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# IP CRIME AND ENFORCEMENT REPORT

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**19/20**



# AT A GLANCE

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### Disclaimer

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



# CHAPTER 1

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# FOREWORD - IP MINISTER

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**Imports of counterfeit and pirated goods to the UK accounted for as much as GBP 13.6 billion in 2016 – the equivalent of 3% of UK imports in genuine goods.<sup>1</sup>**

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Fifteen years ago, the first 'Annual Enforcement Report' was produced by the IP Crime Group and since then IP crime prevention has developed into a fulcrum for international cooperation and a focus for national collaboration.

Since the first report was published, the fight against IP crime has been transformed. In the first report the aim was to draw attention to a fundamental question: 'what is IP crime?' In subsequent reports it moved on to address a similar basic question: 'why does it matter?' Today, IP enforcement activity does not need to be justified. Work undertaken by governments, independent research institutions and international organisations confirms a very challenging situation, as a recent report commissioned by the OECD and the IPO exemplifies:

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<sup>1</sup> Trade in Counterfeit Products and the UK Economy 2019 Update, (2019) OECD and the UK IPO, Paris and Newport pg. 4.

The fundamental principles of intellectual property regulation, that inventors and artists should be rewarded for their innovations along with the business that support them, has remained consistent since the Patent Office opened its doors in 1852. Today the output of our inventors, creators and artists inhabits two interlinked realms: the physical and the digital, and in this report the UK's IP enforcement community can be seen deploying increasingly sophisticated strategies designed to protect legitimate trade in both.

The IP Crime Group represents a world class approach to IP enforcement. The bedrock of this is the investigative work conducted by Police, Trading Standards, Border Force and independent enforcement organisations. Their contributions to this report have, since its inception, demonstrate the empirical, evidenced-based crime prevention activities the Group's work is based upon. To this end, the contribution from the National Trading Standards gives a clear picture of the organisation and implementation of effective, holistic IP protection. Without an effective system, tracking down and prosecuting criminals who infringe IP rights, online and offline, the additional work undertaken by the UK IP Crime Group, internationally, in the field of education, information sharing, public awareness raising, and behavioural change would not be possible.

Our new challenge lies in the realm of behaviour. We no longer live in a world in which intellectual property could be characterised as a rather technical area of legal practice which only made the headlines when high profile legal cases invited attention. UK trade mark applications are growing at a pace every year. Social media has ensured that generation Z brands itself without the need for persuasion. However, a greater use and better understanding of intellectual property rights by society has not resulted in a reduction in IP crime and infringement by consumers.

According to the OECD/IPO report: Trade in Counterfeit Products and the UK Economy 2019 Update:

## More than the half of imported counterfeit and pirated goods into the UK in 2016 were sold to consumers who actually knew they were buying fake products. <sup>2</sup>

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Changing the attitudes and behaviours of consumers and traders towards IP crime is essential. The Online Copyright Infringement (OCI) 2019 Communications Report, Behaviour Change Opportunities, produced by the UK IPO highlights the importance of this objective and how it can be achieved.<sup>3</sup> Their work in publishing 10 waves of online copyright infringement research has been particularly important in informing our strategies.

2020 has been a year of unexpected challenges and the dedication illustrated by the practitioner-led testimonies and the statistical analysis in this report testify to the resilience, flexibility and commitment of the UK IP Crime Group members.

As we reset our agendas so that achieving behavioural change amongst consumers is added to deterrence, enforcement and evidence-gathering as our main priorities, I would like to thank all those who have contributed to this report.

**Amanda Solloway MP**  
Parliamentary Under Secretary of State  
(Minister for Science, Research and Innovation)

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<sup>2</sup> Trade in Counterfeit Products and the UK Economy 2019 Update, (2019) OECD and the UK IPO, Paris and Newport pg 4.  
<sup>3</sup> OCI 2019 Communications Report Behaviour Change Opportunities Prepared for IPO by Audience Net

# INTRODUCTION - CHAIR IP CRIME GROUP

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For a number of years, I have had the pleasure and privilege of being the chair of the Intellectual Property Crime Group, working closely with colleagues across the IP landscape to support the IPO deliver a world class IP enforcement regime.

I am once again delighted to reflect on the exceptional work captured in our annual IP Crime Report, now in its 15th year, with so many examples of outstanding work by our members. This extraordinary year has seen incredible developments in how consumers access goods and services both physically and digitally with the globalisation of trade.

**The role of IP protection is fundamental and crucial to enable businesses to protect the value of their creativity and innovation and find ways to reduce the flow of IP infringing goods and services.**

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IP crime can be a confusing world for the consumer as it hides so easily in innovative, legitimate markets yet fuels significant serious criminality. The criminals exploit the complexity of the physical and digital networks.

A recent report by the EU Observatory described 25 online business models being adopted by criminals as they bring goods to markets, using legitimate shipping and fast parcel operations, trading platforms and payment facilities.

The COVID-19 epidemic highlighted just how incredibly fast moving and responsive IP criminality can be in order to meet global needs for, in this case, counterfeit protective equipment, despite lock down and reduced manufacturing and production capability. Despite the challenges and changes experienced by industry and government during this unprecedented period of change, with COVID-19 and the ongoing Brexit negotiations with the EU, our enforcement regime has continued to operate and innovate. A recent example, by IP Crime group member Nominet, is their implementation of the first registry led initiative to provide informative landing pages when a domain is suspended.

This is my last year as chair of the IP Crime Group and it has been my privilege to have worked with so many professional and committed people over the years. However, I am extraordinarily pleased to be handing over the lead police role for IP Crime & Illicit Trade to ACC Peter O'Doherty. He has a thorough understanding of this area from his background with the City of London Police for fraud and economic crime, setting up the Police Intellectual Property Crime Unit and his current leadership and expertise tackling serious organised crime. He will be working closely with you all to ensure the UK continues to have a world class enforcement regime and build on the solid foundations already in place.

**Chief Constable Giles York**



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# EXECUTIVE SUMMARY

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Fifteen years ago, the first report in the series that has developed into the IP Crime Report welcomed colleagues from the IP enforcement community to the new group by describing the big picture:

**By the end of the 20th century, globalisation and trade liberalisation redefined the nature of trade. Today, with the proliferation of opportunities comes stiffer competition and a need to innovate commercially, in technology, in business itself. Creativity, has become a resource, much as coal, oil or sail power was to previous generations of businesspeople.<sup>1</sup>**

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People who were born in the year of our first report are the same age as Facebook and today they are about to start looking for work. Creativity, represented online in images, content, code, app development, and its monetisation through brands, trade marks, copyright, designs, patents and other forms of IP is the zeitgeist of generation Z. This digitally intelligent, inventive, entrepreneurial cohort sees the market as a forum for creative expression and business formation as a form of identity. We are moving into an era in which the creative industries are no longer part of a trading environment in which some industries, by implication, are 'not creative'. Creativity is the raw material of commerce and intellectual property is its currency converter. Much of our creative output may be guaranteed by intellectual property. This fundamental relationship gives IP its pivotal role in the twenty-first century economy.

For legitimate businesses, the role of IP is crucial, not merely as a form of protection, but also as a means of accessing the value creative production generates. With the development of the IP economy, criminals are drawn not to bank notes and bullion but to counterfeits and fakes.

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<sup>1</sup> UK Enforcement Report, 2004, UK IPO, Newport,

The same entrepreneurial spark that powers the legitimate economy, ignites a criminal reaction. Legitimate IP has an illegal mirror image and this report details our response to it.

Throughout this report, contributors explore the nature of IP crime. The Anti-Counterfeiting Group (ACG) refer specifically to self-storage facilities as important nodes in the complex networks that link the manufacturers of counterfeit goods outside the UK in China, Hong Kong, India, Turkey, Pakistan and, within the UK, in Manchester, Leicester and Birmingham to criminals who frequently use online platforms to distribute goods. Gareth Mogg from the WRi Group notes: 'Resilience within law enforcement and industry to combat serious and organised crime, including IP crime, is more important today than it has ever been'. The IPO Intelligence Hub, National Markets Group for IP Protection, TM Eye (with reference to the Humberside and Yorkshire Regional Organised Crime Unit and the South Yorkshire Regional Organised Crime Unit) discuss organised crime. But how do we characterise 'organised crime' and how does it link to Intellectual Property crime?

As we move into an era in which one of our objectives is to 'nudge' the population's behaviour away from IP crime, it is important for us to understand how complex the psychology of IP crime is. Simple distinctions like victims (consumers) and its perpetrators (criminals) are not always accurate – some consumers may be criminals (in that they seek out counterfeit goods) and criminals are consumers, in that they are at the end of long supply chains often leading thousands of miles back to China. A report commissioned by the EU Observatory exploring the business models of IP Crime, details 25 'online business models' available to smart, entrepreneurial criminals.

The ingenuity of infringers of intellectual property rights appears to have kept track with and even to some extent outpaced the development of the legitimate business models designed to facilitate online commerce.<sup>2</sup>

Subsequent work undertaken by the Observatory suggests that what we describe as 'organised crime' might also be characterised as 'entrepreneurial crime'. In other words, a distinguishing feature of IP crime may be that – notwithstanding the fact that it may be perpetrated by organised gangs of criminals perusing a range of criminal activities, from people trafficking to drug smuggling - a specific feature of IP crime is that it can just as easily be perpetrated by business-savvy criminals, acting entrepreneurially, within complex physical and digital networks, using sophisticated 'business models' involving crypto-currency, complex IT networks and hidden transaction points.

Indeed, a characteristic of many of the offenders identified in all of our reports is that many of them work alone, or as part of local or familiar networks, specialising in exploiting 'niches' in the counterfeiting environment. Looked at this way, the boundary between legitimate business and illegitimate trade becomes blurred, with customers and businesspeople, moving from legal to illegal trading contexts relatively freely. PRS for music, for example, note that 3% of stream-ripping sites received 'donations' in cryptocurrency during the reporting Music period. Statistics from Trading Standards reports indicate that 'ordinary' shops and social media remain the most important vector for certain kinds of IP crime in the UK. The data from the Counterfeiting Goods tracker reports suggest that, at least in some areas of IP crime, what we're really talking about is the difference between legal opportunism and illegal opportunism.

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2 EUIPO 2016 –Research on Online Business models -available at [https://euiipo.europa.eu/tunnel-web/secure/webdav/guest/document\\_library/observatory/resources/Research\\_on\\_Online\\_Business\\_Models\\_IBM/Research\\_on\\_Online\\_Business\\_Models\\_IBM\\_e](https://euiipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/observatory/resources/Research_on_Online_Business_Models_IBM/Research_on_Online_Business_Models_IBM_e)

Between 2011 and 2018 the number of UK trade mark registrations processed by the UK IPO rose from below 40,000 per annum to over 80,000, the increase in design registrations was even more striking. Expansion of IP rights offers us all a way to create our way out of an economic corner, it also provides a challenge. If the UK is to succeed as an independent trading nation it will need two things: further development of the role of IP in the economy, so that the valuing, exchange and use as collateral of IP can expand; and a diminution of attacks on IP rights through counterfeiting online, in markets and through supply chains.

**This report demonstrates  
how IP crime occurs, how it  
is prevented and why it is so  
important for us to engage  
consumers with the ethical  
issues at the heart of much  
IP crime so that they do not  
engage with it.**

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# TRADING STANDARDS SURVEY AND CASE STUDIES SUMMARY<sup>3</sup>

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Despite the COVID-19 pandemic, 81% of local authorities responded to the survey. The IP Crime Group would like to thank everyone who took part in this survey for their patience and dedication.

