel-web/secure/webdav/guest/document\\_library/contentPdfs/news/QandA\\_brexit\\_en.pdf](http://euiipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/contentPdfs/news/QandA_brexit_en.pdf)

to a recent survey by ACID.<sup>12</sup> The EU is the largest export market for many UK design sectors, contributing for example, over two thirds of UK furniture manufacturers' export revenue.<sup>13</sup>

## ACID Case study – Retail

*“In 2014, we launched a sandwich box design that had a bamboo lid that could be used as a chopping board. Three years later, a UK major retailer started selling a similar looking product. Speaking to the other brand owner, the major UK high street retailer had contacted them and asked if they wanted to license their brand so they could sell a sandwich box, which they had sourced from China. Perhaps the retail buyer had not realised the sandwich box was a copy of ours, and neither did LEON, but it highlights how, with the internet, the world is a very small place and copies can easily appear within six months of an original being launched. This is a typical case study example of small UK innovator against major high street retailer.”*



Black & Blum original



Look alike

<sup>12</sup> According to Alliance member ACID several reasons for this are reported, including scale of output, registration costs, legal costs and a lack of confidence in registration as a defence against copying.

<sup>13</sup> [www.britishfurnitureconfederation.org.uk/about-the-industry/](http://www.britishfurnitureconfederation.org.uk/about-the-industry/)

## ACID Case study – Contract market

**ACID member Morgan Contract Furniture** – “A consistent issue at the better levels of the contract furniture industry, is the direct copying of competitor product. (The furnishings and bed sector in which 8,400 manufacturers produce £11.3 billion of products and employ 118,000 people). The tendering process requires an ‘or similar’ product to be priced which invites substitution of cheaper product but there are also specifiers and end users actively seeking companies to copy and companies that actively offer that they ‘can provide anything you require’.

A typical process is that we are asked to quote against a project in the full detail of specific polish colours, fabrics and quantities. Once the pricing is ascertained, cheaper compliant companies are asked to produce identical product. We usually only discover this when we see images in the press or when we receive a complaint regarding faulty product. Recently, this happened to us on two concurrent projects, by a small ostensibly reputable hotel company in the North of England. They have then approached a company known for their flexibility in this regard to copy some five different products in precisely the quantities and fabrics as were quoted. The difficulty that we face is that such theft is carried out contract by contract for sums that make legal action prohibitively costly, in this case some £50,000 total project, by copiers that would not be able to meet any claims for costs. In addition, they defend their position robustly since they know that the costs of registering all the designs that we develop and market is prohibitive and that with unregistered design rights they can behave with impunity.

*It is for this reason that we require far tougher penalties, ideally criminal sanctions, where such blatant and planned copying is undertaken as a deterrent”*



Morgan seating furniture – ‘Pimlico’

## ACID Case study – Online infringement & look alike

As an innovative table decorations company, ACID members Talking Tables are constantly copied, often by large online bargain marketplaces. Recently they reached a settlement with a retail giant regarding infringement of their hugely successful Prosecco Pong game. Following an application for an interim injunction to the High Court, the online retailer agreed to remove the product from sale, pay Talking Tables its legal costs and substantial damages. The 'Prosecco Shot Pong' game became a huge hit for Talking Tables and was featured in worldwide press coverage and won the prestigious Gift of the Year at International Spring Fair 2018. Talking Tables registered a trade mark for the name 'Prosecco Pong' as well as registering the design of their external and internal packaging of the game. Sadly, imitation products flooded the market. The most worrying imitation, however, was that 'Prosecco Shot Pong' was being offered for sale by an online retailer whose reputation as a discount retailer had the potential to cause real harm both to Talking Tables' sales and, just as importantly to their brand and reputation. Discount retailing should stick to selling generic products and not stray into infringing the IP rights of design-led companies such as Talking Tables. Do they really want a reputation as imitators?



Prosecco pong and Prosecco shot pong games

## BEAMA

BEAMA is a trade association for the electrotechnical sector. Our members manufacture electrical installation products that are crucial for building and personal safety. Counterfeit electrical products have been shown to be highly dangerous, causing shocks and fires that can lead to fatalities.

BEAMA's Anti-Counterfeiting Working Group (ACWG) was formed in 2000. While BEAMA is a UK-based association, the main group has participants from across Europe, and also has a Middle East mirror group. An investigation company takes direct action on members' behalf to find manufacturers and suppliers of counterfeits and it reports them to enforcement authorities across three projects in China, the Middle East and Africa. The aim of the ACWG is to restrict the global trade in counterfeit electrical products, helping to ensure they do not enter the UK and other European markets. The programme has directly led to the seizure of over 18 million products.

Trends in global counterfeiting have changed. Manufacturing is more diffuse, with assembly of even small sized products occurring across many different locations. Manufacturing has also spread into the provinces of China, where different enforcement levels and lack of relationships with authorities bring new challenges. Additionally, products are often shipped unbranded, meaning that they often cannot be seized because there is no trademark infringement. Branding of products takes place in the same region as the point of sale, and it has been known for manufacturers in China to send a printing machine with large orders to Nigeria so that printing can take place locally. Branding can also be disguised where there is a requirement for imports to have brand markings on. This means that product seizure numbers can be lower than previously encountered, when large warehouses were found stocked full with finished counterfeit products. Nevertheless, in 2017 278,828 counterfeits were seized, and from January to May 2018 149,034 products have been seized, mostly from raids in China but also in UAE and Kenya.

Counterfeits appear widely available online, and thousands of links can appear upon searching. Marketplace sites can respond well to instruction to remove infringing links or companies, but such is the number of suspicious listings that manufacturers find it difficult to find the resources needed to submit removal requests for all of them.

As well as direct action against the counterfeit production and trade, BEAMA also raises awareness and builds relationships with customs and enforcement authorities through training, publications and events. We work with other manufacturer and supply chain organisations in the UK to communicate best practice, diligence and advice on how to avoid risks of being involved in the supply of counterfeits.

BEAMA believes that in the UK it is quite rare to see counterfeits of products within our scope, which are mostly sold business-to-business. As such the approach continues to be to take action abroad to ensure this remains the case. However, we did encounter two instances of counterfeit electrical installation products in the UK in the last 12 months. One of these was in a high street retailer, who took appropriate action when informed of the situation. The case was publicised in national and local media.<sup>1415</sup>

BEAMA is wary of complacency about the presence of counterfeit building services products in the UK, given ever greater commerce options both online and with improved trade and transport links, and the (as yet) unknown future of customs arrangements in Europe.

BEAMA also conducts testing of products suspected of being non-compliant. This may include goods that do not meet relevant standards, those that display misleading marking, or do not comply with legislation. Regulatory non-compliance and IP transgressions are connected and our work, internationally and in the UK helps to ensure fair trade and customer safety.

## British Phonographic Industry (BPI)

BPI represents the UK's recorded music industry, which is one of the most exciting and thriving music sectors in the world. British artists account for one in eight albums purchased by fans around the globe.

There are three main areas of concern for BPI when looking at IP Crime: online music piracy, piracy of physical goods and internet enabled physical piracy (eg. social media accounts are being run by rogue operators to promote their services and online marketplaces are being used to sell illegal goods to unsuspecting consumers).

### Online piracy

The main online piracy threats to the UK recorded music industry are from BitTorrent networks, cyberlockers, stream ripping sites, MP3 aggregator sites, unauthorised streaming sites and pirate sites accessed via mobile devices.

We have however seen a gradual decrease in music piracy, with the average number of monthly infringing tracks consumed across the four main types of download platforms in the UK (bittorrent, stream rippers, cyberlockers and mp3 download) having fallen to 36m in 2017 from 54m in 2016, a reduction of 33%.

Although traffic has decreased over the past 12 months across these platforms, consumers wishing to access music illegally can still quite easily do so. Stream ripping sites/apps which are still operational, allow consumers access to any music across YouTube and social media, including Instagram, which has recently become popular for discovering new music. BitTorrent and Cyberlockers still facilitate large volume piracy – such as back catalogues or recent albums. BPI estimates that 426m tracks were consumed from infringing sources in 2017.

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14 [www.bbc.co.uk/programmes/b07t1838](http://www.bbc.co.uk/programmes/b07t1838)

15 [www.doncasterfreepress.co.uk/news/poundworld-recalls-potentially-dangerous-fake-fuses-1-7946063](http://www.doncasterfreepress.co.uk/news/poundworld-recalls-potentially-dangerous-fake-fuses-1-7946063)

## Search engine delisting

Search engines continue to provide millions of links to infringing content and websites that are hosted by non-compliant operators and hosts that cannot be closed down have needed to be blocked in the UK under s.97A court orders (website blocking).

Between January and December 2017, BPI submitted over 200 million URLs to the Google and Bing search engines requesting the removal of infringing search results. This brings the total number of submissions to search engines to over 605 million since BPI started sending removal requests in 2011. BPI now accounts for one in every ten notices sent to Google worldwide. These high numbers demonstrate the large quantity of infringing content that is available online and accessible with ease by search engine users.

## S.97a website blocking

Website blocking is key to BPI's content protection strategy. BPI has to date obtained court orders requiring the UK's five biggest ISPs to block 63 infringing websites and hundreds (600+) of related URLs, IP addresses and proxy sites. Site blocking has proven to be a successful strategy. Data shows that traffic to the blocked sites has reduced by an average of around 75%.

“ BPI now accounts for one in every ten notices sent to Google worldwide. ”

## Physical

In the physical space, counterfeit goods are still offered in large quantities at street market level. Counterfeits are often imported into the UK and recently the threat of high quality counterfeits has developed. High quality counterfeits can affect the most popular musical releases or more specific genres of music; meaning music fans across all fan-bases are being duped by unauthorised sellers. We have actively engaged with online marketplaces to help raise awareness of these issues. In 2017 BPI successfully cleared Amazon.co.uk Marketplace of unofficial 'Greatest Hits' as well as removing over 25,000 counterfeit goods from eBay between June 2017 and May 2018.

## Case study: counterfeit CDs: Michael Hargreaves

On 22 May 2018, Hargreaves was sentenced to 16 months in prison for his part in selling counterfeit CDs, which made profits of over £4million.

Between 2011 and 2013 Hargreaves had imported, distributed and sold high quality counterfeit music CDs through online selling platforms. He counterfeited CDs from popular artists such as Adele, the Foo Fighters and the Beatles. Hargreaves committed his crimes through a number of companies he ran and controlled, importing large shipments of CDs from Hong Kong and delivering these to various locations throughout the UK.

In 2012 BPI made a complaint to the Police Intellectual Property Crime Unit relating to the sale of counterfeit CDs following a number of test purchases made by BPI during 2011 and 2012.

During the investigation a total of 21,614 counterfeit CDs were seized. Hargreaves was interviewed under caution and subsequently charged with conspiracy to defraud and money laundering under the Proceeds of Crime Act.

## Crown Prosecution Service (CPS)

The Crown Prosecution Service (CPS) Specialist Fraud Division (SFD) prosecutes the majority of CPS intellectual property crime cases. The CPS Specialist Fraud Division (SFD) has a great deal of experience in prosecuting a wide range of cases and is fully equipped to prosecute complex cases. SFD continues to work closely with the specialist Police Intellectual Property Crime Unit (PIPCU), part of the City of London Police, to make sure that the CPS is able to tackle these cases and that we have a consistent and co-ordinated approach.

Over the past 12 months SFD has continued to increase its engagement and has built strong relationships with both public and private partners, building on their knowledge and expertise in this developing area of law. Through its continued engagement with the European Intellectual Property Prosecutors Network (EIPPN), SFD was able to share its experience by presenting on money laundering and IP prosecutions in the UK. SFD has more recently been involved in the European Union Intellectual Property Office (EUIPO)'s EU/China Best Practice Group and an IP Knowledge Day hosted by the Alliance for IP. Additionally this year SFD was pleased to have joined the Intellectual Property Online Protection Group (IPOP).

SFD held a second CPS IP awareness event in November 2017 and has recently updated the CPS IP e-learning package for specialist prosecutors. SFD continues to increase its skills and knowledge on wider IP issues by attending conferences on illicit streaming, the EUIPO IP Case Law Conference and the Anti-Counterfeiting Group (ACG) IP roadshow. SFD has also been working closely with the IPO, who held an awareness training day, explaining their role and how they deal with intelligence.

The IPO arranged various presentations for CPS attendees, including from Trading Standards, from a judge who sits in the Civil Courts and deals with IP infringements, and on the European perspective (EUIPO/EIPPN) and the role the UK plays in this. As a consequence the CPS has expanded its network of expertise, leading to the appointment of an IP specialist 'link lawyer' in each of SFD's six regional offices.

In the past 12 months the Specialist Fraud Division has continued to prosecute complex IP cases, examples of which follow.

## Investigation and prosecution

The prosecution of Michael Hargreaves focussed on the importation of high quality CDs from China and Hong Kong and the distribution and sale of high quality counterfeit music compact discs using various selling platforms such as Amazon and eBay. It was on a large scale: more than 21,500 counterfeit CDs were seized from various locations.

At the start of 2012 a complaint was made by the British Phonographic Industry (BPI) to the City of London Economic Crime Department. The complaint concerned the sale of high quality counterfeit CDs via online selling platforms. A test purchase was undertaken by the International Federation of the Phonographic Industry (IFPI) which resulted in the purchase of 1000 high quality CDs – which were identified as counterfeit.

It was established that the principle progenitor of the fraud was Michael Hargreaves. The investigation centred on companies or businesses run and controlled by Michael Hargreaves, and his son Joseph Hargreaves together with Anthony Aitkinson. Others were involved in the enterprise. Towards the end of 2011 Amazon noticed that a number of Amazon seller accounts associated with Michael Hargreaves were selling newly released CDs on their website for unusually low prices, less than the production costs. Amazon blocked the accounts registered to Michael Hargreaves.

DSV Air and Sea Ltd (DSV) is an international freight forwarder and logistics company. In July 2011 DSV signed a contract with Home Entertainment Stores Ltd (HES), one of the companies associated with Michael Hargreaves. Its contact was Tony Aitkinson. Initially HES dealt with one shipment of CDs per week which was brought in via Singapore, addressed to Tony Aitkinson. After a couple of months DSV started dealing with Michael Hargreaves who imported shipments from Hong Kong. The shipments were always listed as CDs. Once the paperwork was completed Michael Hargreaves or Tony Aitkinson would inform DSV where the shipment was to be delivered.

A number of test purchases were made and in December 2012 a number of warrants were executed which resulted in a significant quantity of CDs and documentation being seized. In April 2013 a further warrant was executed at a shop associated with Joseph Hargreaves, where police seized many items including music CDs, believed to be counterfeit. Further CDs were seized from Amazon's UK distribution centre.

It was concluded that of the **47,617** CDs seized, **24,320** were genuine and **21,653** were counterfeit, i.e. 47% of the total seized.

In a review of the bank accounts, a total of £4,185,290.91 was generated by Michael Hargreaves in CD sales. Applying the 47% to reflect the percentage of CDs which were counterfeit, the sales of the CDs attributable to Michael Hargreaves was £1,967,086.73.

Evidence was obtained from Anti-Piracy Advisors, who confirm that the counterfeit seized CDs bore signs identical to registered trademarks and contained copyright works.

The defendants were initially charged with conspiracy to defraud but guilty pleas were agreed and entered by Joseph Hargreaves and Anthony Aitkinson on the 29 March 2017 under s92(1) of the Trade Marks Act 1994.

On 10 May 2017, Joseph Hargreaves was sentenced to a total of 10 months in custody and disqualified from acting as a company director for five years. Anthony Aitkinson was sentenced to a total of 12 months in custody and disqualified from acting as a company director for five years.

Michael Hargreaves, the main suspect in this case, went to the US after his interview under caution and before the summons was served. He was arrested there for similar offences and served a sentence in the US (Oregon). He was deported to the UK in December 2017 following the conclusion of his custodial sentence and was arrested for our investigation and brought before the courts.

He entered guilty pleas to two substantive trade mark offences on the 22 March 2018 and was sentenced on that date to 16 months in custody on each count, to be served concurrently. He was also disqualified from being a company director for five years.

Confiscation is being pursued against all three defendants.

## Counterfeit Airbags

An investigation concerning the sale of airbags started in 2016 by PIPCU following a referral from Honda Motor Europe. Honda UK engaged the services of a brand protection company called REACT Services UK Limited who made a test purchase (from eBay) of an airbag for a Honda CRV motor-vehicle. Further items were purchased which were in turn provided to Honda UK as, upon inspection, the airbags bore the Honda trade mark.

A complaint was made to the City of London Police who searched the address in question. At that address, 194 airbag covers were found and seized. These were for a variety of vehicle makes, including VW, Honda, BMW, General Motors, Skoda, Audi, Seat, Lexus and Toyota. Some of these bore badges. On inspection, many were found to be genuine while others were deemed to be counterfeit. Also found at the address was paperwork linking the suspect to EU Trading.

The suspect was arrested and interviewed under caution later that day, when he said that:

- He was the owner of EU Trading;
- He did sell airbags which he initially purchased from a company in the UK and then latterly through a Chinese company, via the website Alibaba.com;
- He believed that the airbags were reconditioned units taken from damaged vehicles and he did not believe them to be defective in any way;
- More particularly, he did not believe that the airbags would cause any injury as a result of the manner in which they were manufactured;
- He also bought badges of car companies and he sold these separately;
- He said that he had changed the name on the eBay account to that of his mother-in-law, using an address at which his wife worked, in order to avoid bad ratings on his account.

The suspect was charged with an offence under Section 92(1) (b) of the Trade Marks Act 1994. He had made a total of £30,000 by selling the counterfeit airbags on eBay. The suspect entered guilty pleas in March 2018 and was sentenced on 22 March

2018 to five month's imprisonment, suspended for 12 months. This sentence carries an unpaid work requirement of 135 hours. Confiscation is still being pursued in this case.

This case is a clear example of the potential harm that can be caused to the public. The airbags were of poor construction and created a risk of injury or death in the event of a collision. Twenty-eight car brands were affected and 680 people were written to and advised to contact their car manufacturers.

## Electrical Safety First

Electrical Safety First is the UK's campaigning charity dedicated to reducing deaths, injuries and damage caused by electricity – which causes over 70 fatalities and 350,000 serious injuries each year. Our consumer, industry and political campaigns raise awareness of issues ranging from 'rogue' traders to the dangers of counterfeits, particularly the growing number of fake electrical goods sold online. This is a particular issue as – unlike a fake dress or handbag – counterfeit electrical goods can not only cause fires but also kill and maim.

Although the terms counterfeit and substandard are not synonymous, it's not surprising that many substandard items carry a substantial risk, often omitting components (or using fake ones), which can significantly impact on a product's safety and functionality. With almost half of all domestic fires in the UK caused by electricity – and most caused by electrical products – this not only impacts consumer safety but also brand value.