**Cigarettes and tobacco were the most heavily reported counterfeit goods in the UK, followed closely by clothing.**

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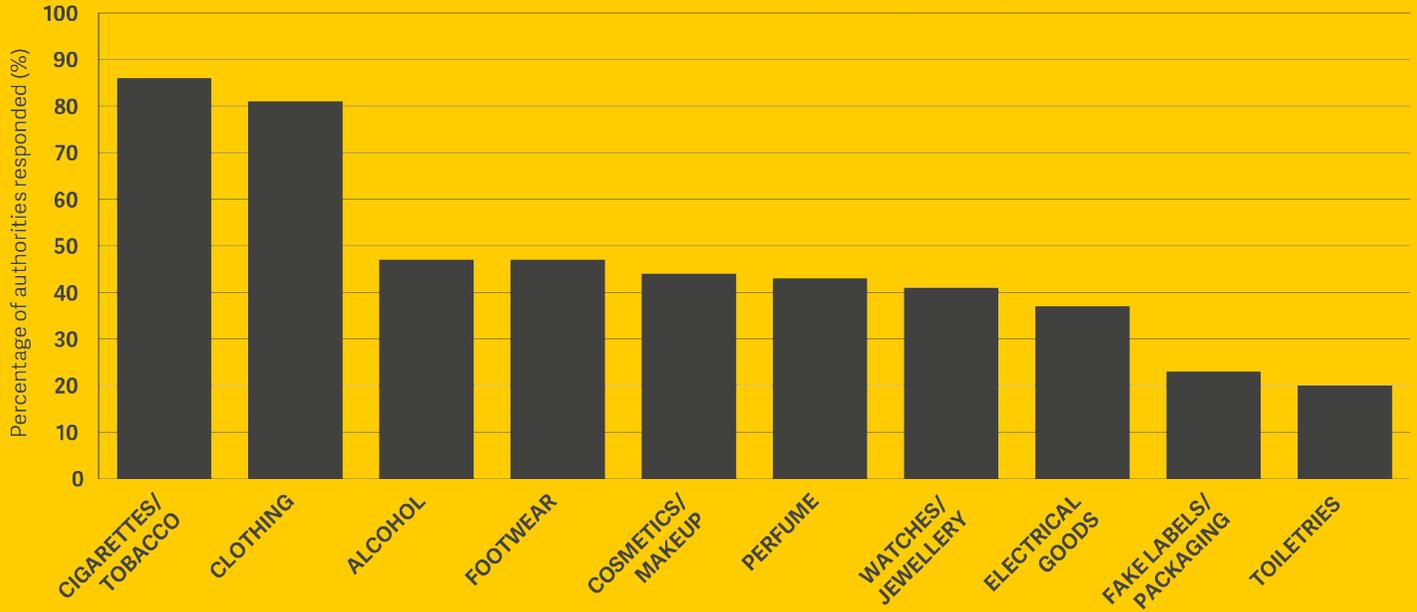
It is notable that authorities have demonstrated links with organised criminal groups in over 35% of submissions. Within the wide range of products characterised in the survey, online streaming services and set top boxes remain a significant area of criminal activity. The report characterises consistent levels of counterfeiting in respect of cosmetics, perfumery and rising levels in respect of toiletries and medical products. It is possible that the increase in this final category may have been caused by the arrival of COVID-19.

The case studies give us a glimpse of the nature of IP crime as it occurred in the UK during the last financial year. Trading Standards Officers, with their specialist knowledge of crime and commerce and specific geographical contexts, are able to give us an accurate picture of IP crime, at street level, throughout the UK and evidence of positive collaborations and productive working practices.

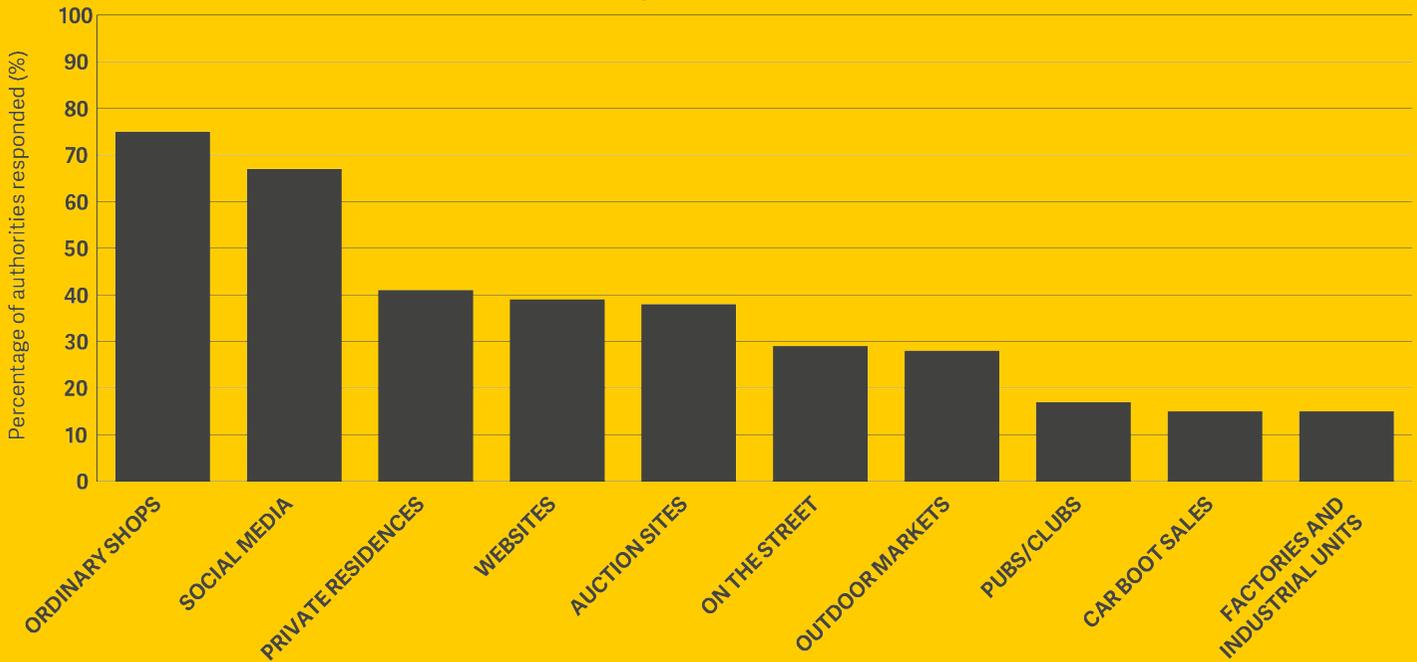
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<sup>3</sup> Full details about the survey and cases studies at: [www.gov.uk/government/collections/ip-enforcement-reports](http://www.gov.uk/government/collections/ip-enforcement-reports)

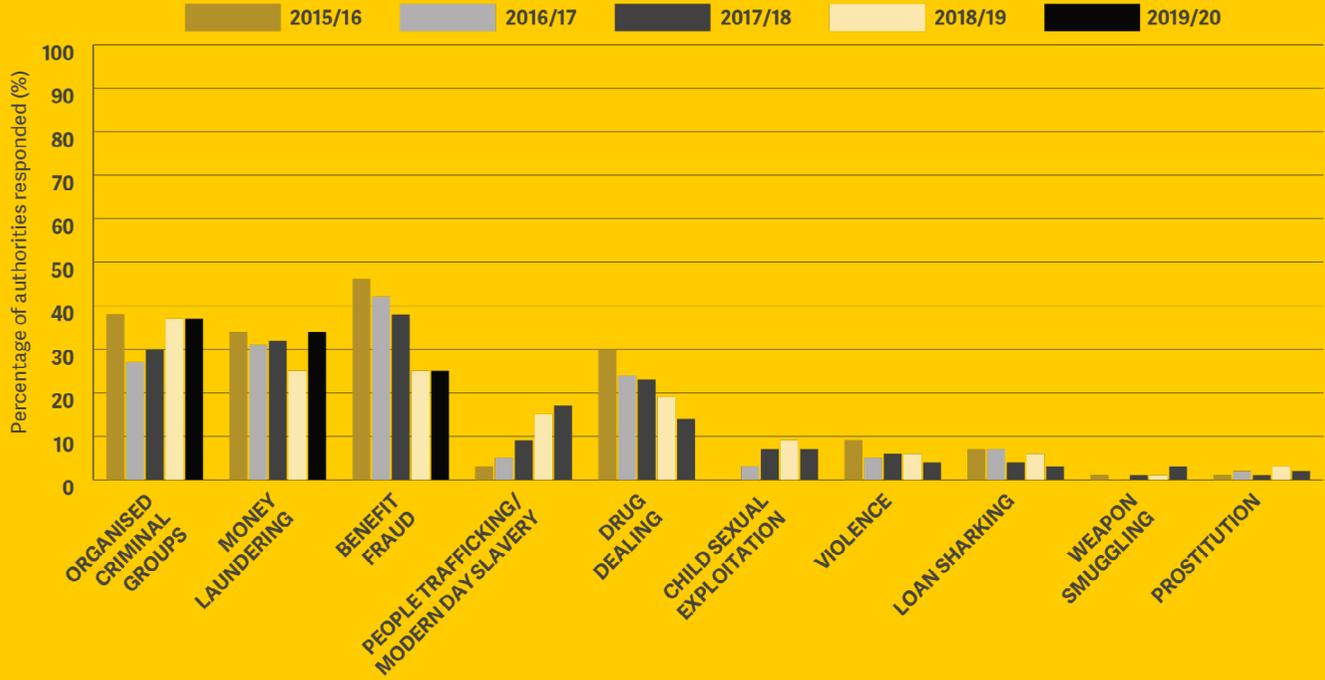
Top ten counterfeit/pirate products investigated by Trading Standards



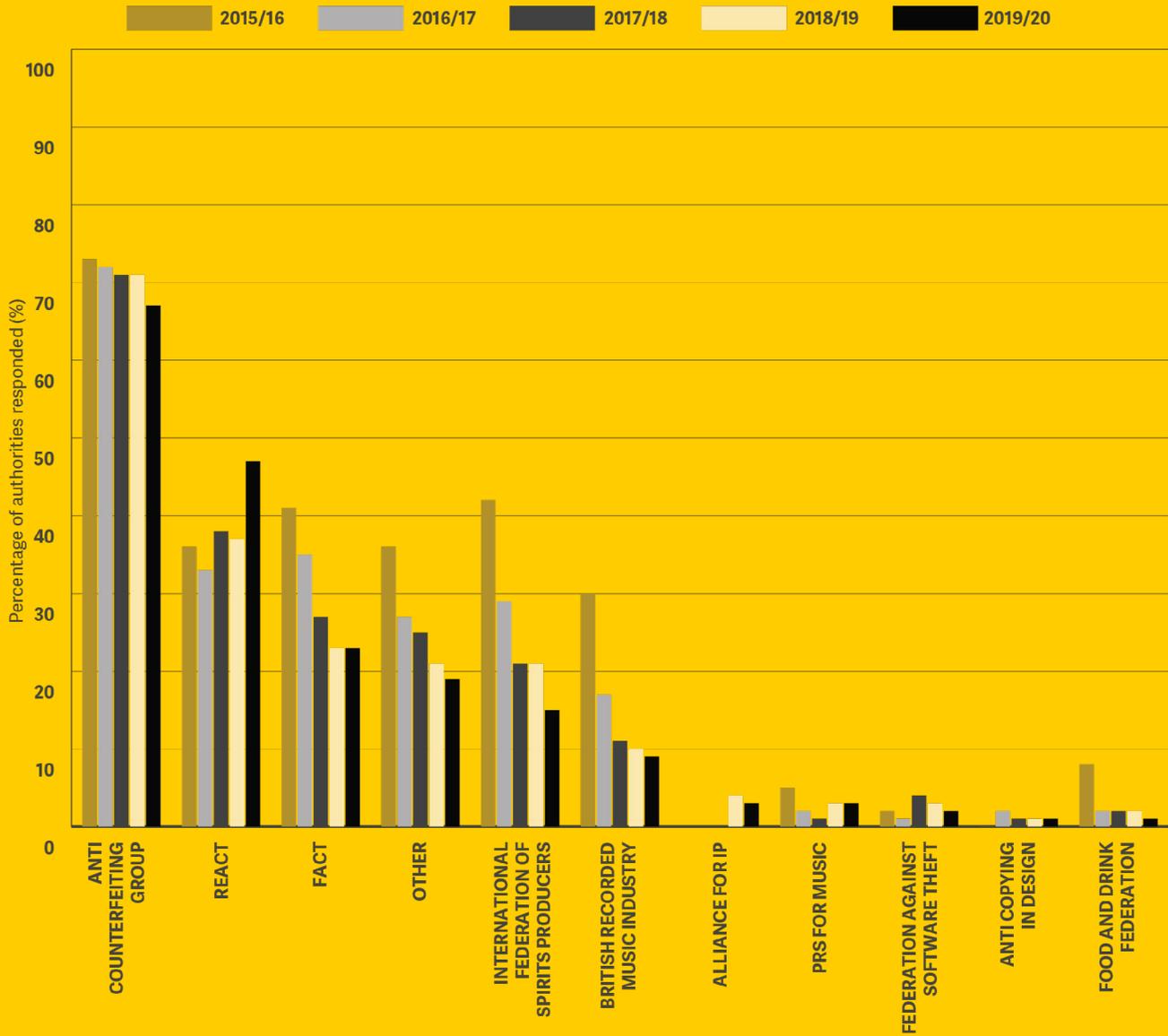
Top ten locations



### Links to other criminality



### Working with industry bodies (top ten)



EXIT

# CHAPTER 2

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# IP CRIME TODAY

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## OVERVIEW - THE SCALE AND SCOPE OF IP CRIME

There are two key drivers behind all IP Crime: greed and need. As the economic hit of COVID-19 becomes a reality, it is likely that unsecure employment and business uncertainty will have a significant impact on levels of IP crime. This year's report was compiled during the 'lockdown' period and members of the IP Crime Group have already registered initial observations.