“ Almost half of all domestic fires in the UK are caused by electricity. ”

## Scale and scope of IP crime

- 13% of shoppers say that they have seen fake electrical products for sale near them or online.
- 4% have knowingly or by accident bought a fake electrical product in the last twelve months.
- 4% would be confident if they felt the quality and safety of the fake item wasn't affected or if a friend recommended it. (To extrapolate, that translates to almost 2.5 million people).
- 24% of shoppers aged 15-24 said that they had seen fakes, compared with just 5% of those aged over 55.
- Purchases of fakes are also higher amongst the younger age group (6% vs 3% overall) and housing association tenants (10% vs 3% overall).
- Of those who purchased counterfeit electrical goods 64% obtained them online.
- 30% bought their fakes from a third-party marketplace, such as eBay or Amazon/Amazon Marketplace.
- An additional 6% bought from either Amazon or Amazon Marketplace but were unable to differentiate between the two.
- Over half (53%) of people who had purchased a fake had experienced problems with them.
- The main motivation for those who would buy fake electrical products is price – 7% would buy a fake if it was cheaper than the genuine product.
- Younger, less affluent, private renters and housing association tenants would be more likely to buy fakes in order to save money.
- Looking at fake electrical goods compared to other product categories, when it comes to making a saving, people would be prepared to buy:
  - Clothing 21%
  - Fashion accessories 13%
  - Electrical accessories 5% (up from 3% in 2017)

- Cosmetics 3%
- Electrical devices 2%
- Alcohol 1%
- 98% of 50 fake Apple chargers tested failed one or more safety tests. (Data derived from ESF Research undertaken December 2017. For more information, see consumer campaigns – tackling IP crime).
- Last year, 4,732<sup>16</sup> fires were caused by faulty electrical appliances, the equivalent of 13 fires per day across the UK<sup>16</sup>.
- Faulty goods were responsible for 20% of all electrical house fires<sup>16</sup>, causing hundreds of casualties and, in some cases, death.
- While the terms substandard and counterfeit are not synonymous, it should come as no surprise that fake goods often omit key components impacting on the safety and functionality of the item.

## Developing and emerging trends

Electrical Safety First hosts an annual, high profile, Product Safety Conference. Each year, the event explores key themes and trends impacting on consumer safety and the electrical product industry – with counterfeit and substandard goods always centre stage. Here are a few of the issues that have been raised:

16 England: Home Office Fire Statistics 2016/17. Accessible at: [www.gov.uk/government/statistical-data-sets/fire-statistics-data-tables#incident-level-datasets](http://www.gov.uk/government/statistical-data-sets/fire-statistics-data-tables#incident-level-datasets)

Wales: StatsWales 2016/17. Accessible at: [statswales.gov.wales/Catalogue/Community-Safety-and-Social-Inclusion/Community-Safety/Fire-Incidents/Fires-and-False-Alarms/accidentalprimaryfires-by-cause-sourceignition](http://statswales.gov.wales/Catalogue/Community-Safety-and-Social-Inclusion/Community-Safety/Fire-Incidents/Fires-and-False-Alarms/accidentalprimaryfires-by-cause-sourceignition)

Scotland: Freedom of Information request sent to the Scottish Fire and Rescue Service, June 2016.

## Fake after-market parts

Although many products are not designed to be user-serviced, some manufacturers produce or license aftermarket parts for public purchase but many others are made by a third-party, with no connection to the original manufacturer. It's particularly problematic obtaining parts for many tech products, as the brand owner frequently retains stocks for in-house repairs only. This frequently results in consumers buying third-party components, with many available only online, without provenance, often counterfeit, and likely to be substandard, untested and potentially dangerous.

Today, most high streets or markets will have at least one shop or stall dedicated to selling replacement parts or undertaking repairs. Mobile phones, computers, kettles, tumble dryers and washing machines, are the items most commonly catered for. But without the necessary technical know-how, equipment or experience, it's not surprising that complex repairs are often counter-productive. And it's unlikely that there will be an audit trail for such repairs, creating further safety issues and increasing diagnostic difficulties for brands if the product continues to malfunction.

As we know, product safety has risen rapidly up the news agenda and dangerous product failures impact adversely on reputable businesses and brands. Sub-standard or counterfeit replacement components may lie at the root of a number of these failures but consumers may well blame the brand or shop where the item was originally bought. With many people now carrying their life on their mobile, waiting a month for a repair via a licensed outlet could be inconceivable; so many people will opt for the phone repair shop on the high-street.

Electrical Safety First has been liaising with the industry to establish a dialogue around, and strategy for, this issue. It has contributed to a report, published by Tech UK which recommends that a thorough assessment of the economics of the repair market be undertaken and highlights the safety risks of unauthorised repairs carried out without the necessary training. The report also calls for effective protection for intellectual property rights in the after-sales, maintenance and repair market, particularly in relation to license agreements and access to proprietary information.

## Traceability

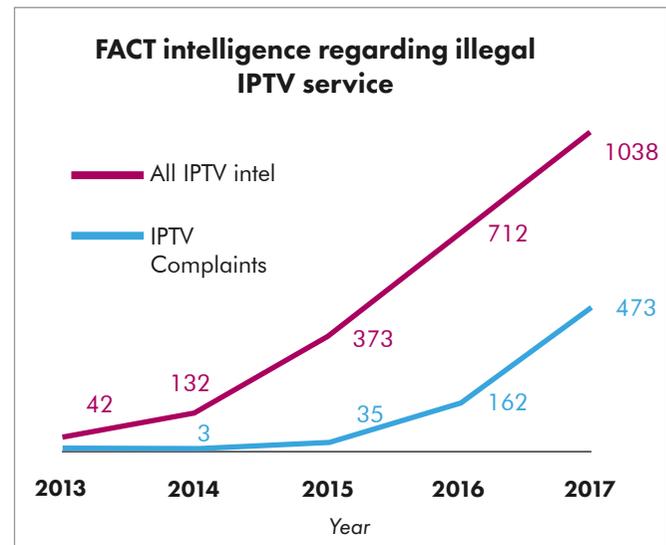
Given the global nature of production processes, traceability issues impact on all manufacturers. There is also the related issue of retailers 'buying in' material/ products which they then brand as their own – without necessarily undertaking all the necessary quality checks that would ensure the product fulfilled legal requirements. This isn't something that only affects smaller businesses, as illustrated by the hoverboard debacle a few Christmas's ago and last year's prosecution of a high street retailer for selling fake charger kits. (See details under the heading 'Expert Witness').

“ Related issue of retailers 'buying in' materials/ products which they then brand as their own. ”

## FACT

Established for over 30 years, FACT is at the forefront of the fight against intellectual property crime in the UK and internationally, specialising in protecting both physical and digital content.

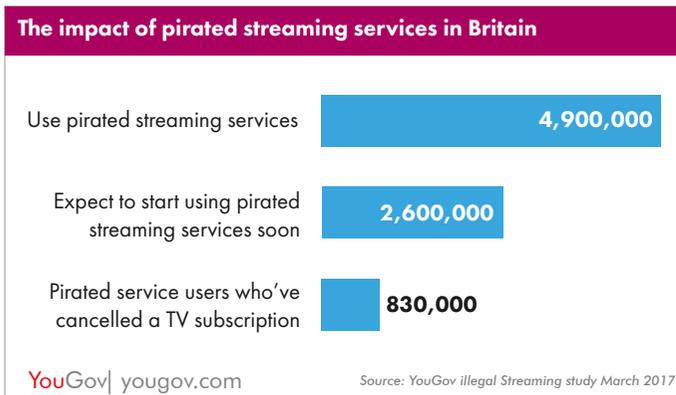
FACT has seen a significant year-on-year increase in intelligence regarding suppliers of illegal IPTV services (see graph). The number of IPTV-related complaints received by FACT in 2017 is over 13 times the quantity received in 2015.



## Developing and emerging trends

**Trend:** UK population switching to illegal streaming services

Various factors (including an increasing proportion of the UK population with high-speed broadband at home) have made streaming television, film and sports content (legally or illegally) a viable option. This has led to a surge in interest in illicit IPTV services. A YouGov survey in March 2017 estimated that 10% of the UK population now use pirated streaming services, with a further 5% intending to use such a service soon (see graph).<sup>17</sup>



The Industry Trust for IP Awareness reports that IPTV piracy is experiencing exponential growth, with 19% of adults admitting to illegal streaming via set top boxes, half of whom only started within the past 12 months.<sup>18</sup>

This research highlights the scale of the challenge that illegal streaming devices pose to legitimate subscription services.

FACT believes this growing popularity of illegitimate streaming services is due to the ease with which one can access an illegal streaming service. The consumer now has the option of buying an IPTV device (such as a set-top box or Fire stick) and illegally configuring it, or purchasing an illegitimate streaming subscription that can be viewed through any device that has the functionality of a computer. Using an internet connection,

<sup>17</sup> [yougov.co.uk/news/2017/04/20/almost-five-million-britons-use-illegal-tv-streami/](http://yougov.co.uk/news/2017/04/20/almost-five-million-britons-use-illegal-tv-streami/)

<sup>18</sup> Industry Trust for IP Awareness study on 'IPTV Piracy: A study on set-top-box and stick infringement for the industry'

the device or subscription service allows you to stream a wide range of content via a range of apps and add-ons – effectively turning your television into a smart TV. It is the use of third-party apps and add-ons that allow users to access copyright infringing material which turn their use from legal to illegal. The graphic below demonstrates how this is facilitated:

### The counterfeiter's road to IPTV



Halting the activities of those who illegally configure devices in bulk for onward sale, or supply subscriptions, continues to be the priority. FACT have investigated 230 such cases in the reporting period.

The investigations also involve targeting individuals/groups who illegally allow third-party access to premium subscriptions by a scheme known as ‘control word sharing’ or card sharing which decrypts legal broadcasts and allows others to view illegally. Content obtained in this way is believed to account for a vast majority of the source content available which the add-ons and apps are accessing through IPTV devices.

In the past year, FACT have initiated schemes to target offenders at all levels. Considerable resources have been placed into targeting one of the main facilitators of illegally streaming, add-on developers. These investigations have highlighted the huge financial gain made by prominent add-on developers, who can supply code to hundreds of onward sellers of illegally pre-configured IPTV devices. Law enforcement action against these individuals is expected to have an impact in terms of halting criminal behaviour and broadening the intelligence picture. Under FACT’s Operation Wycliffe, which comprises of 20% of the total cases, FACT target low-level offenders who sell devices on social media with high levels of success, by issuing a Cease and Desist letter to their identified home address.

“FACT have initiated schemes to target offenders at all levels.”

“FACT target low-level offenders who sell devices on social media with high levels of success, by issuing a Cease and Desist letter to their identified home address.”

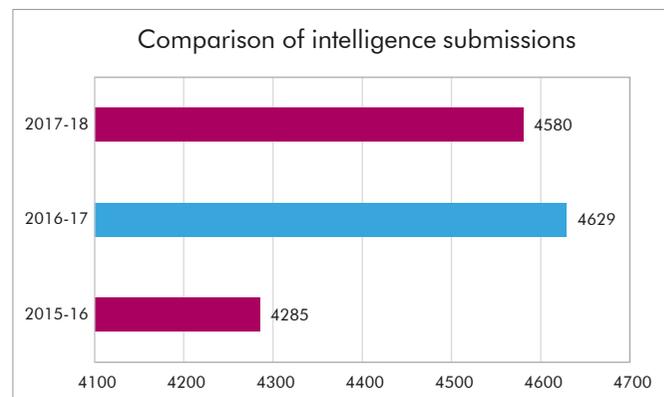
## IPO Intelligence Hub

The Intelligence Hub sits within the Copyright and Enforcement Directorate of the IPO. It’s comprised of researchers, intelligence officers, financial investigators and analysts, who work together to deliver outcomes within the 2016-20 IP Enforcement Strategy and beyond. The team works with partners and stakeholders from industry, law enforcement as well as other Government departments to reduce IP infringement and the supply of counterfeit goods to the UK.

Over the past 2 years, the Intelligence Hub has undergone a restructure and, as a result, the capability has increased considerably. We are continuing to form strong links and support other Government agencies, law enforcement and industry partners. We have a strong analytical presence and regularly hold partner meetings to uphold strong communication, identify emerging trends/threats and regularly disseminate awareness bulletins regarding any illicit activity or threats identified.

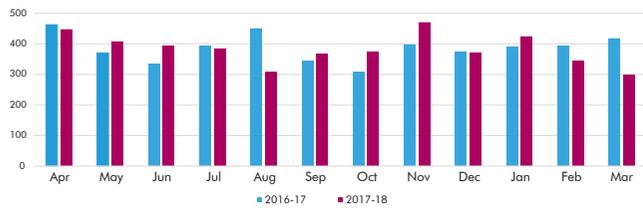
### Statistics

A slight reduction of intelligence submissions to the Intelligence Hub was seen during 2017-18, but despite this reduction from 2016-17, levels during this period are still considerably higher than 2015-16 as shown in the following chart:



The following charts show the comparison trends of all intelligence submissions during 2016-17 and 2017-18.

### All intelligence submissions



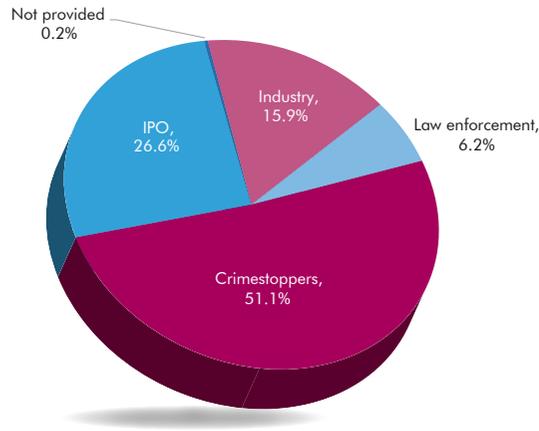
### Submitting agencies

- Continued collaborative work is carried out with external partners to include law enforcement, industry and Crimestoppers.
- The below chart illustrates the 2 year trend of submissions per submitting agency.
- Levels during November 2017 notably peaked, mainly due to the increase of submissions by the IPO Intelligence Hub (majority relating to intelligence generated from supporting partners in ongoing investigations) and Crimestoppers (majority relating to tobacco products).
- Crimestoppers intelligence continue to form the highest proportion of submissions to the Intelligence Hub. Year on year comparisons in the following charts show that there has been a substantial increase during 2017-18.

### All intelligence submissions per submitting agency



## Proportion of contributors 2017-18



- During 2017-18, the majority of Crimestoppers submissions relate to Tobacco and Cigarettes (60%) with a mixture of other categories (at lower levels) including Illicit Streaming Devices (ISDs), clothing, alcohol and other circumvention methods used to obtain items illegally such as games.
- The three month Crimestoppers Campaign (Dec 2017 to Feb 2018) regarding ISDs proved a success with a substantial increase of intelligence submitted to the IPO regarding this issue. Analysis has been carried out, there was a notable increase during the campaign and a higher volume of intelligence is continuing to be submitted regarding ISDs which in turn will greatly assist future investigations.
- As shown in the previous chart, reductions in submissions of intelligence from other partners and IPO have been experienced.
- During 2017-18 the Intelligence Hub has worked on a number of long/protracted investigations to support industry and other agency partners, the majority of submissions are the result of intelligence generated from such investigations.

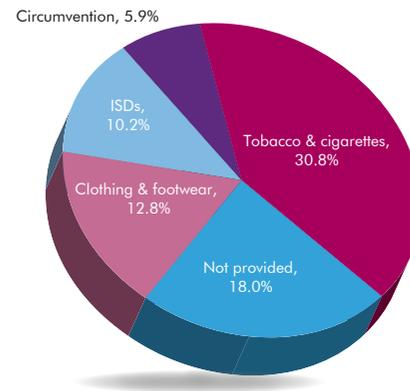
## Products and locations

2017-18 Comparisons of products and activity locations cannot be compared with previous year due to IT issues experienced in 2016-17 to capture this information.

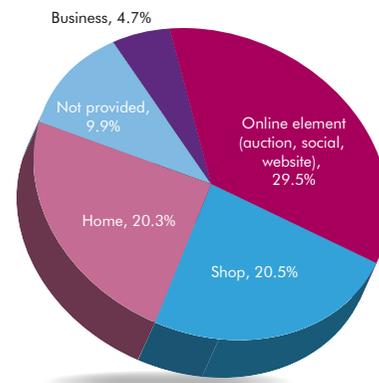
### The top five products reported on during 2017-18

(Please note the %proportions are in relation to the overall total for 2017/18 – 4580):

#### Top 5 - Products reported

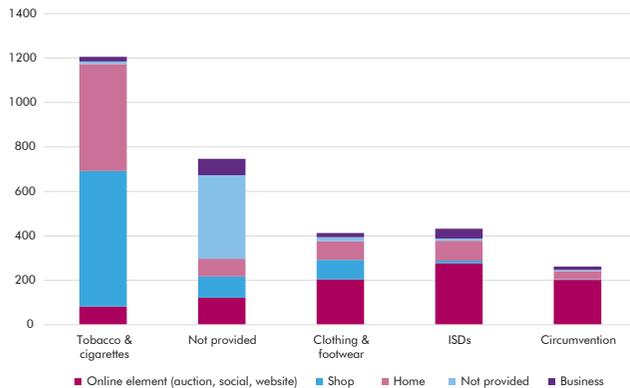


#### Top 5 - Locations reported



The following shows the top five categorised locations where the Top 5 products are being reported during 2017/18:

### Top 5 - Products and their locations



As shown, there is a high online element with regards to the illicit activity of clothing and footwear, ISDs and circumvention methods, whereas the majority of tobacco and cigarettes are based within a shop or home.

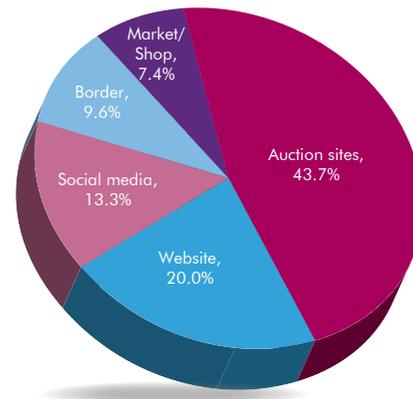
## Referrals

During 2017-18 the Intelligence Hub dealt with 135 referrals which is an increase of five from 2016-17.

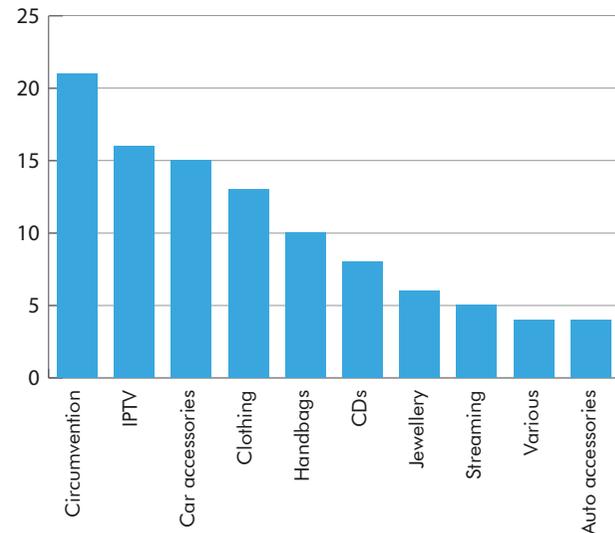
The referrals were submitted by partner agencies from industry, law enforcement and other Government offices. The referrals are assessed and intelligence gathered has then been disseminated appropriately, either conveyed back to the referral agency or forwarded onto Trading Standards or other law enforcement agencies for consideration.