The creative industries, represented here by Anti Copying in Design (ACID), see the need for 'creative and adaptive' responses to the pandemic. The Independent Automotive Aftermarket Federation (IAAF) warn that 'supply chain disruptions garages and motorists may resort to sourcing parts through alternative channels'. The detailed contributions from Electrical Safety First highlight the fact that the constant vigilance and a combination of active enforcement measures, allied to public engagement campaigns are vital in the delivery of effective IP enforcement today. Indeed, both the Police Intellectual Property Crime Unit (PIPCU) and Vistalworks, anti-counterfeiting software specialists, refer to specific crimes - the provision of fake home-testing kits, unregulated hand sanitiser - that are a direct result of COVID-19. PIPCU can already point to a successful prosecution.

All of our contributions attest to the unique nature of the IP crime environment. Creative and inventive entrepreneurs thrive on the opportunities 'creative destruction' offers. But so do criminals, and the COVID-19 epidemic offers the unscrupulous another platform from which they can dupe the needy and profit from the unsuspecting. These factors mean that IP crime today, which as a result of COVID-19 occurs increasingly online, is a unique juncture and is likely to rise.

Prior to the onset of COVID-19, the reports from stakeholders suggest minor alterations in the IP Crime landscape. Data from the Intelligence Hub concerning physical goods revealed a 3% reduction in submissions. That, coupled with the evidence from the Anti-Counterfeiting Group (ACG), pointing to a decrease in seizures reported by its members at borders. The ACG suggests that, when the wider IP crime environment is taken into consideration, it is likely that these reductions were due to resource implications at border checkpoints. The ACG also raises the issue of self-storage facilities and an increase in the production of counterfeit goods within the UK as developing threats to IP security. Additionally, the ACG's commitment to an internationally agreed approach to issues such as standardisation and supply chain security is echoed by BEAMA and Electrical Safety First.

Contributions from National Trading Standards, the National Markets Group for IP Protection and Real Deal point to the development of efficient, coordinated, well documented interventions, delivered by experience and knowledgeable experts throughout the UK. One of the most significant successes in this field has been engagement with the 'Real Deal Charter', with Manchester City Council celebrating 10 years of successful partnership between Trading Standards Officers and market traders in December 2019. The vitality of this scheme was demonstrated as Dudley Council entered the partnership in 2019, joining more than 500 participatory markets throughout the UK.

Complementing these measures, FACT and Trademark and Rights Holders Against Piracy (TRAP) have continued to prosecute cases of physical goods sales and coordinated anti-counterfeit measures online. TRAP's members report an increase in physical goods seizures from £1m to £2.3m, an increase of 60% in products being reported from online markets.

As well as an increase in IPTV complaints identified by FACT, Nominet report a total of 28,937 domain name suspensions for criminal activity. In tandem with PIPCU, Nominet will redirect web-users who land on suspended domains to a secure site providing information on IP crime prevention. **This is the first registry-led initiative to provide informative landing pages.** Significantly, Nominet note that this reporting period is the first since 2014 in which the number of domain name suspensions has fallen. Ukie, who represent 400 companies in the UK digital games industry, also offer a positive message. Security systems, especially those that are embedded in the hardware/software interface, are making it harder to hack and disseminate counterfeit games. Perhaps an unintended consequence of this success is a perceived increase in the sale of counterfeit merchandise associated with popular branded games. These technological achievements are mirrored by the success of Vistalworks, who were featured in last year's report by Police Scotland. Vistalworks software provides online customers with an instant assessment of online goods provenance.

An overall assessment of the nature of IP Crime Today is that it has changed. At the end of 2019 one could perhaps characterise the situation as 'stable'. Advances in software capabilities coupled with take-down and redirection from offending website improved the veracity of online markets. These steps offered protection to honest customers online, as, for example, the Real Deal Charter, does in local, physical markets. However, as the PRS for Music imply, in cases where customers knowingly seek unlicensed products our ability to intervene in transactions is limited.

At the beginning of 2020, with the locking down of the physical trading environment, almost all transactions that don't involve essential supplies moved online. It is likely that this emphasis on online trade will sharpen the boundary between legitimate online trade through protected and trusted sites and illegitimate online trade, in which both customer and vendor knowingly participate in IP Crime. Tackling this behaviour is our next challenge.

### Ministry of Justice IP crime statistics

According to the Ministry of Justice, 401 people were found guilty of offences under the Trade Marks Act (TMA) and 23 under the Copyright, Designs and Patents Act 1988 (CDPA) during 2019, compared with 461 and 25 in the previous year.

	2015	2016	2017	2018	2019
TMA Found Guilty	490	443	398	461	401
CDPA Found Guilty	69	47	47	25	23

# ANTI-COUNTERFEITING GROUP (ACG)

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The Anti-Counterfeiting Group (ACG) is a not for profit trade association, which will be celebrating its 40<sup>th</sup> year in 2020. Collectively, our members own over 3,200 registered trade marks. ACG members are active nationally and internationally and their creativity, passion and skill make a significant contribution to UK and international trade.

Although located in the UK, ACG works at global levels to ensure IP rights are protected and enforced. To this end, we represent and contribute specialist advice and research to international network of over 170 industry sectors, anti-counterfeiting associations, agencies, and governments.

## **The scope and scale of counterfeiting**

During 2019, ACG members reported increasing numbers of physical products entering the UK by air, sea and road, from countries such as China, Hong Kong, India, Pakistan, Turkey, Singapore, Macedonia, Thailand and Malaysia.

These goods are dangerous to consumers and damaging to businesses. They include electrical products such as chargers and batteries, hair appliances, household goods, toys, luxury goods, fast moving consumer goods, clothing, footwear and apparel. They are being sold both online and at physical locations such as markets, wholesale and retail shop premises and through social media platforms.

Although most counterfeit products entering the domestic market originate from outside the UK, established, local manufacturing locations such as Manchester, Leicester and Birmingham are sources of counterfeit products. Individuals and organised groups in these areas may, for example, import blank garments and other products separately, then assemble counterfeit branded garments in the UK. Europol warned of a re-emergence of domestic manufacturing in Europe, in its 2017 situation report.

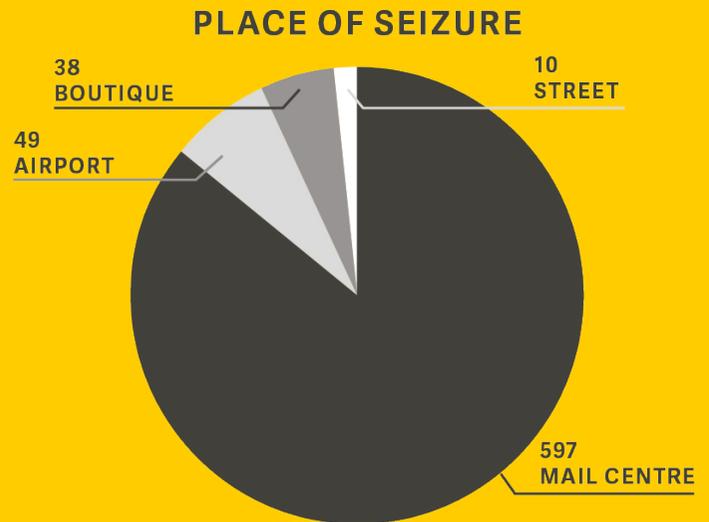
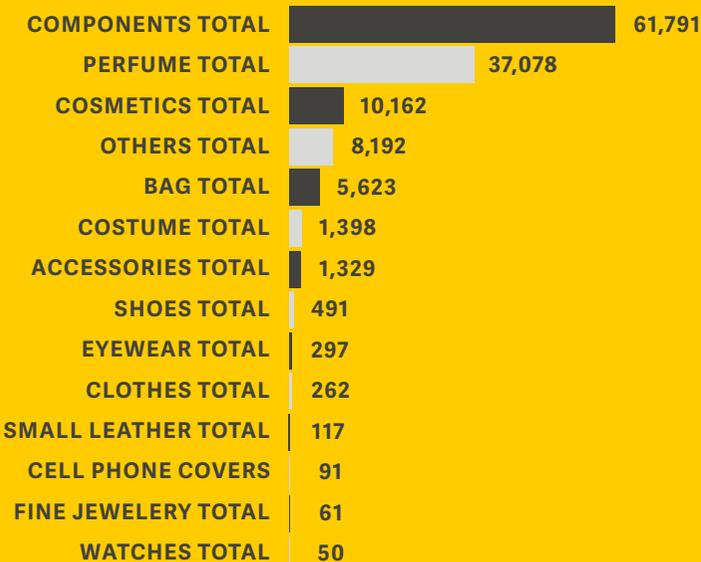
The graphs and statistics on the following page show the range of consumer and luxury goods arriving in the UK seized by Border Force and Trading Standards during 2019.

# SEIZED GOODS BREAKDOWN BY TYPE

SEIZED PRODUCTS <b>124,942</b>	VAR % <b>218.08</b>
COUNTRIES <b>1</b>	VAR % <b>0.00</b>
ACTIONS <b>761</b>	VAR % <b>39.89</b>



## NUMBER OF SEIZED PRODUCTS



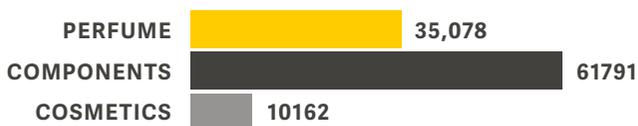
One ACG member had nearly 125,000 counterfeit items seized in the reporting period. For this particular ACG member the total number of seized products had increased by 218%, compared to 2018 :

- Total number of Customs seizures = 659
- Total number of Trading Standards cases = 91
- Top 3 locations :
  1. Manchester
  2. London
  3. Birmingham

#### Highlighted seizures:

- **Barking & Dagenham TS** – seizure of **990 bottles** of perfume;
- **Lincolnshire TS** - seizure of **2,000 sunglasses boxes** and **1,200 sunglasses swing tags**.
- **UK Customs at Southampton Seaport** also made several large seizures, as follows:
  - 33,000 items including perfume sleeves, packaging and labels;
  - 20,000 perfume cartons and bottle lids.

#### Top 3 products 2019



Another ACG member from the clothing, footwear, and luxury goods sector reported seizures of 22,709 items with a retail value of £5,248,045.

Members are still reporting a reduction in seized goods at the borders due, in the main, to competing priorities and subsequent restraints on Border Force resources targeting IP specific importations. However, there have been some large-scale detentions of potentially unsafe counterfeit goods at ports such as Felixstowe, Heathrow, Southampton and Manchester. In these cases, thousands of items were detained, leading to proactive investigations by industry and public sector agencies.

#### Developing/Emerging trends

- The continual growth of e-commerce is having a significant impact on the availability of counterfeit merchandise for domestic criminal businesses and consumers.
- Facebook and Instagram continue to be a focus for brand protection teams as they mitigate risks to consumers presented by unsafe counterfeit goods. Other platforms such as Twitter, Gumtree, Amazon and Alibaba are also favourites for counterfeiters, who use the worldwide reach of such platforms to facilitate sales of their infringing products.
- A developing threat is the increased use of self-storage facilities across the UK, by Organised Crime Groups (OCGs) and individuals. These facilities are not only employed to store counterfeit goods, they are also used as justifiable addresses to support the registration of legitimate limited companies. Following this they are used as retail shops to facilitate the manufacture, distribution and direct sales of illicit goods to consumers. Moreover, they act as return addresses for unwanted counterfeit goods.

- The use of the UK as a stop off point for counterfeit goods destined for other European countries and beyond, is of growing concern to IP rights owners. Recent examples of counterfeit football kits and unsafe phone chargers, imported from China and Bangladesh into the UK, for onward distribution to countries such as Spain and Italy, indicate that the UK is an important link in illegal supply chains. The way to counteract this problem is to ensure that Border Force and other agencies who can intervene in supply chain security are properly resourced and informed.

### **Other emerging trends/threats**

- Online: the sale of counterfeit products is disguised through unauthorised use of copyrighted imagery on major online marketplaces and sites.
- Price: sophisticated counterfeit networks selling high quality counterfeits at close to full price, lead consumers to believe they are purchasing genuine goods.
- Volume: organised crime groups facilitating high volume importation and distribution in Cheetham Hill (some operating from Council owned buildings).
- Funding: comparatively, less government funding to combat IP crime is available. This limits the number of shipments that Border Force Officers can intercept. Trading Standards are also signaling the effect of a lack of available resources to deal with a growing number of complaints in the face of competing priorities and diminished funding for critical resources, such as personnel and secure storage to detain seized goods.

# ANTI COPYING IN DESIGN (ACID)

Anti Copying in Design (ACID) continues to be the leading voice for UK designers on intellectual property issues. ACID members represent diverse design, designer-maker, and manufacturing enterprises, spanning 25 different sectors. Our members create, develop, distribute, and sell innovative products and services worldwide. Collectively, ACID represents the views of thousands of UK designers.

Over the longer term, between 2009 and 2016 the design economy grew by 52%. Industrial designers in the aerospace, automotive and banking created much of this value (68%). Although most designers are micro and SME businesses, the design economy<sup>4</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.

Now defined as a criminal offence, the intentional infringement of a registered design means that ACID has a voice through the IP Crime Group to articulate its views about design theft in general. However, unregistered design right infringement remains unprotected by criminal laws. Accordingly, ACID continues discussions with Government to further this objective and to add the strong deterrence of criminal provisions to an increasing unregistered design rights' infringement issue.

Working together through the IP Crime Group, Government and IP stakeholders, ACID aims to broaden the awareness about designs' important contribution to the UK economy. Innovation through design exists in the everyday products produced by designers and creators that benefit consumers, business, and

society. The importance of design in future trading relationships must be emphasised, so that the UK's world-leading design sector is represented as new international relationships are forged.

## Emerging trends

UK design is high value and demand for design skills is expected to grow. It is a vibrant sector, with a high reputation grounded in the achievements of highly qualified and productive designers. Design generates significant value for local and regional economies, it is also a resource for innovation as has been witnessed in creating adaptive design and manufacturing for the NHS during COVID-19 crisis. Maintaining the UK's position as a design leader and destination of choice is critical as is the intellectual property which underpins it. Design has the potential to play an even greater role in economic growth in future.

In January 2020, the UK left the European Union, and there is still increasing concern that without the protection of unregistered design protection in EU27 and clarity on simultaneous publication of designs, UK designers will be disadvantaged.

According to the OECD, Trade in Counterfeit Products and the UK Economy 2019 report, trade in counterfeit and pirated goods has risen steadily in recent years, and now stands at 3.3% of global trade.<sup>5</sup>

<sup>4</sup> Design Council – The Value of Design to the UK Economy <https://www.designcouncil.org.uk/what-we-do/research/design-economy>  
<sup>5</sup> <http://www.oecd.org/gov/risk/trade-in-counterfeit-products-and-the-uk-economy-2019.htm>

Trends in trade in counterfeit and pirated goods estimates the value of imported fake goods (and this include copied designs) world-wide (based on 2016 customs seizure data at USD 509 billion) has risen from USD 461 billion in 2013 (2.5% of world trade). For the EU, counterfeit trade represented 6.6% of imports from non-EU countries, up from 5% in 2013. And these do not include counterfeit or pirated products being distributed via the internet.

### Case Study – Retail

The 'David and Goliath' relationship between individual, independent designers and larger design and IP development teams embedded within the structures of national and multinational retailers remains tense. In last year's IP Crime Group Report we put the spotlight on BaBaBing, and Aldi and this year we highlight a talented UK designer in dispute with global design brand with outlets in 51 different markets globally with £233 billion in net sales.

Jess Linklater owner and designer of Robe de Voyage's hand painted "scribble" design, shown below on the right was designed in 2015 and is produced by cotton and silk weavers in West Bengal and her workshop workers in Kolkata. In February 2020 she discovered a well-known high street and global online retailer selling identical designs on different products. Other retailers have also had very similar versions online. Jess Linklater's subsequent disputes, in which the ownership of a design originated by an independent designer may have been copied or mimicked because of its success, typifies the nature of design disputes, especially, in the fast-moving sector of fashion/clothing.

### Case Study – Online Infringement

FMM Sugarcraft design and manufacture an extensive range of innovative cutters, tools, and equipment for the cake enthusiast. They have a global market and are considered market leaders. They have been in this business since 1948 but now their future is being severely threatened by online theft. Online theft in the digital world knows no borders and the difficulties of facing a worldwide trend to infringe their designs and a sea of counterfeit products have placed almost insurmountable mountains to climb to survive.

Whilst FMM register most of their designs in the UK, unless they register them in all territories it is an impossible fight. With little consistency and responsibility to originators, online platforms and search engines are not being held to account sufficiently to control the uncontrollable. Memorandums of Understanding, accountability, easy to access means of take down and track down are in many cases still impenetrable for the majority. IP issues and harms to businesses were not included in the recent Online Harms White Paper.



Left - High Street Retailer and Right - Robe de Voyage

## Brexit and the potential loss of EU Unregistered Design protection

ACID is hopeful that its representation to Government, together with evidence, will result in positive Brexit negotiations regarding the potential loss of EU27 Unregistered rights. 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 have gone some way to assure designers that an equivalent level of protection will be introduced post-Brexit.<sup>6</sup>

The Government intends, through the Withdrawal Bill to introduce a new, improved UK supplementary design right which will offer broader protection in the UK. However, 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 is no longer a member of the EU.<sup>7</sup>

The existential threats posed by this would have significant consequences for UK designers, almost 80% of whom rely on the UCD right to protect their designs, according to a recent survey by Anti Copying in Design (ACID).<sup>8</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>9</sup>

Since writing this report, the text for UK/EU negotiations has been published and it includes a requirement on unregistered design rights in that designs shown in the UK would receive protection across the EU. Whilst there is no guarantee that this will be agreed or that we will leave the EU with a deal, this is a significant step forward for UK designers.

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6 See: <https://www.gov.uk/government/publications/technical-note-other-separation-issues-phase-2>

7 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" [https://euiipo.europa.eu/tunnel-web/secure/webdav/guest/document\\_library/contentPdfs/news/QandA\\_brexit\\_en.pdf](https://euiipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/contentPdfs/news/QandA_brexit_en.pdf)

8 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.

9 <http://britishfurnitureconfederation.org.uk/about-the-industry/>

# BEAMA

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BEAMA is a trade association representing the electrotechnical sector. Our members, many of whom are long established multinational corporations, operate in the UK and across the globe. They manufacture electrical installation products that are used in all building types and are crucial for building and personal safety. Counterfeit electrical products of this nature have frequently proved to be non-compliant and highly dangerous, causing electrical shocks and fires that can lead to damage, injuries and fatalities.

BEAMA's Anti-Counterfeiting Working Group (ACWG) is UK based, but it has participants from across Europe and America. Our investigators take action on members' behalf to find manufacturers and distributors of counterfeits and report them to enforcement authorities. We are currently engaged with three projects in China, several Middle Eastern countries, and a number of countries in 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 close to 20 million products since inception.

China continues to be the main source of counterfeit electrical infrastructure products, accounting for over 90% of production. Whereas in recent years counterfeiting manufacturers were centred around manufacturing "hubs", now they are distributed liberally around China, and into provinces with fewer alternative (legitimate) manufacturing businesses. This means that tracking down the manufacturers is harder, dealing with the enforcement authorities can be more challenging and bringing actions against infringers can be more protracted.

Two trends have evolved significantly in the last two years in China. Firstly, products are shipped unbranded, with the branded labels being sent to destination distributor warehouses separately, to be applied at point-of-sale. Secondly, "lookalike" products,

which are manufactured to appear identical to an existing, established, branded product, are also available. Both of these techniques create ambiguity in the supply chain and complicate the act of branding, this enabling counterfeiting to take place.

Chinese ports supply key transit points in the Middle East and Africa. The principle regional transit point for the Middle East is the United Arab Emirates which then supplies counterfeit products to Africa. In Africa itself, Kenya, and specifically Mombasa also acts as a transit point for counterfeit products to enter other African countries.

Our investigative team have been very successful in the period from April to December 2018 seizing a total of 498,223 counterfeit products in that time, with the bulk of those products being seized in Kenya, but significant numbers also in UAE and China. In addition to direct action against counterfeit production and trade, BEAMA also raises awareness and builds relationships with customs and enforcement authorities through training, publications and events. We also work with other manufacturers and supply chain organisations in the UK to communicate best practice, diligence and advice on how to avoid the risks of being involved in the accidental supply of counterfeits.

It is still relatively rare to find counterfeit electrical infrastructure products in the UK, but BEAMA is not complacent and we believe our activities abroad help to ensure that this remains the case. We are aware of the opportunities that online marketplaces afford counterfeiters and remain vigilant.

BEAMA also has a role in ensuring that non-compliant products (whether they don't comply with relevant legislation, or don't meet the relevant standards in UK) are identified and removed from the marketplace. Regulatory non-compliance and IP transgressions are frequently linked, and our work internationally and in the UK helps ensure the marketplace is fair and safe for all.

# CROWN PROSECUTION SERVICE (CPS)

The CPS contributes to the enforcement of IP crime in two major ways: firstly, providing swift, comprehensive and targeted legal advice to police and other investigators; and secondly, utilising our unparalleled criminal litigation and advocacy experience to prosecute the suspected perpetrators of IP crime in its various forms.

Large-scale and complex cases are handled by the CPS's Specialist Fraud Division, based in London and five regional centres. A network of local and national lead lawyers who have a specific interest in IP crime ensure co-ordination and consistency. The Specialist Fraud Division's internal training group has developed training sessions on matters increasingly relevant to the prosecution of IP crime – including on cybercrime and disclosure in complex cases.

In the past year, the Specialist Fraud Division has increased its engagement with both the IP enforcement community, and rights holders. Our key non-casework achievements over the past year have been:

- Updated the CPS's Legal Guidance on IP Crime<sup>10</sup>;
- Attended industry events, e.g. "Football against Fakes";
- Delivered a presentation at the Anti-Counterfeiting Group's Roadshow event in Birmingham;
- Contributed to the All-Party Parliamentary Intellectual Property Group;

- Continued participation with the Intellectual Property Crime Group (IPCG) and Intellectual Property Online Practitioners' Group (IPOP);
- Received the Alliance for Intellectual Property's "IP Champion" Award.

The Specialist Fraud Division's strong and bespoke relationship with the City of London Police's Police Intellectual Property Crime Unit (PIPCU) has led to a number of successes over the past year in the criminal courts:

## The Queen v Luqman Farooq

Luqman Farooq was prosecuted for selling unreleased films online from his bedroom in Halifax. The fraud was far from small scale, resulting in an estimated loss to industry of well over £200m. The trial, held on October 2019 at Southwark Crown Court, ended on its second day when Mr Farooq pleaded guilty to conspiracy to defraud and was jailed for 27 months. The case was proved through computer forensics evidence and an important factor in the success of the prosecution was collaboration between PIPCU, the MPAA, the CPS and the US authorities.