The top five referrals have been identified (Please note the % proportions are in relation to the overall total for 2017/18 – 135):

### 2017-18 Top 5 referrals



### Top 10 referrals per type of goods



## Professional Publishers Association (PPA)

PPA is the association for publishers and providers of consumer, customer and business media in the UK. PPA's role is to promote and protect the interests of the industry in general, and member companies in particular. The association's membership consists of almost 300 publishing companies, who together publish more than 2,500 consumer, customer and business magazines.

The PPA's membership includes the UK's largest publishing houses, including Ascential, Bauer Media Group, Centaur, Condé Nast, Hearst, T1 Media, Immediate Media, Haymarket Media Group, William Reed Business Media, as well as many smaller independent publishers.

Consumer magazine brands reach 7 in 10 of the UK population every month, through globally renowned brands such as Vogue, Radio Times, The Economist, Tatler, Campaign, Grazia, NME, The Grocer, Angling Times, Top Gear, Decanter, The Big Issue, The Week, and thousands of other much-loved household names. With more than 20 million magazines sold every week in the UK, the sector is worth in excess of £4bn to the UK economy, employing 114,000 people. And yet online illegal downloading of magazines continues to threaten the stability of markets for digital content.

Some members of PPA issue notices to websites to take down illegal content directly, whilst others use third party systems, such as the Publishers Association Copyright Infringement Portal [www.publishers.org.uk/policy-research/the-freedom-to-publish/copyright-ip/copyright-infringement-portal/](http://www.publishers.org.uk/policy-research/the-freedom-to-publish/copyright-ip/copyright-infringement-portal/)

During 2017 this variety of approaches has suggested a need for a more co-ordinated collection of delisting data to seek delisting of sites by search engines through the Publishers Association Infringement Portal.

The current search and copyright code of conduct between Google, Bing, MPAA, BPI, the Alliance for Intellectual Property and the IPO supports the delisting of websites by search engines at agreed points when URL's linked to infringing content are reported by central anti-piracy groups linked to the music and films sectors. However, for sectors with more diverse approaches to the issue of notices, the current delisting thresholds do not properly reflect the overall volumes of notices being issued in sectors such as magazine publishing, which often include specialist and niche publications.

The demotion/delisting system has proved to be effective when domains linked to unauthorised content no longer appear in search results. PPA hopes that a revision downwards of current thresholds for de-listing will ensure that more domains are demoted and therefore have a greater impact for right owners whose individual repertoire may not be large, but for whom a 10% "loss" of sales and a result of unauthorised postings means the difference between viable titles or loss making ones which are therefore lost to the market.

PPA supports the industry education initiatives to inform and educate consumers about the importance of respect for copyright and the work of the IP Crime Group and the focus provided for initiatives to tackle IP Crime.

**“PPA members issue notices to take down illegal content by different routes, either directly or through the use of third party systems.”**

## PRS for Music

We protect the value of music by licensing music usage and collecting royalties globally for our members. As piracy continues to evolve, direct download sites and stream-ripping services are the common trends seen in music piracy today. In April 2018, PRS for Music hosted 'PRS Explores: Emerging Piracy Trends' a panel of leading analysts, enforcers and legislators brought together to discuss growing trends in music piracy and new revenue sources. An area of focus was stream-ripping piracy, following the research 'Stream-Ripping: How it works and its role in the UK music piracy landscape' published in 2017 by PRS for Music and the IPO.<sup>19</sup> PRS for Music currently views stream-ripping as the most harmful form of music piracy, as licensed streaming services are not being re-visited once content is downloaded meaning less advertising traffic, and less ad revenue, which has a knock-on effect on royalty revenues.

Pirates continue to use ad-funded models and donations to generate income and with the increased popularity of cryptocurrency, and specifically the use of miners, pirates are turning to digital currency to expand their revenue streams. Cryptocurrencies are mined by applying computer power towards solving complex mathematical equations and once a digital coin is mined, it can be exchanged for legal tender. This new revenue source is much harder to police in comparison to ad-funded and subscription-based models, which are both tackled via 'follow the money' crackdown initiatives.

**“As piracy continues to evolve, direct download sites and stream-ripping services are the common trends seen in the music piracy today.”**

<sup>19</sup> [www.prsformusic.com/what-we-do/influencing-policy/stream-ripping](http://www.prsformusic.com/what-we-do/influencing-policy/stream-ripping)

## The Publishers Association

The Publishers Association (The PA) represents the interests of UK publishers across consumer, education and academic publishing. Our members publish academic journals, textbooks for higher, secondary and primary education, fiction, non-fiction, children's books and learning resources. UK publishing generates up to £7.8bn Gross Value Added (GVA) for the wider UK economy, with 57% turnover from export sales.

In an era of copyright law reform around the world the need for greater copyright protection, both enforcement and policy, is at the heart of The PA's work. The UK publishing industry relies on 43% of its revenues to come from export and so the industry can be heavily affected by physical and digital piracy in overseas territories, as well as mostly digital piracy within the UK.

In international markets the PA works wherever possible with local partners and in particular the UK IPO attachés. Recently the PA worked with the Association of Publishers of India to launch, with funding via the IPO, a new toolkit for raising awareness of copyright and its importance for academic institutions. In China, The PA also participated in UK-China Copyright Week, a week of events curated by the UK's IP Attaché to China, with an overall purpose to share common issues on copyright and enforcement between China and the UK. Highlights of the week included the signing of a MoU on copyright protection between the International Publishers Copyright Coalition (IPCC) and Baidu, and a round table workshop with the legal team of Alibaba and Taobao.

Within the UK, The PA continues to support publishers in sending takedown notices by providing access to the Copyright Infringement Portal. The PA's approach of providing easy-to-use anti-piracy tools was further complemented by the 2016 launch of 'MAPS', a collaborative anti-piracy system that the PA developed for PRS for Music. MAPS is based on The PA's own highly-successful Copyright Infringement Portal, and the two systems work in harmony to provide an advanced and sophisticated response to managing the reporting of online infringements.

## National Markets Group for IP Protection (NMG)



The National Markets Group for IP Protection (NMG) was established in 2008 to provide a forum for a national, coordinated, cross-sector approach to tackle the trade in counterfeit and pirated goods at markets and car boot fairs. More recently the group has added social media and online platforms to its remit.

Its collaborative approach in tackling counterfeiting and piracy brings together partners from industry, government and law enforcement whose combined knowledge, resource and aptitude in this crime area has realised some fantastic results.

## Scale of IP crime in the UK

Markets, car boot sales and more recently social media platforms such as Facebook and Instagram feed the public's need for 'a bargain' with legitimate traders offering a myriad of products for sale at these locations.

However, these outlets also enable organised crime groups and individuals engaged in the manufacture, supply and distribution of counterfeit and pirated goods to ply their illegal trade, undermining legitimate businesses and often placing the consumer at risk from inferior and unsafe goods as well as being 'ripped off' given that some counterfeits are sold for not much less than the genuine item.

With 2000 markets and car boot sales operating in the UK and millions of social media profiles the opportunities for counterfeiters are immense. Research conducted by NMG members show that there are still tens of thousands of counterfeit and pirated goods openly available to the UK consumer at these locations.

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

Sourced from China, Pakistan, India, Turkey and closer to home in cities such as Leicester, Manchester, Birmingham and London, thousands of counterfeit goods enter the UK daily via sea, air and fast parcel ports which end up for sale at markets, car boot sales and online marketplaces.

This activity places a strain on already limited public sector resources and as evidenced by NMG shows the need for a true partnership approach between industry, enforcement and government.

## Developing/emerging trends

As reported last year, the NMG continue to see an increase in the use of social media and smart phone apps to increase the reach and profitability of counterfeiters who take little if no heed of the consequences of their actions.

The increased sale of cosmetics, jewellery, electrical products such as phone chargers, cables, hair products, candles and car parts and accessories places the consumer at risk of serious harm and undermines the IP rights of legitimate businesses as well as stealing money from vital public services including the NHS.

Work by the NMG and partners shows that illicit traders set up bogus Facebook accounts and partners shows that illicit traders set up bogus Facebook accounts using closed groups and operate within 'local selling group' to attract customers who are often unaware that the products they are buying are counterfeit.

Counterfeiters using these online platforms are also engaged in forgery of passports, driving licenses and other official documents as well as the use and supply of controlled drugs, weapons and other illicit trade.

The Facebook marketplace, which promotes localised trading is being used by counterfeiters to ply their illegal products to unsuspecting consumers who share personal and financial details to so called 'friends' on Facebook.

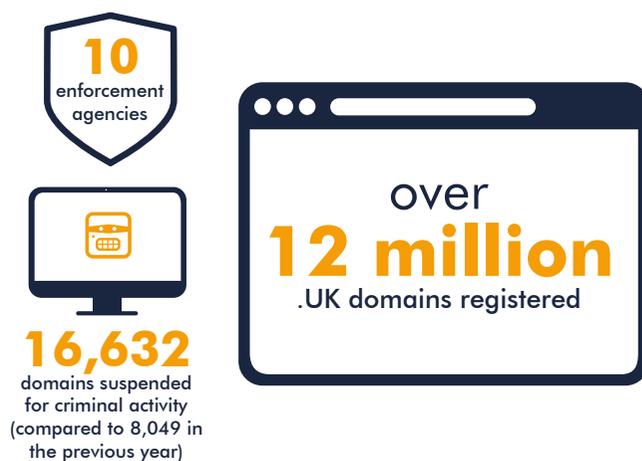
NMG members have also reported the increased use of self-storage facilities by market traders to store and sometimes sell their illegal products. Recent raid actions supported by NMG have seen 20' storage containers used as shops in order to evade detection by the authorities.

## Nominet

### Tackling online criminal activity

Nominet is a technology company noted for running a key part of the UK internet infrastructure – the naming and addressing system for .UK domain names. We work with law enforcement agencies to help protect internet users from criminality online.

The most recent figures cover 1 November 2016 – 31 October 2017.





Commenting on the figures Russell Haworth, Nominet's CEO, says: "A key part of our role in running the .UK internet infrastructure is to ensure that .UK is a difficult space for criminals to operate in. The upward trend in suspended domains confirms that increasingly criminals seek opportunities online, but also shows how our cooperation with the law enforcement community and our expertise in network analytics helps tackle this problem thanks to the established processes and cyber security tools we have in place."

## Real Deal



In 2018 the Real Deal Campaign for Fake-Free Markets continued the development of its well-established awareness and education programme within the physical markets and car boot fairs arena. It also introduced a new extension to the programme to encompass online and social media marketplaces.

Since its launch in 2009, the Real Deal initiative has provided a voluntary, self-regulatory programme for market operators, which complements the intelligence-led enforcement work of the National Markets Group for IP Protection. Together these two symbiotic strands of prevention and enforcement activity provide a fully rounded approach to tackling sales of IP infringing products at UK markets and car boot fairs.

The Real Deal programme encourages market operators to sign up to the voluntary Real Deal Charter, thereby confirming their commitment to work closely with their local Trading Standards service and to follow a set of procedures to help ensure that their market venue is fake-free. Uptake of the Real Deal Charter has grown year-on-year and the programme is now widely used by local authorities across England, Wales, Northern Ireland and Scotland, covering around 500 markets and reaching tens of thousands of market traders. In recent months, the project has been rolled out across a wide range of different types of market events by Trading Standards services in Gloucestershire, Staffordshire, Armagh, Derry, Strabane, Stockton-on-Tees and Bristol.



Real Deal Charter signing - Bristol



Real Deal Charter signing – Derry and Strabane

Engaging with the Real Deal increases awareness amongst market and car boot fair operators of their responsibilities to ensure that their venues are fake-free. It also strengthens their relationship with their local Trading Standards service and provides practical information, resources, guidelines and contacts that will help them to maintain fake-free trading. This model of awareness-raising and self-regulation has proved successful in the world of physical markets and, as such, has now been adapted to achieve similar results with online and social media marketplaces.

Through the Real Deal Online programme, Trading Standards services will reach out to local administrators of social media buy-sell groups, making them aware of their responsibilities to prevent the sale of IP infringing products by traders within their group, and inviting the administrators to sign up to the Real Deal Online Code of Practice.

Equally applicable to the world of physical markets, car boot fairs and online/social media trading sites, the Real Deal programme delivers benefits to a range of stakeholders:

- it provides **local authorities** with a cost-effective, preventative strategy to encourage fake-free trading;
- it gives **market operators** and **buy-sell group administrators** a practical framework and set of procedures for IP compliance;
- it enables **IP rights owners and local Trading Standards services** to target resources more effectively on problematic sites;
- it ensures a level playing field for **legitimate traders and local businesses** so that they are not competing against traders in fake goods;
- it offers **consumers** a recognisable symbol for fair trading and fake-free shopping.

The Real Deal project is endorsed by all the key stakeholders who have an interest in ensuring fake-free trading, including the Chartered Trading Standards Institute, the National Trading Standards e-Crime Team and the IPO. It has been cited as best practice by previous UK IP Ministers and the EUIPO as well as by organisations representing the interests of IP rights owners, and the national associations for market operators (NABMA) and market traders (NMTF). Financial support is provided by the project's industry sponsors: the Alliance for IP, the Industry Trust for IP Awareness, BPI, the Premier League, Surelock, WRI Group, Incopro, React, Sky, SuperGroup PLC, Cath Kidston, BMW, P&G and members of the ACG.

More information at [www.realdealmarkets.co.uk](http://www.realdealmarkets.co.uk)

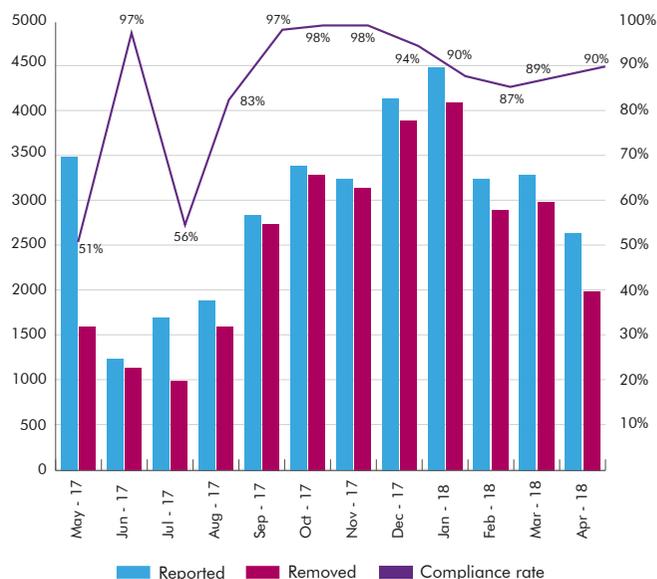
## Sky

Sky UK is an entertainment company which serves the United Kingdom. Sky provides television and broadband Internet services, fixed line and mobile telephone services to consumers and businesses in the United Kingdom.

We monitor online marketplaces listing (each listing can contain multiple items) and removals of items used in connection with piracy. Infringements include use of broadcaster logo and trade mark and use of phrases or words that describe illegal access to content, such as 'Fully loaded', meaning all channels are available at time of purchase.

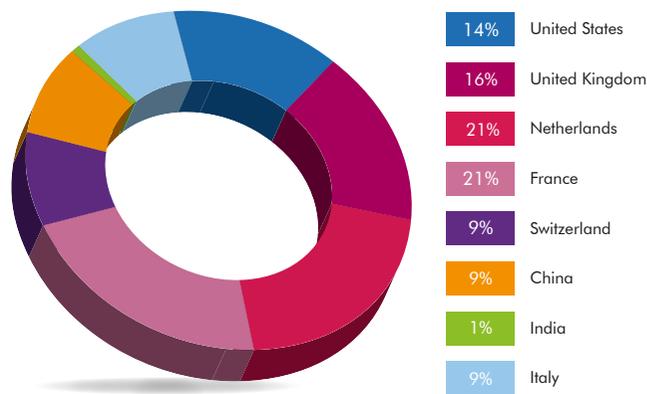
“Pirates streaming content need access to reliable hosting infrastructure to ensure they can broadcast their content to customers.”

## Marketplaces takedown



Pirates streaming content need access to reliable hosting infrastructure to ensure they can broadcast their content to customers. The most significant infrastructure misused by pirates remains within the European Union. Below we have the number of pirate streams seen and notices for take down sent.

## Host provider by country



## Trademark and Rights holders Against Piracy (TRAP)

TRAP (Trademark and Rights holders Against Piracy) is a worldwide collective of rights holders and publishers working with the biggest names in music, film, TV, art and sport.

Through lobbying and direct action, TRAP protects the public from purchasing counterfeit products whilst enabling artists, actors, athletes and musicians to provide their fans with official merchandise.

TRAP continues to educate sellers on our rights, lobbies marketplaces to adopt tighter controls on business seller accounts and partners with law enforcement agencies, HMRC and Trading Standards. TRAP has been successful in prosecuting those selling counterfeit products through traditional retail outlets and online, both in the UK and abroad.

Regrettably, the recent initiative to attract Chinese vendors onto Amazon and eBay has not been without consequence and counterfeiters now blatantly sell products damaging the business of the official domestic sellers.

In the last year TRAP completed its **One Millionth Copyright and Trade Mark Notices of Infringement since 2014.**



TRAP's pro-active approach has resulted in the removal of goods worth an estimated 39 million pounds and the suspension of 27,394 seller accounts. Through the courts; sentences that have been handed down have ranged from fines, seizure of assets, and community service to imprisonment.

During 2018 TRAP will be increasing pressure on worldwide marketplaces and auction sites to enforce stricter registration criteria for business seller accounts, including the introduction of a seller approval process scheme. This will put an onus on sellers to submit copies of official purchase invoices from legitimate supply chain wholesale sources to the host website, prior to being granted selling privileges within the merchandise category.

Current growth areas of counterfeit product include personalised tour shirts for pop acts, copies of official tour shirts for all other acts and baby and children's apparel.