<sup>10</sup> <https://www.cps.gov.uk/legal-guidance/intellectual-property-crime>

## The Queen v Steven Pegram

This case related to a group calling themselves MiLLENiUM who distributed films online, including “The Expendables 3” through their Foundry website. They were imprisoned for their roles in March 2019, and further details appeared in last year’s IP Crime Report. Recently, Steven Pegram sought leave to appeal his sentence of 4.5 years’ imprisonment on the ground that it was manifestly excessive due to (amongst other things) the delay between his arrest and the case coming to court. His application for leave to appeal was refused, and the Court of Appeal commented that:

**“The considerations in investigating and prosecuting such sophisticated international fraud dictate that delay in the instigation of the charges is an occupational hazard for these offenders.”**

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## The Queen v Michael Hargreaves

This case, first reported in the 2017/18 IP Crime Report, revolved around the importation, distribution, and online sale of high-quality counterfeit music from the Far East. In 2017, a number of defendants were imprisoned for their roles in the crime, but Michael Hargreaves, the main suspect in this case, left the UK for the USA before he could be brought before the court. Hargreaves was subsequently arrested in the US for similar offences and served a sentence in Oregon, after which he was deported back to Britain to appear at the Crown Court.

Hargreaves pleaded guilty to two trade mark offences on the 22 March 2018 and was jailed for 16 months and barred from being a company director for five years. In May 2020, a confiscation order was obtained against him for £830,000.

In addition to the above cases, which can be reported, the CPS continues to engage with the police and other investigators on a much larger number of “live investigations”, including crimes committed across international borders and, increasingly, those frauds committed by cutting-edge technology.

# ELECTRICAL SAFETY FIRST (ESF)

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Electrical Safety First is the UK's leading charity committed to reducing fires, injuries and damage arising from electricity – the cause of over half of all domestic fires in the UK. Between 2018-2019, Government figures show electrical fires were responsible for 1,584 deaths and injuries – or more than four each day.

As a consumer-focused charity, we run major media campaigns to raise public awareness of issues ranging from 'rogue' traders to the dangers of counterfeits, including the online sales of fake electrical goods. But we are also aware that electrical safety in the modern world requires a collaborative approach. We work in partnership with a range of stakeholders, including Trading Standards, the Office for Product Safety and Standards (OPSS), manufacturers, retailers and consumer bodies - to effect change in consumer behaviour, disseminate industry best practice and improve product safety.

Fake goods impact on every sector. But counterfeit electricals create a particular concern. Unlike a fake dress or handbag, their impact can be life-changing, causing fires, deaths and damage to both people and property. While the terms *counterfeit* and *substandard* are not synonymous, many fake electrical products often omit components (or use fake ones), which can significantly affect the safety and functionality of a product. This can impact not only on the safety of an individual and their family but also the reputation and brand value of a business.

## Scale and scope of IP crime

Electrical Safety First regularly undertakes and commissions research, much of it concerned with the dangers of counterfeit and substandard electrical goods.

One reason why fake goods can be sold at a fraction of the cost of a genuine item is because counterfeiters cut corners. Key internal components of fake products are often missing, which can impact on its safety and functionality. Using specialised labs and our own product safety experts, we check products for authenticity and test them for conformity with established safety standards.

Electrical Safety First also regularly commissions consumer and stakeholder research to inform our campaigns and provide evidence-based recommendations in support of effective policy development.

Consumer research undertaken for our online product safety campaigns, found that:

- Almost 30% of UK consumers would knowingly buy a counterfeit item if they saw it for a fraction of the price.
- Of those, almost a third would buy fake if there was a discount of 30% or less.
- Almost one in four of those surveyed bought what they thought was a genuine electrical item online from a third-party seller. And then discovered it was fake.

- One in 10 adults have first-hand experience of an electrical shock or fire arising from an electrical item bought online.
- In England alone, between 2018-2019, faulty electrical appliances were responsible for 2,198 domestic fires – 6.5 a day, on average.<sup>11</sup>

Electrical Safety First also undertakes a large-scale, annual consumer survey. Among the questions in the 2020 survey was one which asked consumers who had bought a fake electrical product in the last 12 months, about their experience of the product. We found that:

- 28% of those buying a fake electrical product purchased it online.
- 8% of those who bought a fake product online, experienced an electrical fire that caused injury and 11% had a fire that damaged possessions and/or property.

Smart home technology is a growing area and likely to be of increasing concern in the future. Our survey also found most people (71%) had either bought, or intend to buy, their smart tech from an online marketplace.<sup>12</sup>

## Developing and emerging trends

For over a decade, Electrical Safety First has hosted an annual, high profile, product safety conference, with many of the topics introduced at the event now recognised as critical issues. Each year, we explore key themes and issues impacting on consumer safety and the electrical product industry – with counterfeit and substandard goods always integral elements.

Our aim has been to offer a platform where trending and future developments can be brought to the fore. And to ensure all key stakeholders are informed of the implications, for both business and consumer protection. The conference brings together a wide range of expert speakers and delegates - from global retail brands and government departments, to manufacturers, retailers, importers, lawyers, test houses and consumer protection bodies.



BBC consumer journalist, Linda McAuley chaired the 2019 ESF Electrical Product Safety Conference

## Think like a consumer

Our 2019 conference had the title *Think Like a Consumer – Behaviour-led Insights for Safer Products*. Panellists and delegates considered the relationship between psychology, marketing and behavioural insights - and their links to decision-making and safety. And they reviewed how best to develop messaging to consumers around product registration, recall response and the dangers of counterfeits. Among our expert speakers was Wendy Middleton, Insights Lead at the Office for Product Safety and Standards (OPSS), who provided an analysis of purchasing habits and an exploration of drivers of consumer choice.

<sup>11</sup> Data derived from Government Fire statistics, Domestic Appliance Fire dataset 2018/19. All consumer research, unless otherwise stated, was undertaken from 16 to 21 October 2019 by Censuswide with a sample of 3,006 general consumers. The figures are representative of all UK adults over the age of 16.

<sup>12</sup> Data derived from ESF annual consumer survey, sample size 2,000 UK adults. Research undertaken in January 2020 by YouGov.



Wendy Middleton, Insights Lead OPSS

An event dealing with electrical product safety is incomplete without placing much of the discussion in the context of IOT and the smart home - so these were the subject of several panel discussions. The need to 'think like a consumer' is essential for any sustainable business. But it is particularly vital in optimising the benefits of a smart home during a period of intense technological change. Our formerly linear supply chain model has become a multi-layered supply web, spread around the planet. Modern products are composed of multiple components from global sources, linked to other elements. And being installed and maintained by other 'actors'. Combined with the increasing

flow of new, innovative smart products, the opportunity for counterfeits – now exhibiting increasing sophistication - and rogue traders, will assuredly increase.

Our product safety conference is held annually each November and it was perhaps inevitable that Brexit remained a subtext of many discussions. Some delegates expressed concern that the UK could become a dumping ground for dangerous fake or sub-standard products, without an effective quality control and enforcement system. And that to achieve this, the vital importance of sharing intelligence with border controls internationally must be properly recognised and resourced.

# FACT

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FACT was formed in 1983 to protect the content, product and interests of the film and television broadcasting industries. Its success over the years led to it being regarded as the leader in intellectual property protection. FACT has remained at the forefront of technological advances, changing methodologies and a rapidly expanding market, which has resulted in national and international recognition by governments, law enforcement, private sector businesses, the media and the general public.

FACT's ethos is to protect, prevent, detect, deter, disrupt and dismantle, always keeping in mind the ultimate sanctions of criminal prosecution and civil litigation. Due to demand from other industry sectors FACT has branched out to investigate cybercrime, fraud and other IP crimes. FACT also provides preventative measures such as due diligence services and IT security.

Working in both the UK and internationally, FACT's range of services and strategic and tactical solutions are designed to tackle crime and support businesses. FACT provides bespoke approaches to suit individual circumstances, support commercial objectives and protect organisational reputation and revenue.

## Scale of IP Crime

### Complaints regarding illegal IPTV services continue to rise

Over the past 6 years, FACT has seen a steady year-on-year increase in public complaints regarding suppliers of illegal IPTV services (see graph on next page).

The number of IPTV-related complaints received by FACT in 2019 was over four times the quantity received in 2016.

## Communicating infringing copies of copyright works

In October 2019 FACT supported the Premier League in bringing the first case of its kind to trial. The Premier League successfully argued that in selling set-top boxes the defendant was guilty of copyright and fraud offences including the offence of communicating infringing copies of copyright works to the public. These set-top boxes had been sold from a shop on Edgware Road and provided unlawful access to a number of channels.

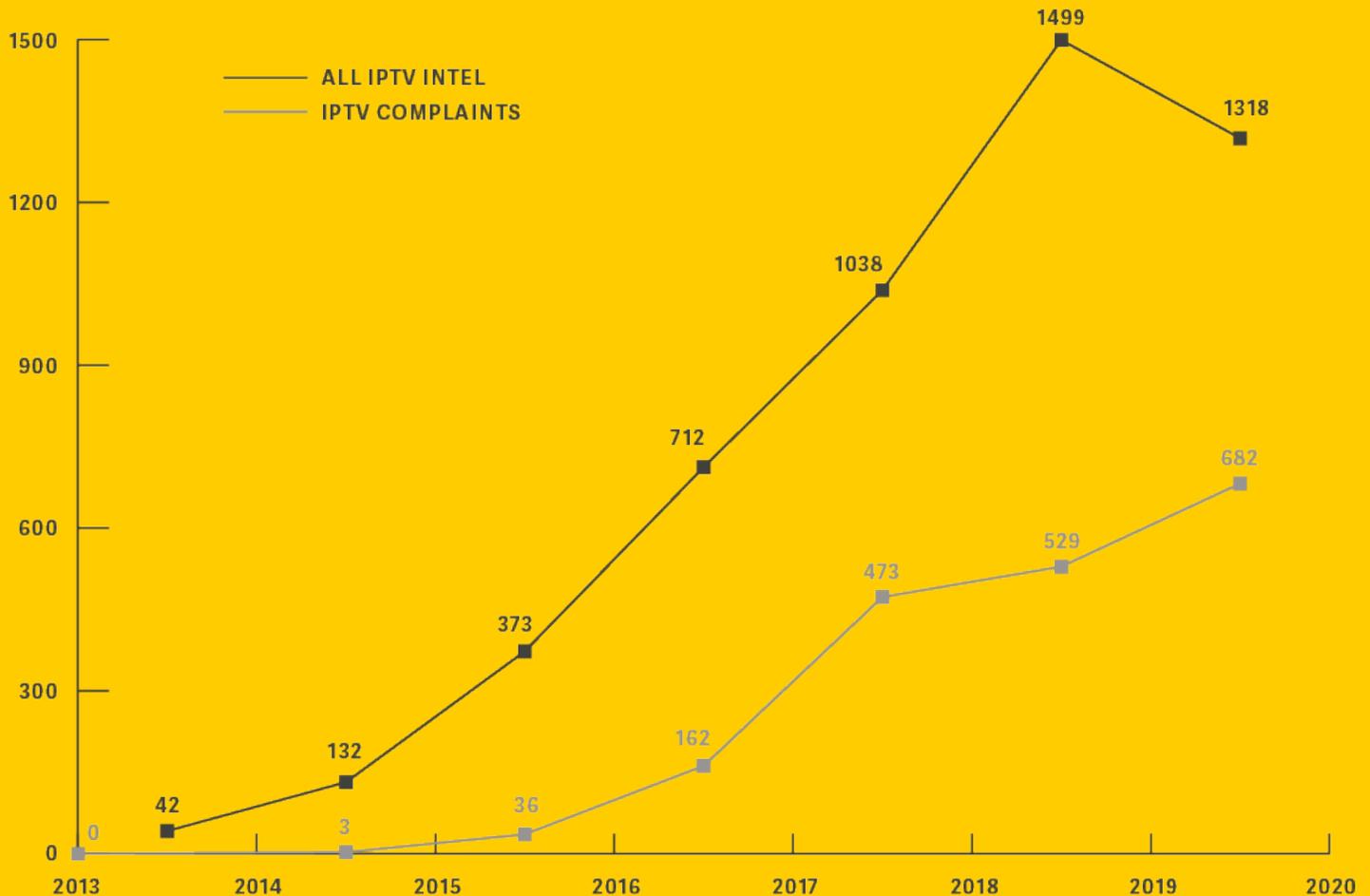
The defendant received the maximum 300 hours of unpaid community services and was ordered to pay legal costs to the Premier League.

## Bovingdon Market

In March 2020, following a FACT - assisted investigation by Hertfordshire Trading Standards, two men were found guilty of selling illicit streaming devices at Bovingdon Market. During sentencing, the Judge commented: "This is not a victimless crime, every legitimate subscriber is a victim. Another serious factor is that components were unsafe. It is clear that immediate prison sentences are justified."