The last 12 months in numbers:

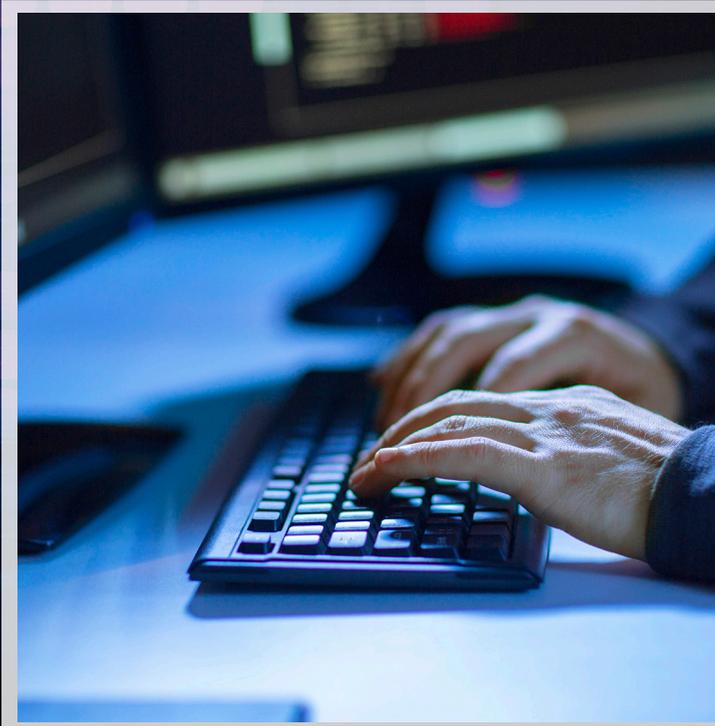
• Retail outlets raided	67
• Stockists contacting TRAP for help per month	70+
• Markets raided	13
• Wholesalers raided	14
• Screen printers raided	14
• eBay sellers raided	15
• Private addresses raided	9
• Items seized	82,059
• Value of equipment seized	£27k
• Proceeds of Crime Orders	£500k+
• Online listings reported per month	25k+

“TRAP has this year passed a significant but concerning landmark with its one millionth take down of unofficial products which infringe the intellectual property rights of its members. Hamlins LLP continue to advise and assist TRAP in fighting those whose actions deprive artists of important creative control and gives the consumer an inferior product. With the assistance of law enforcement agencies and Surelock Investigators to prosecute offenders, the collective members of TRAP are curbing unlawful activity and, in particular, are investigating ways to use advances in technology against those who currently take advantage of technology to commit infringement online.” – Martin Ochs, Partner, Hamlins LLP.

**“ TRAP’s pro-active approach has resulted in the removal of goods worth an estimated 39 million pounds and the suspension of 27,394 seller accounts.”**

## Chapter 3

# TACKLING IP CRIME



## Overview

### Tackling IP Crime

This section of the IP report showcases IP enforcement work across the UK. As well as demonstrating best practice, it acts as shop window for enforcement teams so that they may build and develop contacts and evidence best practice. Electrical Safety First make a compelling case, proving that counterfeit iPhone chargers are dangerous (in 98% of cases), creating working groups and networks, delivering highly effective publicity campaigns and developing innovative products of their own. The Electrical Safety First plug checker has received publicity in its own right as an innovative design, raised the profile of IP Crime and product safety and provided the public and regulators with a useful tool.

### Dual-function

Similar campaigns, like The Industry Trust's *Moments Worth Paying For*, the *Into Film Festival* and *Find Any Film* combine useful applications with attention-grabbing messages. Additionally, Europol, Police Scotland and the IPO, in collaboration with partners as diverse as Aardman Animations and Glasgow International Airport, have all created innovative public engagement exercises.

### Relevant

The scale of operations varies greatly, and practitioners should note that size does not always matter. Small scale, well researched local campaigns, engaging with business and consumers in the local community are as important as 'one size fits all' national and international campaigns. Newport Council's Trading Standards *Fake Free Newport* campaign demonstrates the value of combining utility with publicity. Traders in Newport become active members of an IPO supported group. They are engaged in the fight against IP Crime and, as a result, they raise the profile of the issue of IP crime and create permanent links with the local Trading Standards authority. Whilst the specific campaign was developed in Newport and is attuned to the local economy – the concept of 'Fake Free' towns or communities could be rolled out anywhere.

## Operations

Operations detailed in this section illustrate a variety of approaches to IP crime enforcement. Europol's online Operation In Our Sites and its transport-hub focussed Operation Silver Axe II (involving 16 EU States, seized enough illegal pesticide to spray the whole of Luxembourg... twice) are major, multinational collaborations. On the other hand, FACT's market-focussed, UK-based campaign against the misuse of IPTV has delivered a steady stream of prosecutions. Ongoing operations such as Jasper (which has been extended across Europe), Big Ben, and Wycliffe, along with PIPCU's work prosecuting IP criminals are detailed in this section. Of particular interest is the report from Police Scotland which presents the issue of IP crime as seen from the point of view from crime prevention specialists. Similarly, from the private sector, the Private Prosecutors' Association give more specific detail and add breadth to the picture.

### Proceeds of crime

In 2015 The Intellectual Property Office began training two Financial Investigators to conduct money laundering investigations and explore the financial networks associated with IP crime. To date these have provided intelligence to law enforcement agencies which has led to the confiscation of over £1.2m worth of assets.

“The Intellectual Property Office began training two Financial Investigators to conduct money laundering investigations and explore the financial networks associated with IP crime.”

## International

The ACG continues to act as a conduit for best practice on the international stage and the IPO, WIPO the EU Observatory on Infringement of IPRs and the IPO Intelligence Hub are all represented, along with the IPO's attaché network in this section. The IPO's Director of Copyright and Enforcement, Dr Ros Lynch, presented the issue of digital copyright theft – a global problem which requires a global solution – to Interpol in New York and The Cable and Satellite Broadcasting Association of Asia (CASBAA) in Macau. In December 2017 Matt Cope, Head of Enforcement at the IPO spoke about UK initiatives at a conference in Stockholm, organised by the Swedish Patent and Registration Office. The ACG's specific work with the Harris Tweed Authority (in which the integrity of trade and certification mark branded goods must be preserved as they pass through a chain of specialist designers, manufacturers and retailers) is noteworthy in that it exemplifies a problem all creators of high-end high-specification goods must deal with and illustrates the level of engagement producers and enforcers must develop.

“ This year PIPCU was directly responsible for suspending 15,420 online domains offering counterfeit goods. ”

## Creative approaches

Four themes emerge from this section of our report. Firstly, creative approaches to public and business engagement, targeting communities of consumers and/or businesses work well. The IPO's campaigns on social media harness the power of platforms like Facebook and Twitter, which we tend characterises problematic when it comes to the dissemination of illegal merchandise and content, demonstrate the positive uses that can be developed for it. The IPO's Halloween, Black Friday, Cyber Monday, 12 Fake Days of Christmas, Valentine's Day and Burns Night social media campaigns, all achieved significant levels of recognition and developed a new brand of Twitter-friendly informatics which the IP Crime Group can develop further.

Secondly, ongoing action to take-down sites promoting the sale of counterfeit goods or illegal content is essential. This year PIPCU was directly responsible for suspending 15,420 online domains offering counterfeit goods.

Thirdly, successful prosecutions are invaluable for two reasons: they bring criminals to justice and they act as a deterrent.

Fourthly, and of great significance to all involved in the enforcement of IP rights, the publication of the OECD's report *Counterfeit Products and the UK Economy: Fake Goods, Real Losses* in November addresses the perennial evidential question associated with IP crime.<sup>20</sup> The findings of this UK specific report identify huge volumes of counterfeit imports; it clarifies where the threat of counterfeiting is based and what markets are particularly threatened. A key feature of this report is its robust methodology which provides us all with greater statistical certainty.

20 OECD (2017), *Trade in Counterfeit Products and the UK Economy: Fake Goods, Real Losses*, OECD Publishing, Paris, [doi.org/10.1787/9789264279063-en](https://doi.org/10.1787/9789264279063-en).

## CRIME GROUP REPORTS:

### 3a Governance

#### Intellectual Property Office (IPO)

In November 2017, the Government published its Industrial Strategy, setting out five key foundations of productivity – the essential attributes of every successful economy – Ideas, People, Infrastructure, Business Environment and Places.

The UK's IP enforcement strategy, and the IP system it supports, are fundamental to encouraging innovation and supporting innovative businesses to start and grow.

We are engaging with the industries of the future to ensure IP will facilitate rather than inhibit the development of the UK as a leader in new technologies and industries. IP is a crucial part of the innovation infrastructure that underpins our ambition to see increased business investment in R&D, alongside inward trade and investment, giving industry the confidence to do business.

We are committed to ensuring intellectual property is recognised for its role in protecting investment in innovation and ensuring effective commercialisation.

On 28 March 2018, the Department for Digital, Culture, Media and Sport (DCMS) and the Department for Business, Energy and Industrial Strategy (BEIS) jointly launched the Creative Industries Sector Deal. The IPO has been working with DCMS and the Creative Industries on the inclusion of intellectual property in the Sector Deal. We have worked to address the value gap, both within the Digital Single Market copyright proposals and at domestic levels.

### 3b Connectivity

#### Anti-Counterfeiting Forum

The Anti-Counterfeiting Forum helps to develop and disseminate best practice and intelligence to mitigate the threat of counterfeits in the electronic and electrical supply chains by working closely with a number of Government and industry bodies and attending a number of relevant Government/industry forums. We manage the Anti-Counterfeiting Forum website, organise annual counterfeit awareness seminars and provide presentations and talks at relevant industry events.

Since 2009, the Forum has organised annual seminars to raise awareness of the threat of counterfeits and techniques for combating it. These events are also a very good opportunity to enable delegates to make useful new contacts and discuss areas for potential collaborative working.

This year's seminar again drew positive feedback about its effectiveness. Since it was established in 2008, the Forum's website has developed into one of the leading online resources for information about the threat of counterfeiting and combatting non-compliant parts in the electrical and electronics supply chains.

The Forum works with the Ministry of Defence as a member of its joint MoD/industry working group to monitor trends in the supply of counterfeits and to help develop and monitor the effectiveness of best practice to prevent the infiltration of counterfeits into the defence sector supply chain. The Forum also works with several leading trade associations representing the UK B2B electrical supply chain to promote practices to prevent the use of non-compliant electrical products.

Two factors have combined in the last eighteen months to increase the threat of counterfeit semiconductors. First, the increased demand for hardware in new applications such as the internet of things and the increased use of electronics in road vehicles has increased pressure on supply. Secondly, several high-profile mergers and acquisitions in the semiconductor market have led to some product rationalisation and obsolescence.

The threat of counterfeiting is especially serious in operationally critical applications such as air and ground transport systems and medical equipment. We advocate, robust product design techniques, supply chain management and product test methods. Our role in disseminating the latest information to our membership community is a crucial tool in the fight against counterfeiting.

## Electrical Safety First

### Consumer campaign – 98% of fake iPhone chargers put consumers at risk

In 2017, Electrical Safety First tested a sample of counterfeit and lookalike Apple chargers to a range of industry standard tests, designed to assess their safety, performance and suitability. Apple provided 64 chargers (50 UK and 14 EU) for examination and testing, obtained from a variety of sources, including a number of different online and independent discount high street retailers in the UK and mainland Europe. The results found that almost all of the UK chargers tested (49 out of 50) had the potential to deliver a lethal electric shock and/or cause a fire. The 14 EU chargers included in the research failed every safety test in every respect.

These outcomes echoed those of similar studies. In 2016, Underwriters Laboratory analysed 400 counterfeit and lookalike 5W Apple chargers sourced in the USA – and found a 99% failure rate. So, it's interesting to note that the common thread between all 64 of the chargers we tested was their incorrect or fraudulent safety markings.

Electrical Safety First shared the findings in a consumer media campaign which highlighted the serious risks associated with buying fake electrical products, particularly chargers, and called on social media companies and online marketplaces to do more to prevent the sale of fake electrical goods.

The campaign was very well received by broadcast, print and online media. An interview for Sky News Radio was syndicated across their network (200+ stations), and the story was also covered by national media, including The Sun, Daily Mirror and Telegraph, as well as key regional radio and print titles. It was also featured on the popular "Lad's Bible" website and attracted international interest from Canada and New Zealand.

Three short films shared on social media highlighted the risks of using counterfeit and substandard chargers. These reached over 40,000 people within a week of the campaign's launch.

You can find out more about the story, and download a copy of the full report, by visiting:

[www.electricalsafetyfirst.org.uk/fakechargers](http://www.electricalsafetyfirst.org.uk/fakechargers)



Genuine Apple charger



Fake Apple charger

## Consumer campaign – World Anti-Counterfeiting Day

Electrical Safety First regularly warns consumers about the risks associated with counterfeit and sub-standard electrical appliances, often using the Black Friday and Cyber Monday sales as a media hook, targeting Christmas shoppers. World Anti-Counterfeiting Day in June is another opportunity to put the spotlight on electrical fakes. As this report goes to press, we are preparing a major media campaign to support this annual initiative.

The aim of the campaign is to raise consumer awareness around the issues of buying via online platforms, as a large number of counterfeit and substandard copies of electrical items are sold through these outlets.

Consumers are often unable to differentiate between platforms, being unaware of the difference, for example, between Amazon and Amazon Marketplace. In previous research we have undertaken, it has become clear that many do not realise that they are not necessarily buying from an established business or manufacturers but from (essentially unverified) third parties. To support the campaign, a major social media programme will also be developed, which will include a competition to drive people to our website.

## Expert witness

Last year, the prosecution of a high street retailer, for selling fake charger kits, used Electrical Safety First's product expertise to make its case.

The charger kits – of which 72,000 are known to have been sold in the UK – included adaptors lacking adequate insulation between circuits and loose wiring, which increased the risk of fire or electric shock. Brought by Carmarthenshire Council, the prosecution was the first where an unlimited fine was applied – previously, penalties were limited to a maximum of £5,000. Together with costs, the retailer was ordered to pay a total of £190,000. One reason given for the increased penalty was the retailer's failure to issue a rapid alert recall notice – as well as failing to undertake timely and effective communication with consumers, to inform them of the dangers of the product.

At the Court's request, Electrical Safety First produced a report on the risks associated with the chargers and members of our Product Safety Unit were on hand to provide expert evidence. During the trial, it was revealed that the charger kits had not been tested and the safety certificates provided by the product test laboratory were forged.

It is interesting to note that, among the tools Electrical Safety First has developed is a simple plug checker, which provides a rapid visual check to ensure the external construction of the plug fulfils legal requirements. By using our plug checker, the high street store in question would have easily seen that the plug pins were incorrectly located – a sure sign of fakery.



Electrical Safety First's inventive plug checker

## Partnership and liaison activities

Recognising that both consumer safety and the fight against fake products require a 360-degree approach, Electrical Safety First undertakes a range of partnership and liaison activities.

## **Parliamentary: All-Party Parliamentary Group (APPG) on Home Electrical Safety**

Electrical Safety First provides the secretariat function for the APPG for Home Electrical Safety. At the last meeting the group focused on the counterfeit and substandard items available for sale via online marketplaces and received a presentation from a leading online retailer, explaining the methods they currently use to protect consumers from counterfeit goods. The APPG concluded that more needed to be done and has suggested, for example, that consumers be contacted directly, rather than expecting a seller to do this, if an item has been found to be fake.

## **Drop-in day for politicians**

A number of these events were established at a range of relevant venues, including Westminster and the National Assemblies, as well as the European Parliament and political party conferences. These drop-in events were established to provide politicians with easy access to electrical safety information, to help keep their constituents safe, and included information and discussions on counterfeit electrical goods.

## **Parliamentary debates and questions**

The charity also promotes understanding of the dangers of electrical counterfeits by supporting MPs speaking on the subject via Parliamentary questions and debates. Recently, this has included a Westminster Hall Debate on the new Office of Product Safety and Standards (OPSS). Electrical Safety First has urged the OPSS to include in its strategy proposals for dealing with the issue of counterfeit goods online.

## **Working Groups**

Electrical Safety First has been a member of the Government's Working Group on Product Recalls and Safety since 2014.

## **EU engagement - European Parliament sponsorship**

Electrical Safety First's annual product safety conference has received EU Parliament sponsorship for the last two years, illustrating the global impact of the platform. Counterfeits and substandard items are the primary focus of the event, which attracts international delegates from throughout the supply chain.

## **European goods package**

Electrical Safety First has also engaged with EU policy makers, most recently in relation to the European Goods Package. We see the package not only as an opportunity to provide EU citizens with enhanced consumer rights but also one that offers businesses greater protection from counterfeiters. To progress this, we visited Brussels to meet with senior civil servants and MEPs from IMCO (the Internal Market and Consumer Protection Committee), who oversee the development of this new legislation.

Electrical Safety First would like to see a number of areas in the 'Goods Package' improved and strengthened. These include enhanced monitoring – where the true scale and cost of counterfeits can be determined – as well as increased support and resources for enforcement agencies. We have also argued that higher priority should be attached to counterfeit electrical goods, given the increasing volumes entering the market and the risk they pose to users. However, of critical importance is a greater legal responsibility for online sellers. The APPG on Home Electrical Safety, for which the charity provides the secretariat, also promotes this issue.

## **The European Committee for Electrical Standardisation (CENELEC)**

CENELEC is an officially recognised ESO – a European Standards Organisation. It acts as a platform for experts to develop European standards, which facilitate world trade and protect the consumer. Electrical Safety First engages with CENELEC via its membership of a number of BSI (British Standards Institution) Committees. Standards are essential in addressing a rising tide of counterfeits, offering a primary mode of identification for the genuine article.

## Community engagement

Through its Fire Safety Awards, Electrical Safety First engages with community groups and related organisations, to reduce the number of fires in UK homes caused by electricity – the majority of which arise from substandard or counterfeit electrical products.

Applications are received from a diverse range of organisations, including regional fire and rescue services, Trading Standards offices, councils and charities. This year, 19 organisations have received funding of up to £5k for regional initiatives to reduce electrical fires in the home. As part of this, a number of successful applicants are focusing on the dangers of counterfeit electrical goods, as the examples below show.

**Community Engagement Technology Media in Art (CETMA), in Llanelli**, Wales, is a social enterprise body with a mission to provide social engagement, training, health and well-being within the community. Funding from Electrical Safety First will allow a range of activities designed to raise awareness of buying counterfeit and substandard products, with a particular focus on fake chargers and the damage they can do. CETMA is based in one of the poorest wards in Wales and cost issues can promote acceptance of counterfeit goods – notwithstanding the particular dangers of fake electrical products.

**Community media organisation, Creative Projects, in Hull**, Yorkshire, works in local schools in areas of high deprivation. They have had frequent discussions around the use of phones and tablets for media – as they are the tool of choice for young people. Their project will engage with four schools to produce a safety campaign on charger safety. Issues covered include the dangers of cheap (for which, read, usually counterfeit) power units, as well as the risk of overloaded sockets and overnight charging. The team will work with children from Key stage 2, producing a safety video and rap song, which will be presented to pupils and parents. However, they hope to extend the reach of their project by engaging with local TV and press to promote the videos.

## Work with Trading Standards

Electrical Safety First undertakes regular engagement with Trading Standards throughout the UK. This includes offering presentations and training in relation to identifying fake and substandard electrical items.

As part of the charity's work in supporting enforcement agencies, it developed a UK plug checker, as defective or foreign plugs can often indicate that a product is fake or sub-standard. The tool allows users to undertake three simple checks relating to the placement, shape and length of the plug's pins. It has proven so successful with Trading Standards Officers that it has now been distributed to every Trading Standards office and Fire and Rescue Service Centre in the UK.

## Supporting enforcement – product testing and screening

Electrical Safety First's consumer protection role includes research into specific areas where we believe there is a potential for unsafe electrical products and appliances to be put on the market. We also carry out research into products and services that pose the greatest risk to consumers. Our product safety screening programme allows us to identify and communicate potential product safety issues, and to make a tangible contribution to both market surveillance and the development of standards.

Our findings are presented in reports detailing the results of testing and information that would help consumers make sensible buying decisions in relation to product safety. A summary of findings and recommendations are published on our website and in our e-magazine, 'Switched On'. We follow up all identified failures, liaising with the retailers and manufacturers concerned, and ensure that the relevant authorities are informed of our actions at all times. Our research activities also inform our consumer campaigns and highlight key areas relating to consumer and product safety.

## Europol

### Awareness campaign on online counterfeiting



Counterfeited goods are being increasingly sold and disseminated through online marketplaces. In 2017 alone, the joint global recurrent operation In Our Sites (IOS) led to the seizure of 20,520 domain names that were offering counterfeit goods.

To further counter this development with a general audience, Europol's IPC3 launched its 'Don't Fake Up' awareness and prevention campaign. By highlighting the health and safety risks as well as the societal repercussions that are associated with the purchase of counterfeit goods, the 'Don't Fake Up' campaign aims to inform consumers and deter them from ordering counterfeit goods via online marketplaces.

“The Industry Trust for IP Awareness has been working hard to promote the value of copyright and creativity.”

## Industry Trust for IP Awareness

The Industry Trust for IP Awareness is the UK film, TV and video industry's consumer education body, promoting the value of copyright and creativity.

Industry funded, our aim is to address the ongoing challenge of film and TV copyright infringement by inspiring audiences to value great movie moments and choose to watch film, TV and video via legitimate sources. The Trust has also been working hard to evidence and address the ongoing challenges that new technologies pose to many elements of the creative industry and which are changing the way people consume TV and film content and making it even easier to infringe.

UK infringement levels, as evidenced at the close of 2017, are relatively static and the initial surge seen in ISD infringers, also referred to as IPTV infringement including content being streamed via a stick, set top box or app downloaded straight onto the TV, plateaued towards the end of the year.

Over the past year, The Industry Trust has coordinated an expanded range of insight programmes in collaboration with a broad range of rights-holders to further understand infringers and their impact on legitimate content providers. We have developed a bespoke youth study covering 7-11 year-olds and their parents. We have added a quarterly tracker to the long established annual quantitative study and a pilot campaign with Crimestoppers, which raised the awareness of the criminality and potential risks of piracy associated with ISDs.

These 'insight programmes' have enabled us to identify the changing profile of infringement, which was driven by the relatively new method of using ISDs to watch unauthorised content. The Trust has seen a shift in demographics, now ISD infringers tend to be older and are more likely to be parents. Further to this, consumers faced an increasing level of risks from, viruses, malware and children being exposed to age inappropriate content. A more worrying trending is the growing number of ISD infringers paying for access to apps and add-ons that allow them to watch unauthorised content through a one-off or monthly subscription fee.

## Moments Worth Paying For



The *Moments Worth Paying For* campaign continues to be a key focus for the Industry Trust, as it inspires audiences to choose legal services and the cinema experience whilst driving them to another Trust initiative, *FindAnyFilm.com*, which provides an intuitive path to purchase film and TV content in any format.

In 2017, the campaign's biggest year to date, saw some of the major film releases support the campaign with the production of bespoke trailers and pre-release materials to deliver an exciting campaign generating an increased engagement with legal content amongst audiences exposed to the campaign.

In the campaign's seven years it has seen 40 content-specific trailers, with 2017 activity including promotions for *Coco*, *Star Wars – Rogue One*, *Spider-Man Homecoming* and *The Mummy*. Across its lifetime, the campaign has reached audiences close to 3 billion times and delivered a media value of approximately £60 million.

## FindAnyFilm

*FindAnyFilm.com* is the Trust's film search-engine which encourages audiences to book, buy or watch a comprehensive range of titles, no matter how big or small the release. *FindAnyFilm* is a unique resource which underpins all of the Trust's consumer facing education campaigns.

In 2017, *FindAnyFilm* launched consumer facing developments via partnerships with *Gigwise* and *Which?*, both of which looked to make it quicker and easier for consumers to locate all legal methods of consuming more than 122,000 films and TV shows across all formats. Consumer champions *Which?* launched its own Film Finder tool, which is integrated onto its website and is an extension of the *FindAnyFilm* platform.

## Into Film

The Trust has continued to partner with film charity, *Into Film* and support it in raising children's awareness of copyright infringement in the film and TV industry.



Earlier this year, the two organisations worked together to create a bespoke educational resource to engage with children aged 7-14 which clearly explained how to stay safe online when accessing film and TV content. The campaign was launched in support of Internet Safety Day and Childnet International and was further supported by a tailored animation entitled 'Meet The Malwares', which highlights the different type of virus that can affect a user's computer or personal device.



## Intellectual Property Office (IPO)

### IPO social media campaigns

The IPO has adapted its approach to social media based awareness campaigns, and is now delivering content to IPO followers (53.2k) and IP Crime Group followers (900+) based on a campaign based model.

This approach has been used to great effect on several campaigns, building the number of supporting partners and the ultimate reach of the campaigns. We are grateful for the support of amongst others Police Scotland, numerous Trading Standards Authorities, Crimestoppers, the ACG, Alliance for IP, PIPCU and Get Safe Online.

Highlights this year include:

**Halloween** – highlighting dangers from fake fancy dress costumes.



**Black Friday & Cyber Monday** – warning shoppers that not every bargain is what it seems, especially online.



**12 Fake Days of Christmas** – a wide ranging campaign centred on an IPO commissioned film highlighting the range of counterfeits that are available to unwitting consumers.



**Valentine's Day** – guidance for shoppers looking for last minute gifts.



**Burns Night** – Celebrating the work of Robert Burns and reminding shoppers of the dangers of counterfeit alcohol.



## Fake Free Newport

The IPO works with Newport Trading Standards to promote its 'Fake Free Newport' Campaign. The Council-run campaign developed in partnership with local businesses raises awareness of the sale of fake and unsafe goods. The campaign enlists legitimate businesses who sell branded goods in Newport committing the team to support the fight against fakes and unsafe goods. It also encourages residents and businesses to report anyone selling or offering such items for sale.

On 9 December 2018, the IPO supported by Newport Trading Standards, hosted an event on the ground floor concourse of the Friars Walk Shopping Centre in Newport. The event aimed to raise awareness around the dangers of fake products, how to spot them and who to contact if you have any concerns that such products are being sold in your area.



## #Buyreal campaign



In August 2017 the IPO launched its #buyreal campaign with an engagement day at Glasgow International Airport, Belfast City Airport and Belfast International Airport. The purpose of the airport campaign is to engage with passengers and visitors to the airport, highlighting the dangers of buying fake goods whilst abroad.



#buyreal at Belfast International Airport

## IPO Campaigns and Education Hub

We engage with teachers and educators throughout the UK to inform and educate about Intellectual Property (IP) encouraging young innovators and creators to raise their awareness of Intellectual Property Rights (IPR). We work with educational establishments and organisations promoting the importance of Intellectual Property and the role it plays in business.

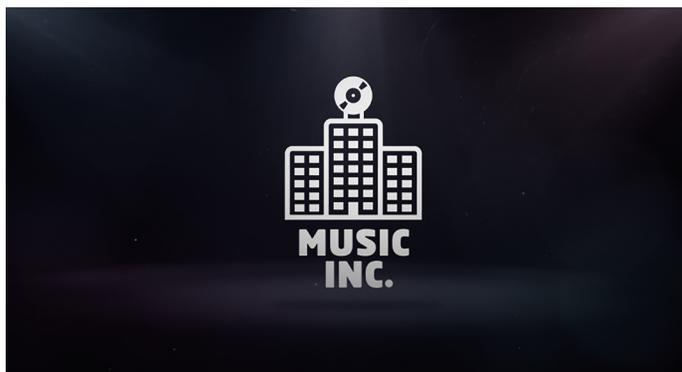
We attend exhibitions and events as well as holding innovation sessions in schools to inspire children's creativity and encourage creative learning. The Campaigns and Education team also use an array of social media channels to promote our resources and the importance of intellectual property.

## Cracking Ideas Resources

Thanks to our long-term partnership with Aardman Animations, we've built up a huge range of resources starring much-loved inventors Wallace and Gromit. There are lesson plans suitable for 4-7, 8-11 and 12-16 year olds, plus a host of additional activities. Our curriculum-linked lesson plans use Aardman's work as a starting point to explore different aspects of creativity. Activity packs include plasticine modelling, drawing and acting.

## Music Inc.™

Music Inc.™ is a free game developed with Aardman that allows you to envelop yourself in the world of music production and offers an insight into the business – and what it takes to succeed.



## Nancy and the Meerkats audio series

We launched the third series of Nancy & the Meerkats on 22 January 2018. Following on from the success of previous series, the stories encourage children to think about ownership of intellectual property – whether music, video or information on the web.

The new series included five new Nancy & the Meerkats programmes including radio broadcasts, podcasts and animated videos; digital comic and teacher resource pack.

The series was broadcast via Fun Kids Radio over five weeks and supported with dedicated webpages on [crackingideas.com](http://crackingideas.com) and FunKids Radio (FKR), newsletters to FKR parent's database and [crackingideas.com](http://crackingideas.com) teachers. Press coverage generated by the IPO was targeted at industry/education profession.

Press Coverage – positive press coverage was received by:

- BBC
- Daily Telegraph
- EU Reporter
- Torrent Freak
- Register
- Inquirer
- Tech Dirt

The series has been heard by an average 367,000 unique listeners, with 13,368 views of the pages of the recent series averaging 9.41 minutes per page, The accompanying videos have achieved 9,215 views in the three months since launch, eclipsing previous series (4,639 and 6,532 respectively).

992 entries over the two competition's with 441 opt ins to hear about further IPO education campaigns.



## Creating Movie Magic

Resources for students aged 7-11 and 11-14 enabling them to discover the world of special effects. The lesson plans are based on the world of cinema and include clips, activities and information on why IP protection matters.



## Think Kit

The comprehensive resource pack is designed to help teachers of GCSE or NQ Business Studies, Media Studies, Design Technology or Music get students thinking about innovation and how they can protect and benefit from their ideas. All materials are relevant to their subject – and to students' lives.

In 2017 we worked with the Design and Technology Association to produce a new and updated version of the Design and Technology module to be used alongside the existing Think Kit.



## Karaoke Shower



The Karaoke Shower gives you a moment in the spotlight. Open to all, our singing booth is a loud way to introduce the IP issues faced by the music industry and encourage young people to make responsible choices when downloading. It is taken to different locations and events in the UK and overseas. This year the shower has been to London (Including the Houses of Parliament), Glasgow, Birmingham, Cardiff, Newport and Alicante.

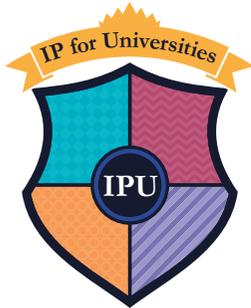


## Further and Higher Education

The IPO engage across further and higher education institutions to ensure that intellectual property is both understood and acted upon.

Our Future Innovators Toolkit (FIT) has been downloaded 237 times. It provides support for teachers in further education. An IP related Enterprise and Employability challenge was approved for inclusion in the Welsh Baccalaureate qualification.

In the higher education sector the IPO's message is embedded within the new QAA (Quality Assurance Agency) Enterprise and Entrepreneurship guidance, ensuring that future entrepreneurs understand how IP works and its relevance to their future. IP Tutor, which provides a brief overview of IP for students has been visited over 7,600 times this year. IP Tutor Plus provides guidance for lecturers at university and is supported by CIPA and CITMA and validated by the Chartered Society of Designers. Since its launch in September 2017, IP Tutor Plus has been downloaded 312 times. IP for Research has trained 300 researchers and PhD students through workshops and quick guides.



Future**Innovators**  
TOOLKIT

## IP in Practice



### Intellectual Property in Practice

The IPO has continued to work in partnership with the Alliance for IP and independent training providers, to offer IP enforcement themed training courses for Trading Standards Officers and industry representatives. Financial support from the IPO has enabled courses to be offered from only £49 for a full day and we are grateful for the support of BMW who also sponsor the training.

Courses are offered providing introduction and masterclass levels of IP training, alongside our long established copyright, designs and criminal law & private prosecutions courses. In 2018 we piloted a new course entitled 'Practical Enforcement for IP Professionals', which is designed to help Trading Standards and industry investigators to use a broad range of approaches to tackle IP crime and infringement.

During the period, IP in Practice delivered training to nearly 60 Trading Standards Officers and other professionals.

For enquiries about hosting a course in your region, please contact: [allianceiptraining@gmail.com](mailto:allianceiptraining@gmail.com)

## 3c Action

### Anti-Counterfeiting Group (ACG)

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

**Through its intelligence and enforcement coordination role the ACG have:**

- Worked in partnership with the National Markets Group and Trading Standards providing actionable intelligence, physical assistance on raid actions, transportation, storage and destruction of seized items, reducing the burden on enforcement partners and enabling them to take more intelligence led multi-agency actions.
- Continued to work in partnership with Manchester City Council, Greater Manchester Police and others under the auspices of Operation Strangeways, developing new and innovative ways to reduce the availability of counterfeit goods in the Strangeways area of Manchester. This activity which sees ACG members carrying out test purchase activities to evidence the scale of criminal activity, has led to over 55 retail and wholesale businesses being closed down through the use of notices under Section 146, Law of Property Act, 1925.
- Worked in partnership with Camden Trading Standards to develop innovative strategies to reduce the availability of counterfeit goods in high street shops and markets leading to tens of thousands of counterfeit goods being seized.
- Supported through intelligence led coordination and physical support other national operations such as Operation Big Ben, Operation Jasper, Fairyhouse market raids (Ireland) and Operation Beorma.
- Supported an array of enforcement partners including:
  - Border Force at Coventry International Postal Hub, Southampton port, Felixstowe port, Heathrow Airport, Birmingham Airport, East Midlands Airport, Langley postal hub.

- Trading Standards – Rhondda Cynon Taf, Merthyr Tydfil, Swansea, Ealing, Kent, Essex, Suffolk, Wandsworth, Caerphilly, Devon and Somerset, Glasgow, Aberdeen, Nottingham County, Liverpool, North Yorkshire, York, East Sussex, West Sussex, Surrey, Flintshire, Gwynedd, Powys, Newport, Blaenau Gwent, Cambridge, Warwickshire, Hertfordshire, Lincolnshire, Sheffield, Leicester City, Leicester County, Manchester, Salford, Brent & Harrow, Camden, Northern Ireland, Nottingham City, Tower Hamlets, Birmingham.
- Police – PIPCU City of London, Metropolitan Police, Sussex, Devon and Somerset, South Wales, Gwent, Dyfed Powys, Northern Ireland, Garda, West Mercia, Surrey, Avon and Somerset, Greater Manchester Police and Merseyside Police.
- Other – Intellectual Property Office Intelligence Hub, National Trading Standards e-Crime Centre, National Trading Standards Intelligence Team, National Crime Agency, HMRC and Government Agency Intelligence Networks.
- Provided training and awareness sessions:
  - IP roadshows – held 4 times a year these training days raise awareness amongst Police, Trading Standards and Customs/Border Force Officers. They allow enforcement and government partners to interact with ACG member brand representatives in order to learn more about product counterfeiting, methodology of the counterfeiter, how to spot a fake as well as input from key IP organisations such as Trading Standards Institute and the Intellectual Property Office.
  - Customs Training days – ACG and its members provide in-depth training to Customs and Border Force staff on site at various locations across the UK including Felixstowe, Heathrow and more recently Gatwick airport.

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

Since 2017, in line with our manifesto, ACG are actively lobbying for a review of the current enforcement landscape in the UK and the potential for the creation of a National IPR Coordination Centre made up of representatives from Trading Standards, Police, HMRC, Border Force, IPO, NCA, etc., supported by industry in order to better inform regional and local objectives and provide a centre for excellence to support proactive law enforcement deployments.

**Below is a snap shot of the activity conducted between April 2017 and March 2018 by a number of ACG members:**

- Members from the tobacco industry have worked tirelessly with public and private sector partners to mitigate the inherent risks from the supply and use of counterfeit tobacco and cigarettes.

**The Tobacco Manufacturers' Association (TMA)**

TMA continued with its commitment to work with members and the law enforcement community to tackle the illicit trade in tobacco. The TMA programme covered five areas: intelligence, insights, campaigns, collaboration and technology. For example, the TMA commissions an annual poll of 12,000 adult smokers exploring behaviours, attitudes and awareness of the illegal trade. The findings highlighted how around 1 in 4 smokers admitted to purchasing tobacco from illegal sources. The 2017 survey revealed a significant drop in those smokers who reported illegal activity to the authorities which raises a number of questions as to how campaigns and messaging could be adapted in order to change attitudes and encourage reporting.

TMA campaigns in 2017 continued the focus on UK airports and Dover, Europe's busiest port. In addition campaigns were also launched in Eastern Europe targeting routes to the UK, with innovative messaging deployed on coaches travelling to the UK from Poland. Finally, the TMA conveyed an anti-illicit trade message on UK focussed websites that carry classified advertising and community groups on sites such as Facebook. These campaigns reached a wider audience which resulted in thousands of clicks through to the TMA campaign pages which were also translated into Romanian, Lithuanian and Polish. The findings from these campaigns were shared with the various law enforcement Anti-Illicit Trade groups that operate across the UK.

## JTI raises awareness of illegal tobacco in London

Last year Japan Tobacco International (JTI) undertook an extensive test purchasing operation in London to assess the availability of illegal tobacco in the capital. The results were startling. Illegal cigarettes and hand rolling tobacco, much of it counterfeit, was bought in 50 of the 380 retail outlets we visited. The information gathered through test purchasing was shared with the relevant Trading Standards authorities and led to some great results. In one case, officers raided one of these stores making a notable seizure.

There was extensive media coverage in, among others, The Times and Metro newspapers and on LBC Radio. As well as reporting the results of the test purchasing they also carried out survey work on attitudes to illegal tobacco with 1,000 of the city's smokers. The survey demonstrated that there was demand to match the scale of supply we'd identified. 29% of those questioned said that they had been offered illegal tobacco in the past 12 months.

As part of the campaign JTI urged the public to report illegal trade to the authorities through Crimestoppers using adverts in a number of London's local newspapers.

As a final part of the this campaign, the results of the operation were shared with Members of Parliament at an event in July where JTI were able to discuss the scale of counterfeit crime, not only in London, but across the UK.

Other members have used online monitoring tools to better equip their brand protection teams and build a knowledge of current and future threats – including:

## SnapDragon – Harris Tweed case study

SnapDragon has been working with the Harris Tweed Authority for the last year to protect this iconic brand. All genuine Harris Tweed is woven on the Isles of Harris and Lewis and is exported around the world for use in clothing and accessories.

Monitoring the world's busiest online marketplaces for misuse of the Harris Tweed trade mark and the iconic Orb, SnapDragon has identified and removed significant numbers of links to sellers offering both incorrectly branded products, as well as genuine Harris Tweed branded with fake labels.

The Harris Tweed Orb guarantees the highest quality tweed, dyed, spun and hand-woven by islanders on the Outer Hebrides in their homes, according to laws described in the Harris Tweed Act of Parliament.