Both men were sentenced to 12 months' imprisonment, suspended for two years. They were ordered to pay £1,000 in costs and must complete 120 hours of unpaid work.

# FACT INTELLIGENCE REGARDING ILLEGAL IPTV SERVICES



# INDEPENDENT AUTOMOTIVE AFTERMARKET FEDERATION (IAAF)

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Formed in 1930, the IAAF's main function is to promote and secure the future of the independent automotive aftermarket to the benefit of our members and the sector.

The federation's aim is to promote all aspects of the aftermarket and support every part of a member's business and provide beneficial services. The IAAF exists purely to represent the needs and requirements of its members and to co-ordinate its shared strengths to promote the independent automotive aftermarket as a credible alternative for vehicle service and repair.

The IAAF is the only trade association that lobbies on behalf of the independent automotive sector specifically on parts.

The COVID-19 pandemic has created an extraordinary environment this year in which all market players have been forced to adapt to the crisis and, in many cases, adopt different ways of operating. Some of these may be new and untested and, as a result, the IAAF is concerned that, because of possible disruption to the spare parts supply chains, garages and motorists may resort to sourcing parts through alternative channels. This may increase the risk of counterfeit parts entering the market.

With online usage increasing dramatically during the pandemic, the risk of fraudulent products being available online is strengthening.

**When purchasing parts online, it is crucial that people know who they are buying their parts from. In the online environment it can be hard to know if a new supply source is genuine or not.**

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It is important that contacts within trusted supply chains remain in close communication to ensure the effective supply of genuine parts and equipment. Garages are liable for any parts they fit and must be aware of the origin of the parts they are using.

# IPO INTELLIGENCE HUB

The Intelligence Hub sits within the Copyright and Enforcement Directorate of the IPO. It is comprised of researchers, intelligence officers, financial investigators and analysts, who work together to deliver the targets set in the IP Enforcement Strategy and develop future initiatives.

The Intelligence Hub team maintain strong links and support other government agencies, law enforcement organisations and industry partners to reduce IP infringement and the supply of counterfeit products to the UK. Our strength has been further developed with the appointments of IPO funded posts within UK Border Force.

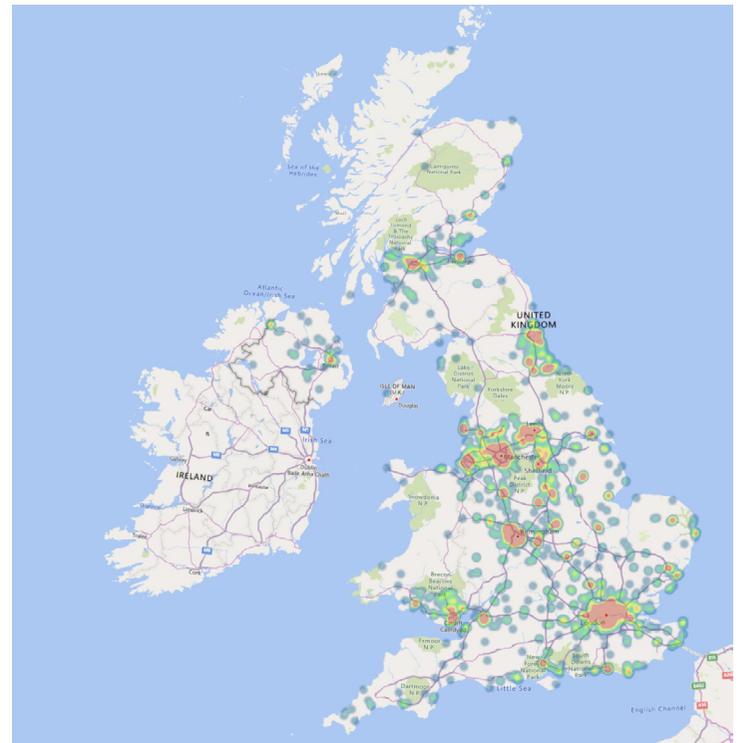
The ongoing development of skills within our team reinforces our strong financial investigation and analytical capability, which in turn continues to improve the support, research capabilities we offer our partners.

Strategic threat assessments for IP crime have been produced. The IPO Intelligence Assessment focuses on physical products and it is circulated to law enforcement and government agency partners. These are used in conjunction with PIPCU's Online Piracy Assessment, to identify threats posed by IP crime.

We routinely hold law enforcement partner meetings maintaining active communication channels and identifying emerging threats/trends. We regularly disseminate awareness bulletins regarding any illicit activity or threats identified.

## Hot spot mapping – Intelligence Submissions

The following map identifies areas of the UK where IP crime has been reported to us, the team continues to support several long-term investigations of OCGs that operate across several locations.



## Statistics and comparisons

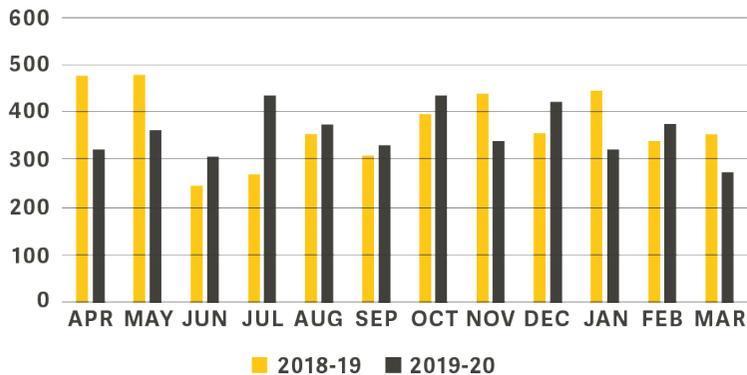
Year-on-year comparisons show an overall 3% reduction in the number of intelligence submissions, the IPO transitioned to a new intelligence system and the COVID-19 pandemic may have impacted on figures during the latter part of 2019-20.

### Comparison of Intelligence Submissions



The following charts illustrate the comparison of monthly trends of all intelligence submissions during 2018-19 and 2019-20.

### All Intelligence Submissions

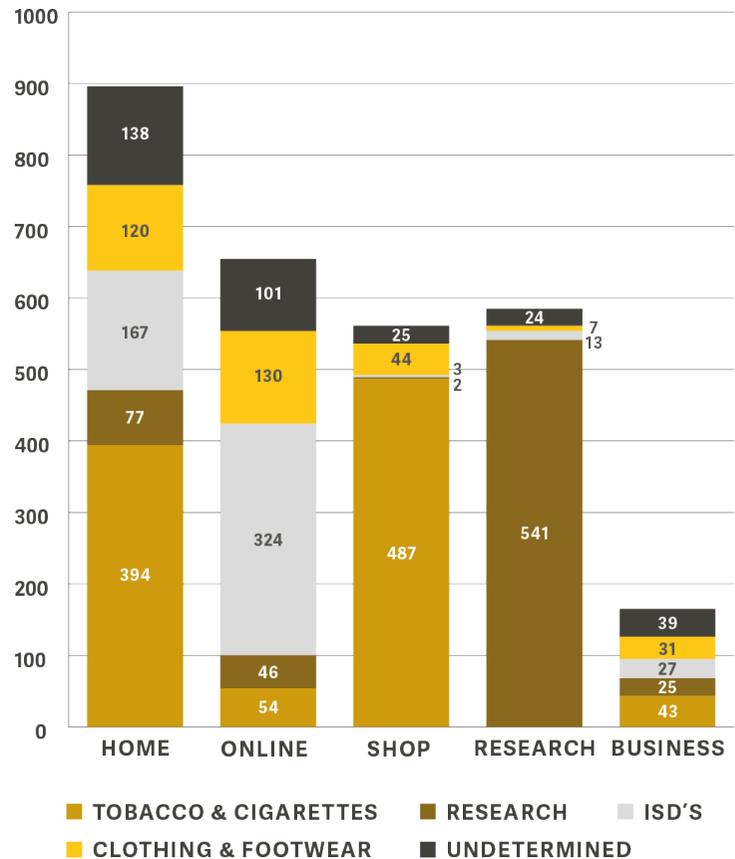


### Intelligence and research

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

There are defined differences between some digital and physical products with higher proportions of illicit streaming devices (ISD) activity online and tobacco and cigarettes activity within the 'Home' or 'Shop' environments. The clothing and footwear category is spread over a number of locations.

## The top five types of investigations carried out during 2019-20



The high proportion of research is indicative to the high volume of research carried out and subsequently generating intelligence, this includes financial as well as enquiries with our partners (law enforcement and other government agencies).

## Financial Investigation

The Hub provides financial investigation support to law enforcement, since the Financial Investigators gained their qualification, they have supported investigations where over £2.2m has been recovered.

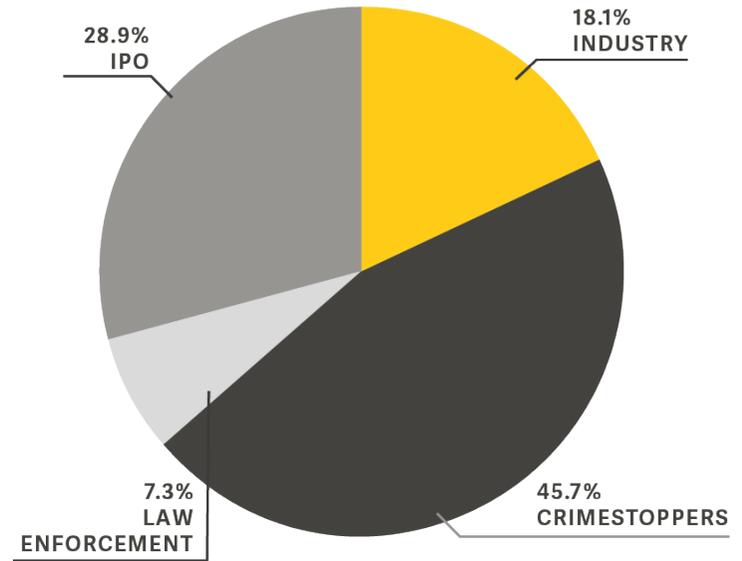
Organised Crime Groups (OCGs) involved in IP Crime are using intricate methods to avoid detection, a varied cross section of research is being carried out and the strong financial investigation and analytical capability within the Hub continues to improve the support to our partners.

## Submitting Agencies

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

### Proportion of contributors during 2019-20

There have been slight fluctuations in the proportion of submissions from partners compared with the previous year, the most notable difference has been the increase from law enforcement agencies with a higher proportion of submissions from the police.

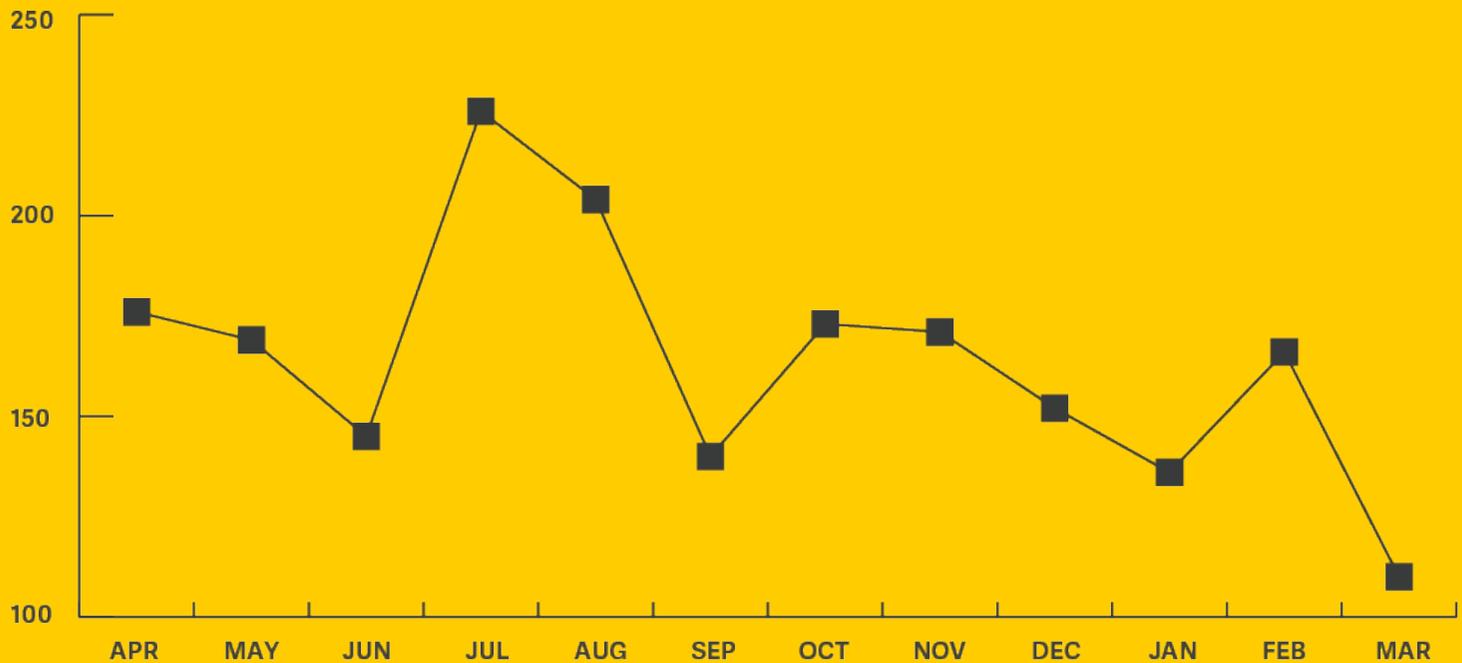


During the pandemic there have been many open source reports highlighting how OCG's are adapting and changing to the consumer demand. The Hub will be able to determine the impact of pandemic in the next IP crime reporting period.

## Crimestoppers

Crimestoppers intelligence continues to form the highest proportion of submissions of IP Crime into the Hub, the current COVID-19 pandemic has impacted on the yearly total, with a substantial reduction of submissions reported to the IPO during March 2020.

### Crimestoppers Intelligence Submissions during 2019-20

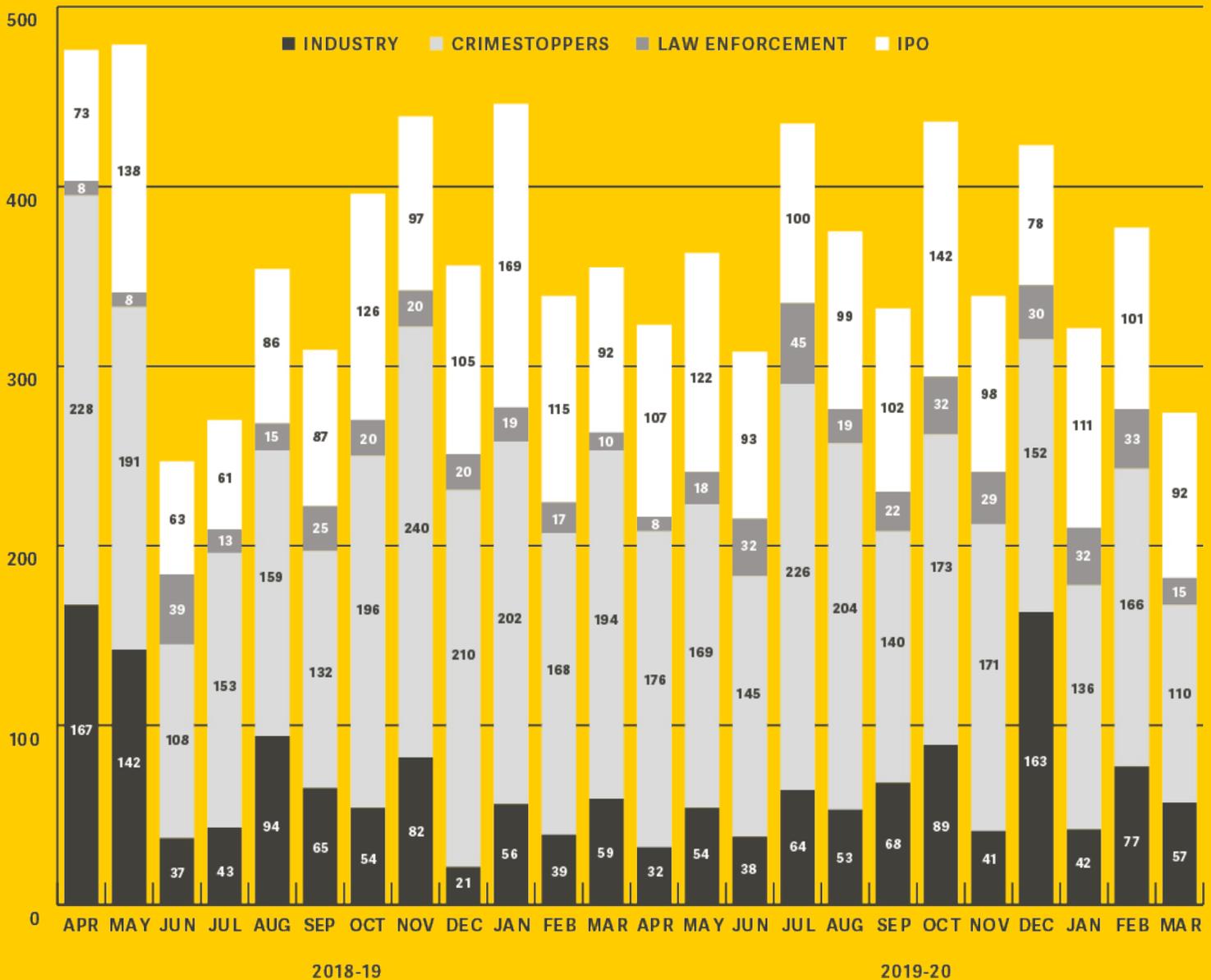


During 2019-20, the majority of Crimestoppers submissions related to cigarettes and tobacco (47.1% n=927), a high proportion of locations identified as a home address, shop and local area. There are various other categories at lower levels to include illicit streaming devices (ISDs), clothing and footwear, CDs and DVDs as well as alcohol.

The chart on the next page illustrates the two-year trend of submissions per submitting agency:

## All intelligence submissions per submitting agency 2018-19 and 2019-20

The IPO Intelligence Hub carry out research and analysis to support law enforcement and industry IP investigations, from this work intelligence is generated to progress cases. The large-scale investigation to support an industry partner resulted in the higher level of IPO intelligence submissions during October 2019.



# NATIONAL MARKETS GROUP FOR IP PROTECTION (NMG)

## NATIONAL MARKETS GROUP for IP Protection

Markets are a great British tradition, bringing many economic and social benefits to local communities. They offer bargains for shoppers, lively attractions for families and visitors, and an environment for legitimate, local businesses to trade successfully. These markets (which include occasional sales, non-chartered markets, and car boot sales) are not uniformly regulated and therefore can offer easy opportunities for those who wish to trade illegally, particularly in counterfeit and pirated goods.

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

Through a range of innovative and collaborative programmes, we have been able to influence policy makers, support Trading Standards and other law enforcement bodies to seize hundreds of thousands of counterfeit goods, identify previously unknown organised crime groups (OCG's) and change the face of some of the worst markets in the country. Since 2015 the group has focused its efforts on reducing the business and consumer impact from the sale of infringing goods on social media and online platforms such as Facebook and Instagram. Counterfeit products sold via these outlets often place the consumer at risk from inferior and unsafe goods. They also cheat customers who expect genuine products.

It is estimated that over 100 markets and car boot sales operating in the UK, coupled with the thousands of social media profiles make available counterfeit and pirated goods to the consumers.

Products ranging from toys, car accessories, clothing, footwear, CDs, vinyl records, 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.

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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. These products end up for sale at markets, car boot sales and online marketplaces.

### **Developing/emerging trends**

- NMG members continue to see an increase in the use of social media, smart phone technology and applications to increase the reach and profitability of counterfeiters who take little if no heed of the consequences of their actions. Counterfeiters using these online platforms are also engaged in other, more mainstream crime including forgery of passports, driving licenses and other official documents as well as the use and supply of controlled drugs, weapons and other illicit trading activities.
- The use of self-storage facilities as a mechanism to import, manufacture, distribute, supply, sell and store counterfeit goods is on the increase. This has been evidenced through a number of NMG operations which has seen self-storage units used as return addresses and company registration addresses to facilitate the large-scale importation and distribution of counterfeit goods.

# NATIONAL TRADING STANDARDS (NTS)

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National Trading Standards (NTS) was set up by the government as part of changes to the consumer protection landscape in 2012. NTS was formed to reduce the complexity of the consumer landscape, strengthen the effectiveness of enforcement and ensure that activities that help consumers to be empowered are delivered more cost effectively and in a way that links national and local intelligence about the problems that consumers face. Its role is to provide leadership influence, support and resources to help combat consumer and business detriment locally, regionally and nationally. It brings together Trading Standards representatives from England and Wales to prioritise, fund and coordinate national and regional enforcement cases.

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

NTS produces an annual National Control Strategy, which is developed having regard to the National Strategic Intelligence Assessment. It helps inform and direct the work of NTS and its teams and projects and outlines the priorities for prevention, intelligence and enforcement activities. The Control Strategy also links the work done by specific Trading Standards services to that being done in other regions and nationally. The Control Strategy is not designed to require local authorities to undertake activities at a local level. This remains a matter for local authority service planning in accordance with local priorities. However, local authority priorities input into the National Strategic Assessment which then influences this Control Strategy.

Since the 1<sup>st</sup> April 2014, when all NTS Teams were fully functional, NTS has tackled £785 million in detriment for a core spend of £66.29 million. 609 defendants prosecuted, leading to over 930 year in prison. 67 banning/warning orders under the Estate Agents Act, 11.7 million items of unsafe or non-compliant goods prevented from entering UK supply thus preventing £367 million detriment.

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

## **Supply chains in markets**

As a consequence, the NTS National Control Strategy contains activities designed to tackle areas of IP crime. The main area identified for NTS action which is titled the "Supply Chains in Markets" project.

In 2017 the National Markets Group for IP Protection (NMG) submitted a tasking request to the NTS National Tasking Group (NTG) requesting a new intelligence review be undertaken and the creation of a 'problem profile' to ascertain the alleged links between significant counterfeiters and the Midlands region.

NTG authorised the NTS Intelligence Team to conduct an intelligence collection phase under Operation Beorma as a joint initiative between NTS and NMG. Birmingham Trading Standards were identified as the lead authority and coordinator.

A final report and a problem profile were produced. As a consequence, the Supply Chains in Markets project was established, with the following aims and objectives:

- Set up multi-agency approach to working on Operation Beorma – Phase 2;
- Identify key UK importers working with Border Force, HMRC and NTS Safety at Ports teams;
- Identify and build intelligence on the key transporters initially in Midlands region;
- Identify storage facilities that are holding counterfeit products initially in the Midlands;
- Consider tactical options to engage, influence and compel the support of Market Operators in ensuring legal compliance at their premises;
- Join up the various activities being conducted by partners to explore a holistic, collaborative and UK wide approach to tackling this problem;
- Continue to refresh intelligence based on results from Operation Beorma - Phase 2.

NTG also agreed to task the further enforcement work to midlands based Regional Investigation Team (CEnTSA RIT) in June 2018.

## Operation Beorma – Phase 2

Since June 2018 the CEnTSA RIT, in collaboration with key enforcement partners including the NTS Intelligence Team, Birmingham City Trading Standards, NMG, Anti-Counterfeiting Group (ACG), Intellectual Property Office (IPO), PIPCU, West Midlands Police and GAIN, have carried out 35 enforcement activities to progress Phase 2 of Operation Beorma.

To date the enforcement exercises have resulted in:

- Eight vans being seized;
- In excess of £4m worth of counterfeit stock taken out of circulation;
- Significant quantity of paperwork seized;
- Large number of phones and other devices taken and analysed;
- Substantial amount of intelligence recorded;
- Hundreds of hours of CCTV coverage;
- £39,000 cash seized from a wardrobe during one enforcement action.

This process has enabled the team to identify a significant number of individuals involved in the manufacture, importation, wholesale supply and retail supply of counterfeit goods, including clothing, footwear, jewellery, make-up and electrical items. A number of core groups have been identified and the evidence indicates they are significant operators in this market.