Importantly, and almost a by-product of the monitoring activity, complex supply chains have been identified enabling distributors and end-users of the cloth to better understand the journey to its end-point (particularly when it comes to small accessories).

The Authority's work to develop a label policy to guide the use of its iconic labels is significantly improving the issue of mislabelling. Proactive online enforcement, together with legal action taken by legal advisors to the Authority, will continue to play a key role in the brand protection strategy.

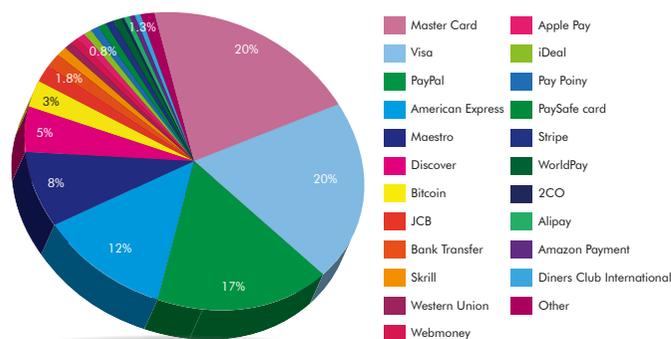


## Sky

In 2017 Sky focussed part of their anti-counterfeiting strategy on dealing with infringing websites linked to payment services such as MasterCard, Visa, American Express, Bitcoin, etc.

Of the 418 infringing websites detected during the 12 month period 100 were directly linked to payment services.

### Payment Services Detected in 2017



In 2017 the highest percentage of payment services linked to these infringing websites was:

MasterCard	78	20%
Visa	78	20%
Paypal	66	17%
American Express	49	12%
Maestro	31	8%
Discover	19	5%
Bitcoin	13	3%

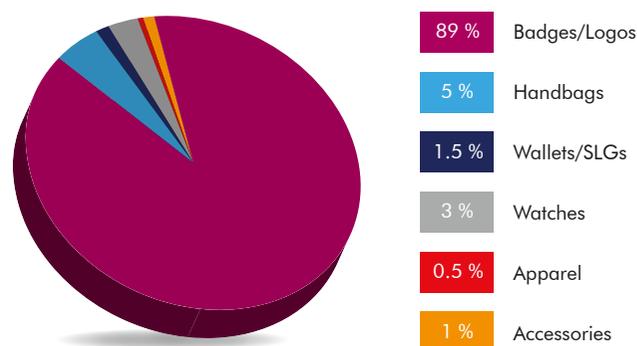
The use of these payment services by criminals, utilising websites to sell counterfeit goods, is on the increase. Statistics showing nearly 500 infringing websites identified in the first four months of 2018.

Sky, working with a range of public and private sector partners will continue to monitor and take action against the websites and any other entity that facilitates IP Crime.

## Counterfeit branded badges

A global luxury fashion brand had 76 customs seizures across the UK and approximately 51,759 counterfeit items seized in UK between April 2017 and March 2018.

### Counterfeit items seized in the UK between April 2017- March 2018



The majority of the items seized in 2017-2018 were counterfeit branded badges. There were 11 seizures at London Heathrow airport where approximately 36,756 counterfeit branded badges/logos were seized.

Intelligence provided by London Heathrow airport from the seizures of these counterfeit branded badges/logos helped the brand identify and raid a large hardware warehouse in Hong Kong in July 2017. Approximately 250,000 pieces of counterfeit hardware including branded badges, logos and zips as well as three industrial machines were seized during the raid. 11 employees were also detained.



Hong Kong warehouse raid

In May 2017, a global luxury fashion brand identified several traders in the renowned counterfeit hub of Cheetham Hill, Manchester, UK that were believed to be part of an Organised Crime Group trading in large volumes of counterfeit branded products. The brand worked with investigators to gather intelligence on these targets before presenting their findings to senior Financial Investigators at Greater Manchester Police. Based on the evidence found, the brand supported a large raid that was carried out at the targets' homes and commercial premises where 69,068 counterfeit goods were seized in total. Following on from this, we believe one target has been deported and the other will be charged with multiple serious criminal offenses imminently.



Cheetham Hill raid

## Border Force

### Health test risk



Fake test strips imported from China

This case involved the illegal importation of diabetic test strips from China. Goods originated in China passed through Holland into Northern Ireland where they were re-packaged to illustrate a US manufacture address. The reality was that the genuine goods were being manufactured under licence in the Republic of Ireland on behalf of a UK company.

Concerns about the validity of the goods first occurred when Border Force Officers inspected the goods upon arrival into Northern Ireland. Upon examination, officers initially considered that the repackaging of the goods was an attempt to avoid the duties payable on import of the goods into the US. Another consideration was the fact that the goods may be counterfeit.

Contact was made with Northern Ireland Medicines Enforcement Agency who sought additional advice from their counterparts in the Medicines and Healthcare Regulatory Authority (MHRA) who determined a visit was warranted to the import/exporter.

Follow up enquires established that the batch numbers on the boxes were fraudulent. The goods were seized and the estimated value amounted to £250,000. Without intervention the goods would have had the potential to give false diagnoses with obvious health implications.

## Europol

With counterfeited and pirated goods accounting for nearly 5% of EU imports, the fight against intellectual property crime has been a key priority of Europol and its partners. As a result, Europol and the European Union Intellectual Property Office (EUIPO) launched the Intellectual Property Coordinated Coalition (IPC3) in July 2016. Since then, the IPC3 has expanded its field of activities and been involved in a wide range of successful responses to counter intellectual property crime, both online and offline.

## Europol Intellectual Property Crime Conference

In September 2017, the IPC3 held the first annual Europol Conference on Intellectual Property Crime. These events highlight recent developments and innovations in the field of intellectual property rights enforcement, while also providing a platform for participants to exchange their know-how and to expand their network.

Hosted in the scenic cities of Antwerp and Budapest, the first two IPC conferences were respectively co-hosted by the Belgian and Hungarian tax and customs authorities and were attended by leading experts from law enforcement, the private sector, and academia. Notable keynote speakers included the Executive Directors of Europol and EUIPO, the U.S. Intellectual Property Enforcement Coordinator, as well as high profile government officials from Belgium and Hungary.

Throughout various plenaries and workshops, the conferences addressed a diverse set of topics, ranging from different national perspectives on IP crime to the combatting of specific counterfeit products (e.g. medicines, food products or pesticides). The conferences offered insights for both public and private sector organisations.

The annual IPC3 conference award ceremony, hosted by Europol, recognises law enforcement agencies who have developed practice in the fight against IP crime.

## Europol Operations

Given the broad spectrum of counterfeited and pirated goods on the illicit market, the operational activities of IPC3 are extensive. By the end of 2017, IPC3 provided operational and technical support for over 50 high-priority cases of IPR-infringement.

### Operation Silver Axe II, July 2017



Over the course of ten days, Europol supported authorities from 16 EU member states in a coordinated operation against illicit pesticides. Focusing on the sale and import of counterfeited and substandard pesticides, Operation Silver Axe II was carried out at seaports, airports, and land borders. The operation resulted in the seizure of 122 tons of illegal pesticides and led to numerous follow-up investigations.

The IPC3's role in the organising of Operation Silver Axe includes the exchange and analysis of data, liaising with respective rights holders, and real-time support during the operations.

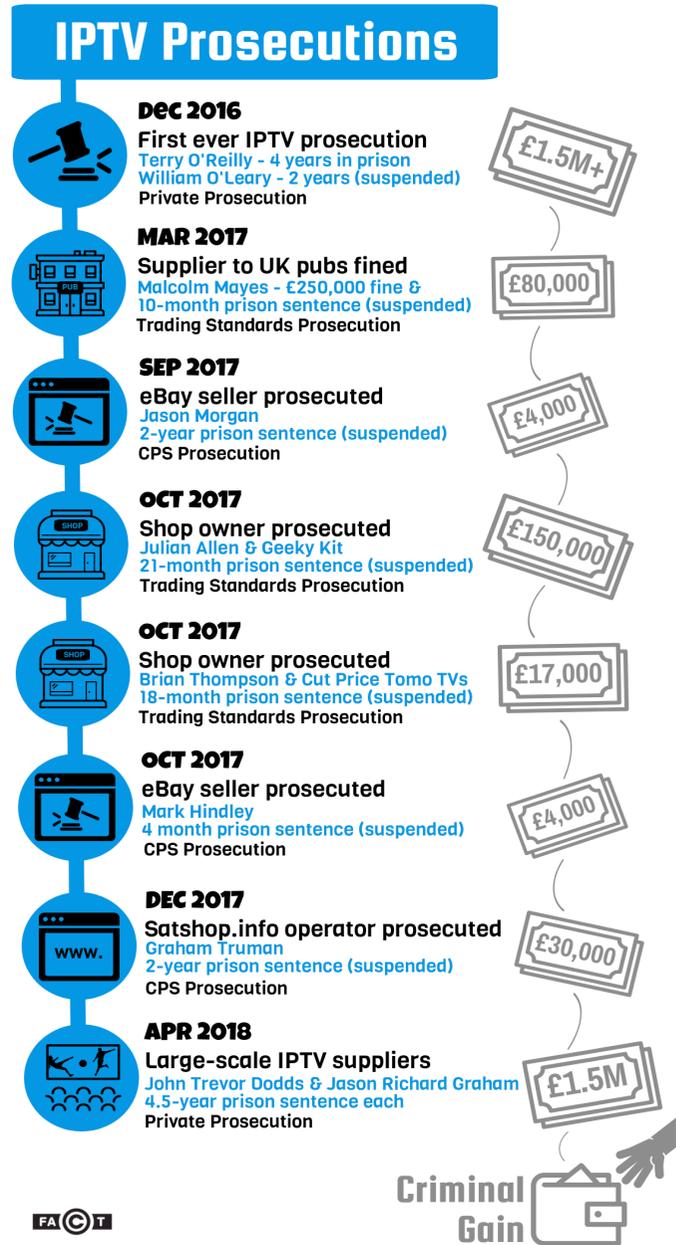
## Operation Kasper, April 2017

Operation Kasper was a joint investigation between the Spanish National Police, Bulgarian authorities, Europol and Eurojust, which led to the dismantling of a criminal network that had illegally circulated pay-tv channels all over Europe. The operation resulted in the arrest of eight suspects, with 12 searches being carried out simultaneously across Spain and Bulgaria.

Europol contributed to the success of the operation by facilitating information exchange, providing forensic expertise, and hosting operational meetings at its headquarters in The Hague. During the operation, four experts from IPC3 and Europol's European Cybercrime Centre (EC3) provided on-the-ground support via mobile offices, which enabled immediate intelligence analysis and cross-checks with Europol's database.

## FACT

The cumulative effort of FACT's Intelligence, Investigation and Forensic Teams has led to several successful legal prosecutions against illicit IPTV suppliers during the reporting period:



### Case Study: Conviction of large scale IPTV suppliers to commercial premises

On 04/04/2018, John Dodds and Jason Graham were each sentenced to four and a half years' imprisonment after both admitted conspiracy to defraud as a result of a private criminal prosecution brought by The FA Premier League.



Convicted: Dodds and Graham

During a seven-year period, the pair ran a £1.5 million fraud scheme which involved them supplying devices to 270 licensed premises predominately located in the North-East of England. The devices facilitated subscription to sports broadcasts, including Premier League football games, at a fraction of the legitimate price.

Dodds and Graham were arrested as part of the North-East Day of Action which FACT ran in partnership with Police, Trading Standards, the Intellectual Property Office and the Government Agency Intelligence Network in March 2016.

Following their arrest, the investigation found that Dodds and Graham were running a sophisticated criminal business. They exploited the following methods to allow licensed premises illegal access:

- Supplying domestic viewing cards to commercial premises.
- Supplying devices which utilised the 'control word' or 'card-sharing' scheme which permitted the boxes to receive and decrypt pay-tv broadcasts to which they weren't entitled.
- Supplying IPTV streaming services to pubs and clubs in the North-East which allowed the premises to receive streams of sporting events unlawfully.

Passing sentence, the judge said 'You both knew perfectly well you were engaged in fraud because you knew the broadcasters were not being paid any or any appropriate fee for use of their broadcasts. You were able to mislead customers, tell them that the services were lawful for them to use when you knew they were not.'



## Intellectual Property Office (IPO)

### Financial Investigations

People commit Intellectual Property offences primarily to make money. The scale of this activity can only be assessed through an analysis of the movement of funds. The Proceeds of Crime Act 2002 (POCA) came into force in February 2003 with the purpose of pursuing, restraining and confiscating assets which are derived from crime. Under POCA, law enforcement and government agencies have been given the authority to carry out financial investigation and recoup illicit funds.

In 2015 The Intellectual Property Office began training two Financial Investigators to conduct money laundering investigations in to those involved in IP Crime. To date they have provided intelligence to law enforcement agencies which has led to the confiscation of over £1.2m worth of assets.

In addition, with the assistance of the two intelligence analysts, financial intelligence has helped identify numerous international organised crime groups (OCG) who have made multi-millions of pounds through the sale of counterfeit goods. Links and new lines of enquiry have been identified which would otherwise not have been possible through normal lines of enquiry.

As a result of these successes, the IPO is committed to further the scope of financial investigation with the training of two Financial Intelligence Officers and four Financial Administrators. These staff will further support the network of law enforcement government agencies and private industry investigating those involved in IP crime.

## National Markets Group for IP Protection (NMG)

### New/ongoing initiatives/coordinated action

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

Made up of representatives from industry, enforcement and government this joined up intelligence led approach is underpinned by the very successful **Real Deal initiative** which sees Trading Standards and market operators signing up to a self-regulating markets charter, affording consumers access to 'fake free' markets. To date there are nearly 500 markets signed up to the Real Deal.

This coordinated enforcement and harm reduction approach brings the following key benefits:

- Stakeholders can share ideas;
- Best-practice models can be developed;
- Consumer awareness campaigns and resources can be pooled;
- Intelligence on rogue traders and counterfeit products can be exchanged through secure channels.

Building on last year's successes we run several key initiatives that are seeing some real benefit in reducing the availability of counterfeit and pirated goods, whilst also providing solid evidence to strengthen our members ability to successfully lobby government and other organisations.

**Operation JASPER** – aims to reduce the availability of counterfeit and pirated goods on Facebook and Instagram. This intelligence-led enforcement programme attacks online infringers, taking down illegal sites and is backed by a public relations programme to raise consumer awareness.

Since its inception, Operation Jasper has led to 20,000 infringing listings being removed from Facebook, full profiles being closed, 120+ raid actions and investigations being commenced and several thousand counterfeit and pirated products being seized.

Many of these investigations have unearthed connections between major Facebook traders and active traders at some of the largest and most problematic markets in the UK including Wellesbourne in Warwickshire and Bovingdon in Hertfordshire.

Information from Operation Jasper is being used to show links between the online and offline sale of counterfeit and pirated goods, identify solid connections between IP crime and other forms of criminality and engage platform owners such as Facebook, with the issue of criminal use of internet platforms.

**Operation Big Ben** – started in April 2017, it targets market operators who act as intermediaries for the sale of counterfeit and pirated goods. Utilising the EU IP Directive, industry members, working in partnership with Trading Standards are using an intelligence led approach to influence market operators to make markets safer for the consumer and legitimate businesses.

This co-ordinated collaboration has seen success throughout the UK.



Safer trading in high street shops and markets in Camden

The aim of the operation is not only to bring market operators in line with current legislation but also to make markets a safer and more equitable place for shoppers to buy genuine products and for legitimate businesses to prosper.

In April 2018, Operation Big Ben saw its greatest achievement to date when Cotswold's Market Group, the operator at Bristol Fruit (Sunday) Market signed up to the Real Deal Charter. This

'red letter day' saw the culmination of 12 months collaboration between NMG, Bristol Trading Standards and Cotswold's Market Group to stop the sale of counterfeit goods at the market.

The market, which now operates a fake-free policy is developing new opportunities for legitimate traders to operate fairly without having to compete with the counterfeiters and is attracting new and dynamic stalls and products.

2018/2019 Operation Big Ben will continue to collect, collate and disseminate intelligence and evidence of the sale of counterfeit and pirated goods at markets across the UK. They will look to use that information to influence change and conduct enforcement actions to meet the operations objectives.

## National Trading Standards E-Crime Team

Operation Jasper is now into its' 6th phase with Jasper six concentrating on 'mopping up' any outstanding operations. This phase saw eight warrants executed across the UK and officers seized thousands of items of counterfeit clothing, footwear, makeup, perfume, accessories, watches, jewellery, purses, handbags and electrical goods that targeted over 50 brands. The Trading Standards team on the Isle of Wight executed a warrant that yielded another large stockpile of goods – over 1,100 items were seized affecting 38 trade marks.

The success of Operation Jasper is now being replicated across the EU under the name of Operation Aphrodite, coordinated by Europol with nine EU Member States taking part and all tackling counterfeit products being sold on several social media platforms.

## Police Intellectual Property Crime Unit (PIPCU)

### “There’s more at stake when it’s a fake”

During September 2017, PIPCU ran a press campaign aimed at spreading the message that consumers put themselves at risk of identity theft when purchasing goods from a counterfeit website. The campaign resulted in 122,000 twitter impressions and officers appeared in the national media on 20 occasions that month.

### Operation In Our Sites – domain removal

During an international two day event in February representation from international law enforcement, trade bodies and global brands from around the world congregated in The Hague.

This year’s joint investigations by Europol’s Intellectual Property Crime Coordinated Coalition (IPC3), the US National Intellectual Property Rights Coordination Centre and law enforcement authorities from 27 EU Member States and third parties, facilitated by INTERPOL, suspended over 20,520 domain names that were offering counterfeit goods. These goods included luxury products, sportswear, electronics, pharmaceuticals and online piracy on e-commerce platforms and social networks.

Of the 20,520 websites suspended by the countries involved, PIPCU was directly responsible for the removal of 15,420 of the domains as part of Operation Ashiko, accounting for over 75% of the operational results.

### Counterfeit airbags seized in Operation Landguard

On 22 February 2018, Robert Czernik, 35, of Blackbird Close, Poole, Dorset was sentenced at Inner London Crown Court to two counts under Section 92 of the Trade Marks Act for selling fake airbags following an investigation by PIPCU. He received five months in prison for each count to run concurrently, suspended for 12 months. He will also have to carry out 135 hours of

unpaid work. He pleaded guilty to this offence on Monday 19 February 2018 at Inner London Crown Court.

In a report from Honda it was confirmed that the airbags sold by Czernik had not been produced to any recognised safety standard and might not activate correctly in a collision, therefore potentially causing serious or life threatening injuries.

Over 190 airbag covers and a variety of airbag parts, including mechanical springs and counterfeit airbag assemblies bearing the names of major brands, were seized in a search of Czernik’s home in February 2016.

A total of 28 brands, including Honda, Toyota, Mercedes Benz, Audi and Skoda have been identified by PIPCU’s detectives as being affected and 680 people have been notified and advised to contact their car manufacturer to ensure their airbag is safe.

### Operation Tambourine – CD player copyright case

Following a long-running PIPCU investigation, Michael Hargreaves, 61, of Heysham in Lancashire, pleaded guilty to two counts under Section 92 of The Trade marks Act on 22 March 2018 at Southwark Crown Court. He was sentenced to 16 months in prison.

The case dates from 2012, when PIPCU received a complaint from the British Phonographic Industry (BPI) relating to the sale of counterfeit CDs following a number of test purchases made by the BPI.

A PIPCU investigation found that between 2011 and 2013 Hargreaves had imported, distributed and sold high quality counterfeit music CDs, through online selling platforms. He counterfeited CDs from popular music artists such as Adele, the Foo Fighters and the Beatles.

In December 2012, PIPCU executed a warrant at Hargreaves’ warehouse in Morecombe. A total of 21,614 counterfeit CDs of 71 different titles were seized.

## Trade mark theft exposes merchandise fraud: Operation Clearwell

On Friday 2 June 2017, Meraj Gul was sentenced to 30 months in prison at Inner London Crown Court, after pleading guilty to selling goods with unauthorised trade marks.

Between March 2012 and February 2015, Gul (aged 34 of Godfrey Road in London), produced, sold and distributed fake merchandise bearing the branding and logos of music artists and designer brands such as Justin Bieber and One Direction, via eBay, totaling over £150,000.

In July 2014, PIPCU received a crime report from Surelock International Limited, a private investigation company which conducts investigations on behalf of the music industry. After carrying out test purchases of hoodies, sweaters, t-shirts and vest tops on Gul's eBay accounts, Surelock identified all of the items they received as counterfeit.

Warrants were carried out by PIPCU officers at two addresses in east London in February 2015, in which many items were seized, including; CCTV equipment, branded and non-branded clothing, stencil templates containing the designs of brands and machinery used to transfer logos and designs to unbranded clothing.

## Police Scotland

### Deterrent

Intellectual property crime, commonly known as counterfeiting and piracy has evolved in step with innovations of the online marketplace. Organised criminal groups are involved in the transnational importation and distribution of thousands of illicit goods throughout Scotland, making vast sums of monies from this criminal activity. There is no other type of crime where the risk is so small and the rewards can be so great. Criminals involved in IP crimes can make more money selling counterfeit goods than trafficking in controlled drugs. However there are threats to this financially lucrative criminality. The Proceeds of Crime Act provides opportunities to claw back profits from counterfeiting and IP crime in general through prosecutions under the Trade Marks Act and Copyright Designs and Patents Act.

## Scale and scope

Illicit trade and intellectual property crime, including counterfeiting and piracy, remains a tangible threat within Scotland. Illicit trade, and more specifically, intellectual property infringement, is widespread and can be found everywhere from the internet to local markets, with its links to serious and organised crime being well documented and acknowledged from a law enforcement perspective.

Understandably, illicit trade has a detrimental impact on the economy, not only resulting in lost revenue for the Treasury, but also severely affecting the financial profits of those legitimate companies whose brand/copyright has been infringed. Typically, counterfeit goods are cheaper and therefore specifically aimed and targeted towards the most vulnerable in society. In this regard, consumers are knowingly purchasing illicit goods and are willing to do so despite the potential risks to their health and safety.

Counterfeit goods tend to be substandard and of an inferior quality, and consequently pose a higher risk of harm to consumers. This is particularly true in respect of counterfeit electrical equipment, toys, cigarettes/tobacco, and alcohol products. Serious organised crime groups (SOCGs) profit substantially from illicit trade, which is often used to fund other forms of criminality that negatively impacts at a community level. These SOCGs are primarily involved in the illicit trade in counterfeit clothing, as well as tobacco/cigarettes (non-duty paid, illicit whites, and counterfeit), and alcohol (counterfeit and no duty paid).

## The Real McCoy

Intelligence relating to illicit trade has improved as a result of the Real McCoy event in May 2016, where the focus was on reducing demand for products by positively influencing consumer behaviour. Members of the public have easy access to counterfeit and copyright infringing goods because counterfeiting and piracy does not occur exclusively through illegal sites on the dark web. Instead, the use of widely available and trusted platforms remains a key enabler for illicit trade, with social media (primarily Facebook), as well as auction and market sites (including eBay, Alibaba and Gumtree) have been identified as sources for counterfeit goods and infringing material.

Diversification into the use of encrypted apps to facilitate the illicit trade in counterfeit goods has been identified, with intelligence suggesting the use of the group-chat function on WhatsApp. This serves to demonstrate the ways in which IP criminals willingly adapt their business models to reach new markets, as well as the need for enforcement agencies to ensure that they have the appropriate skills required to police this online environment.

## Strong at borders

The fact that the bulk of transactions are carried out online makes it possible for those involved in this trade to benefit from 'global reach'; by sourcing directly from overseas. This in itself helps create opportunity for interventions to be made at the ports. Any goods failing to adhere to the strict regulations and requirements for their retail sale in the UK can be forfeited and seized at the point of importation, helping to minimise the potential risk of harm.

## Weak online

Consumers are increasingly turning to the internet to source both legal and pirated copyright content. There has been a rise in illegal content downloading attributable to the proliferation of Internet Protocol TV sets (IPTV). In their original form, IPTV sets are legitimate. However with the use of add-ons, IPTV devices can be configured to allow users to access copyright infringing material from live TV and sports, as well as premium pay-for channels and newly released films. The emerging issue of app based IPTV brings the further challenge of evidencing criminality where there is no longer a physical "streaming box" to analyse instead the criminality is fully digitised. To sell, advertise, or possess devices which circumvent broadcaster encryption measures, facilitating the receipt and viewing of encrypted broadcasts, is illegal and is the biggest threat to the film and broadcasting industry.

## Scottish Anti-Illicit Trade Group (SAITAG)

The identification of new and emerging threats is complicated by the pace of change and consumer behaviour. These, coupled with the fact that there are numerous agencies within the UK that have a remit for investigating different aspects of intellectual property crime, means that there is a need for appropriate mechanisms to be in place to facilitate the sharing of intelligence between partner agencies. The Scottish Anti-Illicit Trade Group (SAITG) plays a crucial role in this regard, bringing together representatives from the public and private sectors with the strategic aim of reducing the scale, impact, and cost of illicit trade throughout Scotland. The SAITG is supported by SITES – an enforcement sub-group that shares information and collectively targets criminals that are involved in illicit trade, with HMRC, Police Scotland, and Trading Standard Services all actively involved in assisting brand-holders and the wider business community to work collaboratively with law enforcement agencies in targeting criminals involved in the theft of members' products.

## Intelligence-led

Police Scotland has introduced the EU IPO Enforcement Database (EDB) and the Anti-Counterfeiting Intelligence Support Tool (ACIST) to the SCC. These database systems will help to identify consumer activity, and in doing so, allow for a proactive approach to tackle new and emerging risks as and when they appear. Police Scotland represents the interests of the SAITG at the UK IPO and EU IPO forums, which serves to identify opportunities for joint working as part of larger EU-wide initiatives, including Operation Opson and Operation Silver Axe.

Whilst enforcement action against those involved in IP offences is encouraged, it rarely acts as a deterrent, in itself, for those involved in the commission of IP crimes. Enforcement action is becoming increasingly difficult to coordinate in the light of the diversification/networking of SOCGs and their increasingly online nature. However, the most problematic aspect in taking effective enforcement action against those involved in the commission of IP offences is dealing with consumer apathy.

## Customer service

Consumers are complicit in driving the market demand for counterfeit goods and copyright infringing material. There remains a need for enforcement agencies and partners to become more effective at engaging with the wider public to highlight the destructive impacts of IP crime. To assist in this regard, the SAITG have helped drive the creation of the Scottish Prevention Hub for Emerging Risk Evaluation (SPHERE), whose main purpose is to accurately assess emerging trends and threats as early as possible to help facilitate the multi-agency coordination of activities.

As part of this process, the SAITG are working with CivTech to develop an IT solution that will identify consumer patterns and purchasing trends for illicit products (particularly that linked to SOC), which will better protect Scotland's communities and legitimate businesses. It will also have the capability to identify, influence, and prevent consumer patterns and purchasing trends for illicit products.

## The three Rs: recognise, reject, report

Despite enforcement activities the increase in the illicit market place across all counterfeit products has been exceptional. Enforcement activities have not had any real effect on the trade which continues to grow. It has to be accepted that a change of focus must now take place to diversify efforts into the three work streams: prevention, education and enforcement. In order to reduce the illicit trade an effective awareness raising campaign has to be implemented, highlighting the harm of illicit products, the benefits of legitimate trade and how to identify suspect products through the 4Ps (price, packaging, place and product). This will provide our communities with the information required to recognise, reject and report intellectual property criminality. Prevention work must be implemented by both industry and regulators to target-harden all available network vulnerabilities.

## Work streams

### Education

Police Scotland's IP experts within the Divert Deter team of Safer Communities have been providing training inputs at the Scottish Police College on a six weekly basis for officers throughout the country. These training seminars provide operational officers with increased knowledge of IP criminality, the latest investigative procedures and best reporting practices. Officers are able to examine illicit products first hand, learn about the latest emerging crime trends, meet partner agency representatives and are provided with contact information for expert witnesses.

Police Scotland have been undertaking awareness raising sessions at local, regional and national community events across the country. Officers are regularly seen at stands within shopping centres, ports and festivals highlighting the dangers of illicit products, promoting legitimate trade and due diligence when purchasing products. Officers undertook a live question and answer session on the social media channels of Forth Valley Police division.

Officers along with representatives from the IPO launched a summer safer travel campaign at Glasgow Airport highlighting illicit trade to holidaymakers heading for their summer breaks with examples of illicit goods and information on how to identify counterfeit products.

In order to reach a wider audience Police Scotland have included information on illicit trade within the “Fresher’s Week Safety Booklet” which is distributed to all students in Scotland at the commencement of the academic year. This was supplemented with an information video showing examples of illicit products.

In partnership with the IPO, the awareness raising campaign “SCAM YOU! THE GAMESHOW” highlighted the dangers of purchasing goods on the e-commerce forum without conducting due diligence on the selling site. The seven videos contained true stories of Scottish based consumers who had purchased products from illicit websites purporting to sell genuine products. The victims consequently had their personal data stolen which was used to further commit criminality highlighting the need for further due diligence to be carried out when shopping online.



### Prevention

Operation Silver Axe is a Europol led operation targeting illicit trade across Europe of counterfeit, unregulated and spurious pesticides. Police Scotland led the UK response, whilst working with industry, and developed a strategy to target harden the industry from the threats from illicit pesticides. A review was undertaken of the distribution network, from manufacture to end user, with 19 recommendations made for improvements by both the public and private sector to improve resilience from this emerging threat.

The Scottish Prevention Hub for Emerging Risk Evaluation (SPHERE) was created by Police Scotland, which aims to identify current and future trends in the illicit marketplace through “horizon-scanning” of all information and intelligence available regionally, nationally and internationally.



Consumer awareness campaign at shopping centres



Consumer awareness campaign at Glasgow airport

Through our partnership with the Scottish Anti Illicit Trade Group (SAITG) we regularly inform our communities of the risks, threats, trends and successful enforcement activities undertaken by all law enforcement agencies by communication through dedicated social media channels, the SAITG website and a quarterly e-newsletter shared widely by partner agencies.

A preventative and educational presentation was delivered to members of the Scottish Grocers Federation annual conference held in Edinburgh by officers from Police Scotland. The presentation was to highlight the issues of counterfeit products in the retail sector, provide resilience and highlight reporting mechanisms for the retail sector. To supplement this messaging a joint presentation by Police Scotland and HMRC was delivered to a cross party group of the independent convenience stores at the Scottish Parliament.

### **Enforcement**

The Film Content Protection Agency (FCPA) conduct training of cinema staff across Scotland to counter the threat from illicit recordings of new release films which are thereafter uploaded to the internet causing significant financial implications for the creative industries. Staff at the VUE cinema, Glasgow Fort when conducting routine scanning of the film *Trainspotting 2* identified a male recording the film on a hand held device and immediately contacted Police Scotland to report this activity. Officers attended at the cinema and conducted an investigation in partnership with the FCPA which resulted in a 41 year old male being charged under the Copyright Design and Patents Act 1988. Ryan Finnigan was convicted at Glasgow Sheriff Court on Friday 25 May 2018. The case received national press coverage.

In January 2018 officers from Police Scotland who had undertaken a training input from Police Scotland's IP experts attended a property in Glasgow as a result of a neighbour complaint. On arrival officers observed a small amount of packaged tobacco which bared the hallmarks of illicit tobacco. The officers contacted the IP desk for advice and direction. Due to the information passed a joint operation between Police Scotland and HMRC was implemented and the property was searched under authorisation of a search warrant. Two foreign nationals were arrested and remanded in custody. In excess of one tonne of illicit tobacco and cigarettes recovered, valued at over £300k. This operation shows the collaborative interagency approach adopted in Scotland for the investigation of IP criminality.

## **Premier League**

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

Over the past year, the Premier League has continued to adopt a broad and multi-faceted approach to combatting the piracy of its content and infringement of its IP rights, including:

- Monitoring, disrupting and removing unauthorised online live streams and recorded clips of broadcasts of Premier League matches. In season 2017/18 the Premier League has removed or blocked almost 200,000 live streams and over 450,000 clips of its matches that would otherwise have been available to view in the UK.
- Securing and maintaining a dynamic injunction requiring UK ISPs to block access to servers used to illegally stream broadcasts of Premier League matches.
- Several private criminal prosecutions and civil actions against suppliers of illicit streaming services, along with the referral of numerous cases to law enforcement.
- Action to prevent the unauthorised broadcasts of Premier League matches in pubs, clubs and other commercial premises across the UK. Over the course of the 2017/18 Season the Premier League conducted investigative visits to almost 8,000 unique commercial premises.
- Continuing to work with online marketplaces such as Amazon, eBay, Facebook and Alibaba to disrupt the sale and use of illicit streaming services on their platforms.
- Action to prevent the sale and distribution of counterfeit goods. This season the Premier League has seized more than 500,000 counterfeit items, worth approximately £6.8 million.

More specifically, below are three notable cases from the past twelve months:

## *R v John Trevor Dodds and Jason Richards (aka Jason Richard Graham)*

The Premier League privately prosecuted two individuals responsible for a sophisticated and large-scale network supplying illicit streaming devices (“ISDs”) in the UK. The two individuals were convicted for the common law offence of conspiracy to defraud and each received a four-and-a-half-year prison sentence at Newcastle Crown Court in April 2018. (<https://www.premierleague.com/news/656708>).

### *“Ace IPTV”*

A civil action by the Premier League against the operators of Ace IPTV, a notorious supplier of pirate streams in the UK, resulted in a settlement in May 2018 through which the operators agreed to shut down the service and pay £600,000 in costs and damages. (<https://www.premierleague.com/news/690765>).

## *The Football Association Premier League Limited v Ecatel Ltd, C/09/485400 / HA ZA 15-367 (2018)*

In January 2018, the District Court of the Hague granted the Premier League a civil injunction against Ecatel, a notorious and non-compliant dedicated server provider. Amongst other things, this injunction requires Ecatel to stop allowing its services to be used to infringe the Premier League’s copyright, within 30 minutes of receiving notice from the Premier League. Although this action took place in the Netherlands, Ecatel’s servers were used to stream unauthorised content in the UK and the injunction establishes an important precedent against other such providers, including those based in the UK.

Despite these successful actions, numerous and significant challenges remain in tackling IP crime. For example, ISDs continue to be perceived as genuine alternatives to legitimate providers and the use of social media platforms to consume unauthorised streams continues to grow. This season alone, the Premier League identified almost 90,000 infringing live streams on social media platforms. Whilst some online platforms offer systems to enable rights owners to block or at least immediately remove such streams, many simply ignore requests for removal from rights owners. This is despite online platforms often being best placed to prevent IP crime on the internet and being able to do so with ease and at little cost, something expressly noted by the District Court of the Hague when granting the injunction against Ecatel.

## **Key Stats**

- Almost **200,000** illegal live streams and over **450,000** clips blocked and removed from the internet.
- Two ISD sellers sentenced to **4.5 years** in prison.
- Major UK supplier of infringing streams agreed to pay **£600,000** in costs and damages.
- Investigative visits conducted to almost **8,000** commercial premises.
- More than **500,000** counterfeit items seized, worth almost **£7,000,000**.

## **PRS for Music**

PRS for Music continues to tackle music piracy with the use of the Member Anti-Piracy System (MAPS), a notice and takedown system which tracks the PRS for Music repertoire on unlicensed and infringing sites and enables users to request removal of their content. The tool also allows users to send take down notices to Google which has the power to remove search results.

To date MAPS has:

- Reported over 4.1 million URLs to websites linking to or hosting PRS for Music repertoire;
- Sent over 234,000 take down notices to websites;
- Sent over 377,000 live links to Google for delisting from its search pages;
- Forced over 850 illegal websites to cease operating completely.

PRS for Music continues to work closely with the City of London Police IP Crime Unit (PIPCU) and is an active partner of Operation Creative, a PIPCU initiative designed to disrupt and prevent websites from providing unauthorised access to copyright content.

In 2017, PRS for Music investigated and submitted referrals for 76 infringing websites and in addition, provided support and technical expertise to PIPCU Officers during ‘Days of Action’ organised to increase awareness and accessibility of the Infringing Website List.

Stream-ripping piracy has been the focus for the Anti-Piracy Unit over the past year. Stream-ripping services have been plugged into MAPS, which have forced a number of sites to cease operating. App-based piracy continues to gain popularity and many of those which are music focused rely on stream-ripping technology to source content from licensed streaming services. Removing stream-ripping apps from the app stores has proved to be a successful approach in dealing with this form of piracy.

The Anti-Piracy Unit continues to work with Soundcloud, a licensed streaming service, to tackle stream-ripping and specially targeting those services which abuse Soundcloud's API. The approach has seen a successful decline in services accessing Soundcloud to stream-rip its content.

eBay, one of the most popular online marketplaces, is usually associated with buying and selling physical products. However, the offering of infringing digital content, specifically new releases of albums and compilations hosted on cyberlockers, is becoming a growing trend. In 2017 PRS for Music removed 30 items which contained a link to PRS for Music repertoire. The Anti-Piracy Unit continues to monitor the platform.

## Private Prosecutors' Association



### PRIVATE PROSECUTORS' ASSOCIATION

The Private Prosecutors' Association was established in 2017 by a group of practitioners with experience of bringing private prosecutions. The formal launch event took place in May 2018 with a discussion led by The Right Honourable Sir Brian Leveson PC.

The membership now consists of over 80 solicitors, barristers, accountants, investigators and academics with experience in the area.

Private prosecutions allow individuals, businesses and organisations who have been the victims of crime to pursue justice in the criminal courts by bringing a criminal case themselves. They may do so in circumstances where the CPS and Trading Standards do not allocate resources for a particular

prosecution or because they wish to institute proceedings themselves, perhaps as part of a series of cases confronting a particular threat to their industry.

In recent years, there has been a rise in the number of private prosecutions before the UK courts but there is, in particular, a long history of private prosecutions of Intellectual Property Crime because rightsholder groups, broadcasters and brands have specialist knowledge, technical capability and resources to prosecute these cases and the offending is widespread and duplicated across geographical areas.

With an increase in the volume private prosecutions there is increased risk and it is vital that the correct steps are taken to ensure that trials are fair and that the courts and the public retain confidence in private prosecutors.

The Association's key objectives are:

- To enable those involved in bringing all types of private prosecutions to identify, endorse and share best practice;
- To provide a forum for the exchange of expert views and specialist knowledge relating to private prosecutions;
- To enable those involved in bringing private prosecutions to provide a collective response to government initiatives and consultations affecting private prosecutions;
- To organise educational seminars, networking and social events for members and non-members throughout the year;
- To identifying lacunae and limitations relevant to private prosecutions in the existing legal framework and advocate for additional rights and powers which would better enable private prosecutors to assist victims of crime;
- To identify opportunities where private prosecutors can work in association with public law enforcement agencies to provide additional or broader services to complainants;
- To provide complainants and the public with accurate information about private prosecutions and when they are appropriate.

An initial and central project for the Association is the drafting of a Code of Conduct for the bringing of private prosecutions which those who practice in this area can adopt as a benchmark

and which they and others, including defendants, can go to as a point of reference.

Working groups have been set up to devise the code and contributions to this process are welcomed from professionals with experience of bringing and/or defending private prosecutions.

## REACT

REACT is a not-for-profit organisation with over 26 years experience in fighting counterfeit trade. With 270 members covering all areas of industry, REACT has experience in dealing with all matters of infringing rights. REACT has strategically placed offices and partners around the world to efficiently fight the global trade in counterfeit goods. Our large and growing network is a unique aspect of REACT, allowing us to undertake the organization of raids and to perform basic legal formalities at low rates in more than 90 countries around the world.

REACT handled over 35,000 offline cases in 2017/18, which resulted in more than 27.5 million products seized. Of these, 971 cases were from the UK, involving 200,000 items seized.

REACT handled 25,000 Customs seizures in 2017/18, and 657 of these cases were UK Customs detentions. Despite the modest rise in case numbers for UK Customs, we saw a reduction in the number of goods seized at 182,000.

The remainders of the cases, (315) were led by Trading Standards and Police, and this is a 30% increase year on year.

Online, our WebCrawler identified and removed nearly 3.5 million advertisements, and over 64,000 commercial websites. 133,000 listings were removed from UK platforms, and 3190 .co.uk domains were removed.

We also removed over 32,000 listings from social media, and 10,000 Apps.

2017 saw our Dublin based Intelligence Unit become fully operational. From here we optimise our worldwide network by taking enforcement actions from online to offline – tracking down the bricks and mortar establishments that manufacture and wholesale counterfeit goods. We currently have two ongoing UK cases encompassing China, Poland, and Germany.

In 2017 REACT hosted a very successful joint IP Training Day with Trading Standards North West where over 40 members were able to meet with law enforcement and share information on their brands.

In recognizing the good work being undertaken by the National Markets Group, REACT became a sponsor of the Real Deal, and fully supports both efforts to tackle counterfeit crime.

One trend we have identified is hackers embedding pages into authentic websites. The victims of the hackers are websites from various product group, and consumers.

For example, we had an advertising agency website with a single page embedded in its coding by hackers, on which there were jewellery products. The original page was created for a company making billboards, and when you click on an item of jewellery on the embedded page, you are redirected to the infringing website, which belongs to the hacker group itself.

We understand that hackers do this to acquire a higher Google search ranking (the fraudulent website showing up in the first two pages, with the original website showing up much further down the list). It should be kept in mind that the infringers use frequently hacked websites to promote their own, every access to those sites bumps up the ranking of the single fraudulent website.

**“REACT handled over 35,000 offline cases in 2017/18, which resulted in more than 27.5 million products seized.”**

## UK Interactive Entertainment (Ukie)

Games are now accessible via a number of different platforms, from consoles and PCs, to mobiles and smart TVs. No longer do players have to pay or own a physical copy, as a game can be played online or via a mobile app, often for free. The technology used to protect against copying or theft has improved, which has meant criminals are finding new ways to steal and profit from our members' IP.

The games industry is over 30 years old, and there is now a booming business in what is known as retro gaming. Older game titles are now available on modern devices but in limited volumes; criminals use this as an opportunity to offer thousands of games on unlicensed devices for less than £200. Many of the devices are imported from China and therefore do not comply with UK Safety regulations. There have been reports of pop-up stalls in shopping centres before Christmas making this a visible crime with most not aware the devices are infringing and potentially unsafe.

The popularity and wide reach of games means that players are keen to have branded merchandise. Unlike all other IP owners, counterfeiters sell unlicensed items ranging from posters to t-shirts and costumes. Some target fans via game events at major venues, which is an area Ukie will focus on with the assistance of event organisers and Trading Standards in the coming months.

There is still an issue with 'cracked' games being made available online. The files are found on game specific download and torrent websites but also the mainstream websites making available other types of content (book, music, films etc.). Ukie's IP Scanning service has reported over 650k URLs for just over 500 game titles. This volume of releases is mainly due to the time taken to develop and publish a high quality game. Many of the game focused sites have been reported to PIPCU and are therefore on the IWL.

With the increase in Cyber Crime, Ukie is in partnership with the National Cyber Crime Unit (NCCU) to raise the awareness of cyber related crimes against game companies. From phishing emails to targeted Distributed Denial of Service (DDoS) attacks aimed at large online gaming platforms the financial and brand damage can cause serious harm, therefore the aim is to help prepare and protect companies against the attacks.

## 3d International

### Anti-Counterfeiting Group (ACG)

ACG is gaining influence on the International stage and in support of its members, regularly engages with the following agencies.

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

ACG's intelligence coordination and strong policy/lobbying activities enable us to gather evidence and develop quantifiable, reliable and substantive data and to build up robust networks for communication. This has strengthened our engagement with the aforementioned international institutions and agencies and allowed us to inform and influence strategies and policies to tackle IP crime both in the UK and in source countries.

Having more robust facts and data to hand allows ACG to connect more effectively with key UK government, enforcement and industry figures and to focus our policy and lobbying activities to more productively influence the national agenda.

Multi-agency and multi-sector partnerships and collaboration are vital at every level. An effective impact to counterfeiting cannot be made unless alliances are truly inclusive.

## Intellectual Property Office (IPO)

IP infringers don't respect international boundaries or territories. International dialogue is critical in order to tackle IP infringement. Examples of the IPO's work in this area follow.

In 2017/18 the IPO was active on the international stage, continuing discussions with colleagues in several governments over approaches to tackling online copyright infringement, and sharing experiences in tackling IP infringement in general. IPO staff also attended a number of conferences and seminars, including presenting the findings of an OECD-commissioned report 'Fake Goods. Real Losses' at a meeting of the OECD's Task Force on Countering Illicit Trade.

Of particular interest at the present time is the topic of illicit streaming devices, and the initiatives in the UK to tackle this problem. Dr Ros Lynch, IPO's Director of Copyright and Enforcement, spoke about the policy challenges faced by government, particularly related to illicit streaming devices, at Interpol's 11th International Law Enforcement IP Crime Conference in New York in August 2017, and at the CASBAA convention in Macau in November. In December 2017 Matt Cope, Head of Enforcement spoke about UK initiatives at a conference in Stockholm organised by the Swedish Patent and Registration Office.

IPO also attended the Swiss STOP PIRACY conference which focused on the roles and responsibilities of advertising, logistic and financial services providers. PIPCU presented on their work in this area at the conference.



STOP PIRACY conference – University Neuchatel 8.09.2017, SITEL, Mario Cafiso<sup>21</sup>

Capacity building continues to play an important part of our work. Over the past year we have supported EU-funded projects in Macedonia and Albania, sharing practical experiences of UK law enforcement in dealing with IP crime, alongside experts from Trading Standards, industry, trade bodies and individual contractors. At meetings of the EU Observatory on Infringements of IPRs we have shared examples of prosecuting IP crimes, developing voluntary agreements such as the Copyright and Search code of practice, our work with OECD to study the impact on the UK economy from the trade in counterfeits, and how we reach out to the public to raise awareness of the risks of buying counterfeit goods (our #buyreal campaign).

<sup>21</sup> [www1.unine.ch/media/fd/stop-piracy/#AR6B6230.jpg](http://www1.unine.ch/media/fd/stop-piracy/#AR6B6230.jpg)

## Attaché Network

Between November 2012 (when the network was established) and March 2018:

- Attachés gave one-to-one direct support to 1,474 UK businesses dealing with individual IP issues. In the last year alone they dealt with IP cases worth over £98m in potential lost revenue;
- The network undertook 852 business outreach and education events, reaching 25,417 UK exporters operating in overseas markets (China 6,763, India 4,553, Brazil 4,298, ASEAN 6,163, others 3,640);
- Almost 27,000 businesses have benefited from interaction with our attachés thus far;
- As well as the work attachés do to help influence policy making and decisions within host countries.

### Brazil IP attaché case study

Following a commitment made at the Brazil-UK Strategic Dialogue in 2015, delegations from the UK and Brazilian governments met at the Rio Branco Institute, Brasilia, to discuss approaches to cyber challenges and current areas of debate. This First UK-Brazil cyber-dialogue, in April 2017, was led by the FCO and Angelica Garcia, our IP attaché for Brazil and Latin America. She had the opportunity to share the UK approach to tackling online piracy and reinforce our commitment to working with the Brazilian government on promoting awareness of and respect for Intellectual Property.



First UK-Brazil cyber-dialogue, April 2017

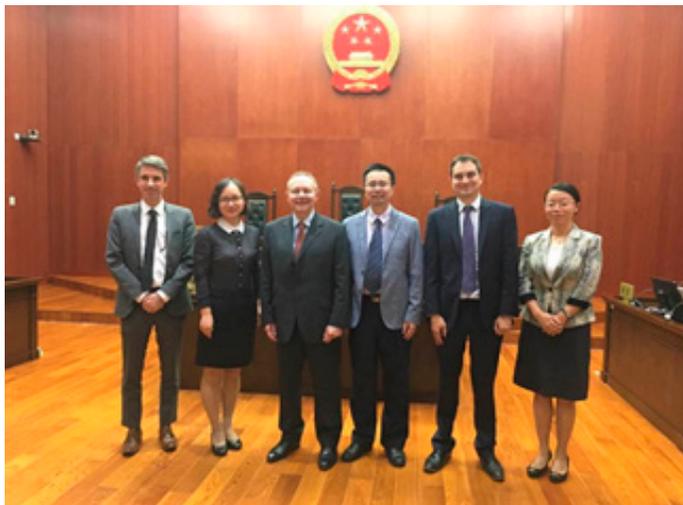
### South East Asia IP attaché case study

This year saw the continuation of IP enforcement work with The Association of Southeast Asian Nations (ASEAN), focussing on three priority markets: Indonesia, Vietnam and the Philippines. The UK's Director of Enforcement Ros Lynch met with enforcement officials from all three countries in November in Singapore and facilitated discussions on the best way to manage the IP crime challenges of today. Ros also attended the newly formed national steering committee on IP enforcement in Vietnam and discussed progress in improving the UK IP framework through cooperation across various agencies responsible for IP enforcement.

On individual cases we have worked closely with both the Indonesia and Vietnamese governments on specific cases of IP enforcement, where British companies have been infringed. Both cases concluded with positive outcomes, and both the Vietnamese and Indonesian sited a positive experience and have suggested they are keen to cooperate on other future cases.

## China Judicial exchanges

In August Mr Justice Carr of the High Court of England and Wales visited China and Hong Kong. This visit continues the IPO programme of judicial exchanges with the Chinese, and follows previous visits made by His Honour Judge Hacon, and Mr Justice Birss. In Beijing Mr Justice Carr met with the Supreme People's Court IP Tribunal, and the Beijing IP Court. He hosted two workshops covering indirect patent infringement and copyright collective licensing and held an IP Salon covering topics including judicial appointment systems, China as a global patent jurisdiction, evidence disclosure, damages awards, bad-faith trade mark applications and legal protection in creative industries projects. In Hong Kong Mr Justice Carr met with the judiciary and practitioners, and spoke at a public event on recent IP case law in the UK (hosted by the Hong Kong Intellectual Property Department) to an audience of over 300 people.



Mr Justice Henry Carr meeting with Judges of Beijing IP Court during his visit to China in August 2017



Mr Justice Henry Carr meeting the Supreme People's Court IP Tribunal

## WIPO's Advisory Committee on Enforcement (ACE)

The 12th Session of WIPO's Advisory Committee on Enforcement took place 4-6 September 2017. This was an opportunity for WIPO members to share their experiences and best practice on IP enforcement issues and efforts to build respect for IP. In previous sessions we have presented on a range of issues including the IP Crime Report, tackling online IP infringement, education awareness raising initiatives, and the Intellectual Property Enterprise Court (IPEC). This session was particularly busy for the UK IPO, as we had a number of events taking place over the three days. We invited Mr Justice Arnold from the High Court of England and Wales to share his experience of website blocking injunctions. These injunctions are seen as a key tool in tackling IP infringement online, where the websites are hosted overseas and are therefore beyond the reach of UK law enforcement. We also hosted a lunchtime side event to discuss the findings of the 2017 Online Copyright Infringement (OCI) Tracker. The well-attended session was chaired by the IPO's Director of Innovation and Chief Economist, Pippa Hall. IPO also participated in the side exhibition, showcasing 'Business Battle', a fun and engaging multi-player game for use in the classroom and linked to the Business Studies curriculum.

Our continued support of WIPO's ACE, through such initiatives is a commitment in our IP Enforcement Strategy.



Online Copyright Infringement Tracker side event at WIPO's ACE, 5 September 2017



'Business Battle' on display at WIPO ACE exhibition, 4-6 September 2017

## European Commission

On 29 November 2017 the Commission brought forward a set of measures to ensure that IPRs are well protected, thereby encouraging European companies, particularly SMEs and start-ups, to invest in innovation and creativity.<sup>22</sup> Reflecting the UK's response to the 2016 consultation on the enforcement legal framework, the Commission has concluded that the current legal framework is fit for purpose, but guidance on certain parts of Directive 2004/48/EC is needed. This is provided in one of the communications comprising this set of measures.<sup>12</sup> The Commission also commits to continued support for industry-led initiatives to combat IP infringement, such as the Memorandum of Understanding on the sale of counterfeit goods via the internet. Through renewed cooperation programmes, initiatives such as the report on the protection and enforcement of IPRs in third countries, and the new watch-list of markets engaged in or facilitating IP infringement, and the EU Customs Action Plan the Commission aim to reduce the volume of counterfeit goods reaching the EU market.<sup>23</sup>

## OECD

Under the work of its Task Force on Countering Illicit Trade, the Organisation for Economic Co-operation and Development (OECD) has, in recent years, focussed more of its attention on the impact of the trade in counterfeits. Following the joint OECD-EUIPO 2015 Trade in Counterfeit and Pirated Goods study, the UK commissioned the OECD to prepare a similar study. This delivers the 2016-17 Ministerial Target for the IPO to 'develop a robust methodology to measure and report on harm caused by counterfeiting'. The study uses the same methodology to measure the direct, economic effects of counterfeiting on consumers, industry and government from two perspectives: firstly the impact on these three groups of imports of counterfeits into the UK, and secondly the impact on UK IPR holders of the global trade in counterfeits.

The study also looks at how many people are knowingly buying counterfeits and of these purchases the extent to which this displaces a legal sale (the substitution rate). This information

<sup>22</sup> [europa.eu/rapid/press-release\\_IP-17-4942\\_en.htm](http://europa.eu/rapid/press-release_IP-17-4942_en.htm)

<sup>23</sup> [trade.ec.europa.eu/doclib/docs/2018/march/tradoc\\_156634.pdf](http://trade.ec.europa.eu/doclib/docs/2018/march/tradoc_156634.pdf)

is important to us as we want to be able to calculate more realistic estimates for lost sales, lost jobs etc. It also enables us to adapt our public awareness messaging. The report found that nearly 48% of counterfeits imported into the UK between 2011 and 2013 were destined for sale on the secondary market (for customers looking for fake goods).



The OECDs report on counterfeit trade in the UK was published in September 2017<sup>24</sup>

24 OECD (2017), Trade in Counterfeit Products and the UK Economy: Fake Goods, Real Losses, OECD Publishing, Paris, pg. 17. [doi.org/10.1787/9789264279063-en](https://doi.org/10.1787/9789264279063-en).

The report also found that:

- As much as 4% of all UK imports in 2013 were counterfeit (worth £9.3 billion);
- At least 3% of the total value of UK trade mark and patented products traded worldwide are infringing;
- The consumer detriment amounts to almost £100 million (this is the price premium unjustly paid by the consumer in the belief they are buying a genuine product);
- An estimated 60,000 jobs are lost due to the threat of counterfeiting (about 1.15% of total UK employment);
- There is a potential loss of almost £3.8 billion in tax revenue.

## IPO Intelligence Hub

### FERA Food Integrity Conference, Parma – Italy, May 2017

European partners, academics and law enforcement professionals gathered in Parma last year for interesting and informative updates on food integrity. The conference was organised by Dr Michele Schuman, and featured exciting new technology in food authenticity. The European Food Safety Authority is based in Parma, and as in all of Italy, food quality is high on the public agenda.

Huw Watkins, Head of Intelligence at the IPO, was invited to speak, relating his experiences of partnerships in food authenticity whilst leading the UK's contribution to the Interpol food initiative, OPSON.

Sharing the stage with Peter Whelan, of the Food Standards Ireland team, Huw outlined the changing face of food investigations, including that there are two food crime units in the UK, one based in London and another in Scotland that co-lead on the OPSON work.

In addition to the presentations and discussions, a comprehensive exhibition related the new and innovative ideas on food authenticity.



Huw Watkins Head of Intelligence at the IPO, speaking at Food Integrity Conference, Parma, Italy, May 2017

## Asian Coalition against Counterfeiting and Piracy (ACACAP) Conference, Munich

A developing industry organisation focussing on brand protection in SE Asia, ACACAP hosted a conference in Munich. A range of topics were discussed, including how the UK IPO needs the support of industry partners to ensure that as full an intelligence picture as possible is available to assist in the disruption of serious organised crime.

Within the conference, award winning German journalist Sabina Wolf spoke of her work to identify how terrorists and extremists

use counterfeits and other illicit trade to fund their activities. Her presentation included interviews with extremists, and covered their views that their ends justified being involved in criminality.

At the end of her presentation, Sabina challenged the brand protection representatives with the question: "if you feel that your products may be counterfeited and sold by extremists, how do you get the information to the authorities?"

Following this presentation, Huw Watkins, explained how the IPO is fully engaged with the UK's security services, and regularly sent intelligence updates where relevant, to police units as well as the security services.



Munich's Marienplatz

Huw's presentation focussed on the value of brands sharing their knowledge with the IPO, who are then able to share with appropriate organisations and law enforcement in the UK. The conference also heard updates on the New Silk Road, the train service for goods from China to Europe, details of which were shared with Border Force in the UK.



## IP Crime Group 2018

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