Our focus this year is to continue evidence gathering, concentrating on core offenders and the associated enabling factors involved, such as importation methods, transportation routes and storage locations.

## Operation Magpie

In addition to the activities of the CEnTSA RIT in the midlands, work is progressing in the Manchester area under the banner of Operation Strangeways and Operation Magpie. Manchester Trading Standards and the NTS Intelligence Team are currently developing a substantial amount of intelligence connected to counterfeiters in this area with a view to producing a problem profile with the support of partners.

At a recent meeting with other enforcement partners involved in Operation Magpie, an agreement was reached to pool the intelligence each agency holds in relation to counterfeiting in the Manchester area to feed into the NTS Intelligence Team's problem profile. All the agencies feel they could benefit from the product in that it will identify the true scale of criminality in this location and assist in raising the issue up the scale of priorities for each of them, possibly releasing resources to tackle the problem.

**NTS have been invited to sit on the Operation Magpie tasking group as observers, in the first instance, with the possibility of being able to play a fuller role, depending on the outcome of the problem profile and subject to available funding.**

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## Self-Storage facilities

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

In 2013/14 Operation Lauderdale funded by NTG and facilitated by London Trading Standards (LTS) and partners considered the issues surrounding self-storage facilities and their contribution to criminality such as counterfeiting. A toolkit was produced to assist enforcement agencies in dealing with these businesses – The Tick Box Campaign. The main companies running the self-storage premises also signed up to a code of practice which had the potential to tackle the hidden criminality taking place in their premises.



This area of work has recently been revisited with the intention of reviewing the problem and possibly refreshing the tool kit and code of practice which appears to have lost momentum. The intention is to work collaboratively with partners on moving this forward.

### **Collaborative multi-agency enforcement**

Two of the key objectives of the Supply Chains in Markets project is to:

- Set up a multi-agency approach to working on Operation Beorma – Phase 2;
- Join up the various activities being conducted by partners to explore a holistic, collaborative and UK wide approach to tackling this problem including Operation Jasper, Operation Big Ben, Operation Aphrodite, Operation Belle, Operation Strangeways, Programme Challenger and Programme Magpie.

This approach has been at the centre of the work carried out so far and will continue to draw on the relevant agencies, projects and initiatives that exist in this landscape to ensure the greatest impact is achieved from our limited resources.

Other objectives identified in Phase 1 of Operation Beorma as highlighted above are still being progressed currently, with little or no direct funding support from NTG. This is being achieved by means of collaborative working and in some cases encouraging other agencies to take the lead or provide resources.

# NOMINET

Nominet operates at the heart of the UK internet infrastructure. It is responsible for running the .UK domain. We work with law enforcement agencies to help protect internet users from criminality online.

## Over 13 million

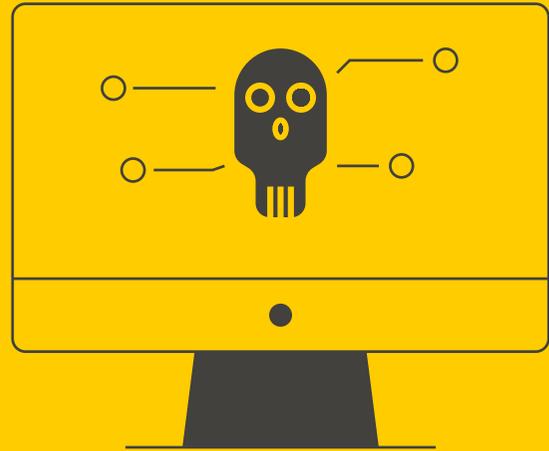


Nominet suspends domains following notification from the police or other law enforcement agencies that the domain is being used for criminal activity.



1. Police Intellectual Property Crime Unit (PIPCU)
2. Medicines and Healthcare Products Regulatory Agency (MHRA)
3. National Fraud Intelligence Bureau (NFIB)
4. Trading Standards
5. National Crime Agency (NCA)
6. Fraud and Linked Crime Online
7. Financial Conduct Authority (FCA)
8. The Counter Terrorism Internet Referral Unit (CTIRU)
9. Veterinary Medicines Directorate (DEFRA)
10. Ministry of Defence Police

**Tackling online criminal activities:**  
**1 November 2018 – 31 October 2019**



## 28,937

Domains suspended for criminal activity  
(compared to 32,813 in the previous year)

**Range of legislation cited for suspension requests included:**

- Fraud Act 2006
- Trade Marks Act 1994
- Copyright, Designs and Patents Act 1988
- Human Medicines Regulations 2012
- Medical Device Regulations 2002
- Consumer Protection from Unfair Trading Regulations 2008
- The Electronic Commerce Regulation 2002
- The Consumer Contracts Regulations 2013
- Financial Services and Markets Act 2000

31

Medicines and  
Healthcare Products  
Regulatory Agency  
(MHRA)

48

Financial Conduct  
Authority (FCA)

90

Trading Standards (TS)

178

National Fraud  
Intelligence Bureau  
(NFIB)

28,606

Police Intellectual  
Property Crime Unit  
(PIPCU)

*Russell Haworth, Nominet's CEO says: "It's encouraging to see that our efforts, working closely with the law enforcement community, are having a demonstrable impact on the ability of those intent on causing serious mischief online. We will not tolerate .UK domains being used for criminal activity. Suspensions have fallen for the first time since 2014 indicating that using collective established processes combined with technology-driven interventions is, it seems, acting as a deterrent."*

#### **.UK Policy Consultation 2019**

Following a public consultation in 2019, Nominet has announced plans to introduce law enforcement landing pages for domains suspended due to criminal activity. The majority of suspensions for criminal activity in .UK are related to IP crime. Working initially in collaboration with the Medicines and Healthcare Products Regulatory Agency (MHRA) and the City of London's Police Intellectual Property Crime Unit (PIPCU), Nominet will redirect web users to a secure site providing consumer advice and education for potential victims of sales of counterfeit medicines and other branded goods. This is the first time a national registry will facilitate the provision of trusted information and guidance from law enforcement agencies following the suspension of domain names for criminal activity. Landing pages are sometimes utilised by law enforcement globally but only in circumstances where the agency in question, for example the US Federal Bureau

of Investigation, has seized control of a domain name. This is the first registry-led initiative to provide informative landing pages.



The consultation response is available at:  
[www.nominet.uk/policy-response/](http://www.nominet.uk/policy-response/)

Nominet reports can be found at:  
[www.nominet.uk/reports](http://www.nominet.uk/reports)

# POLICE INTELLECTUAL PROPERTY CRIME UNIT (PIPCU)

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

PIPCU is based in City of London Police's headquarters at Guildhall Yard East. The unit comprises of a team of 27 full-time staff including secondments.

Part of PIPCU's remit is to protect consumers from harm, focusing on intellectual property crime that has public safety implications. Since its inception, it has investigated intellectual property crime worth more than £700 million concerning counterfeit goods or digital piracy, and suspended more than 100,000 websites selling counterfeit goods. These websites have also been linked to identity theft.

During the COVID-19 pandemic we saw an initial fall in criminal activity with a nexus in China, although that decline has since been reversed, and websites continue to be set up by criminals in China to entice British consumers to buy counterfeit goods. The pandemic has also seen a rise in online shopping and streaming of content; both of which pose a risk to the IP rights of businesses.

During this reporting period, trends established from PIPCU's strategic assessment on digital piracy 2019/20 includes:

- The incidence of people filming movies in cinemas "camming" in the UK prior to uploading them in order that they can be streamed for free has increased significantly over the past year (see graph on the next page). This is making the UK a less attractive location for early releases of movies to take place, which has the potential to negatively affect the revenue of British cinemas if not prevented;

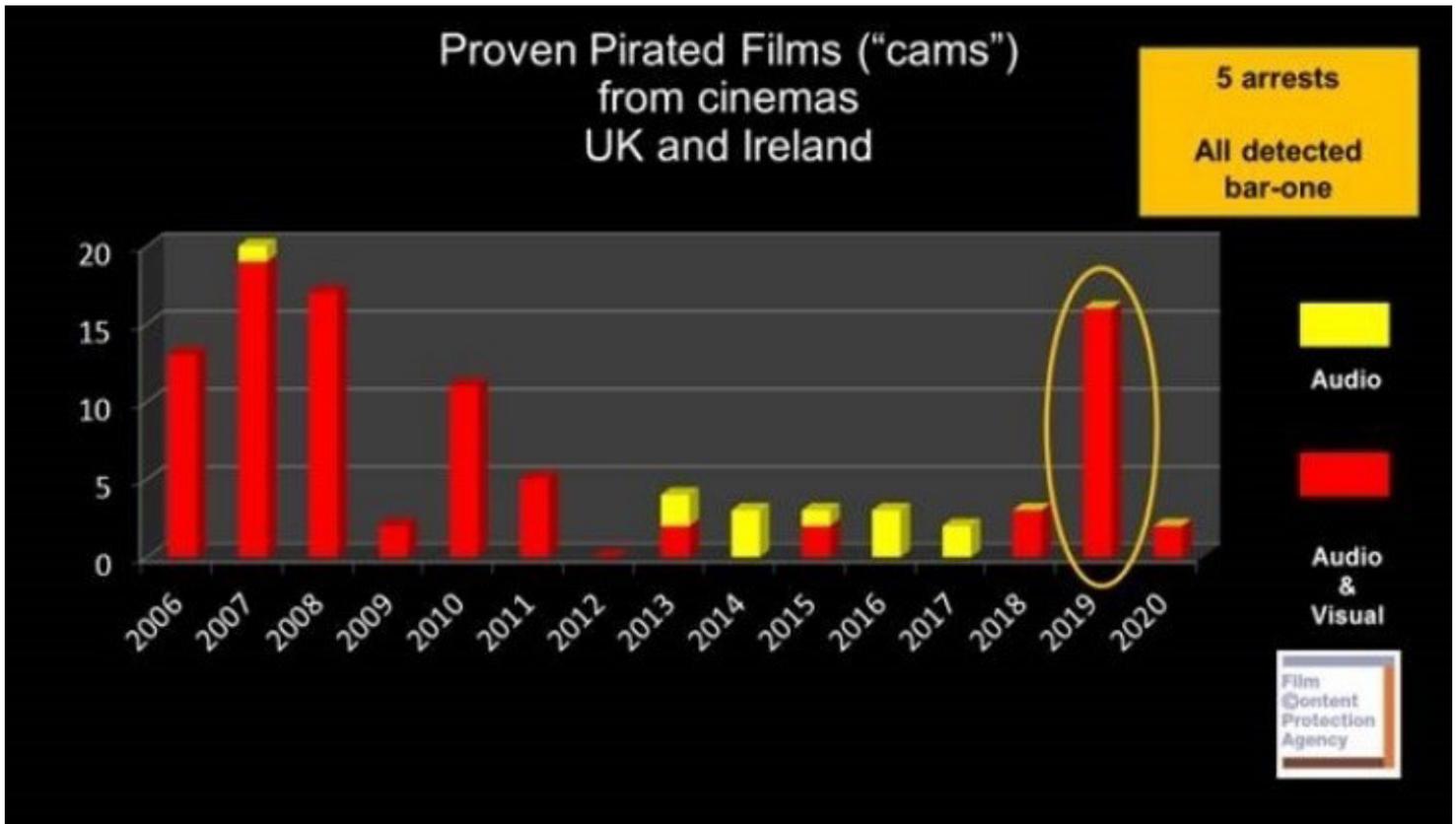


Image courtesy of Simon Brown, Film Content Protection Agency.

- Mobile apps are being increasingly used to stream illicit content;
- The rise of smart televisions and other devices (such as games consoles) are able to host a wide range of audio-visual content. As a result, there has been an increase in the number of people who are buying subscription services from IPTV suppliers without also purchasing a hardware device.
- Payment using cryptocurrencies has now been a feature of PIPCU investigations. It is predicted that payment by cryptocurrency will be an increasing threat due to the level of anonymity cryptocurrency provides.
- IPTV services are likely to increase, a reason for this is that 5G is being rolled out across the country allowing broadband to increase in availability.
- Social media platforms are likely to be used as a channel to stream content via live feeds.

# PRS FOR MUSIC

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

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

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

**The music piracy landscape today continues to be flooded with infringing services, such as cyberlocker link sites, pirate cyberlockers and BitTorrent sites.**

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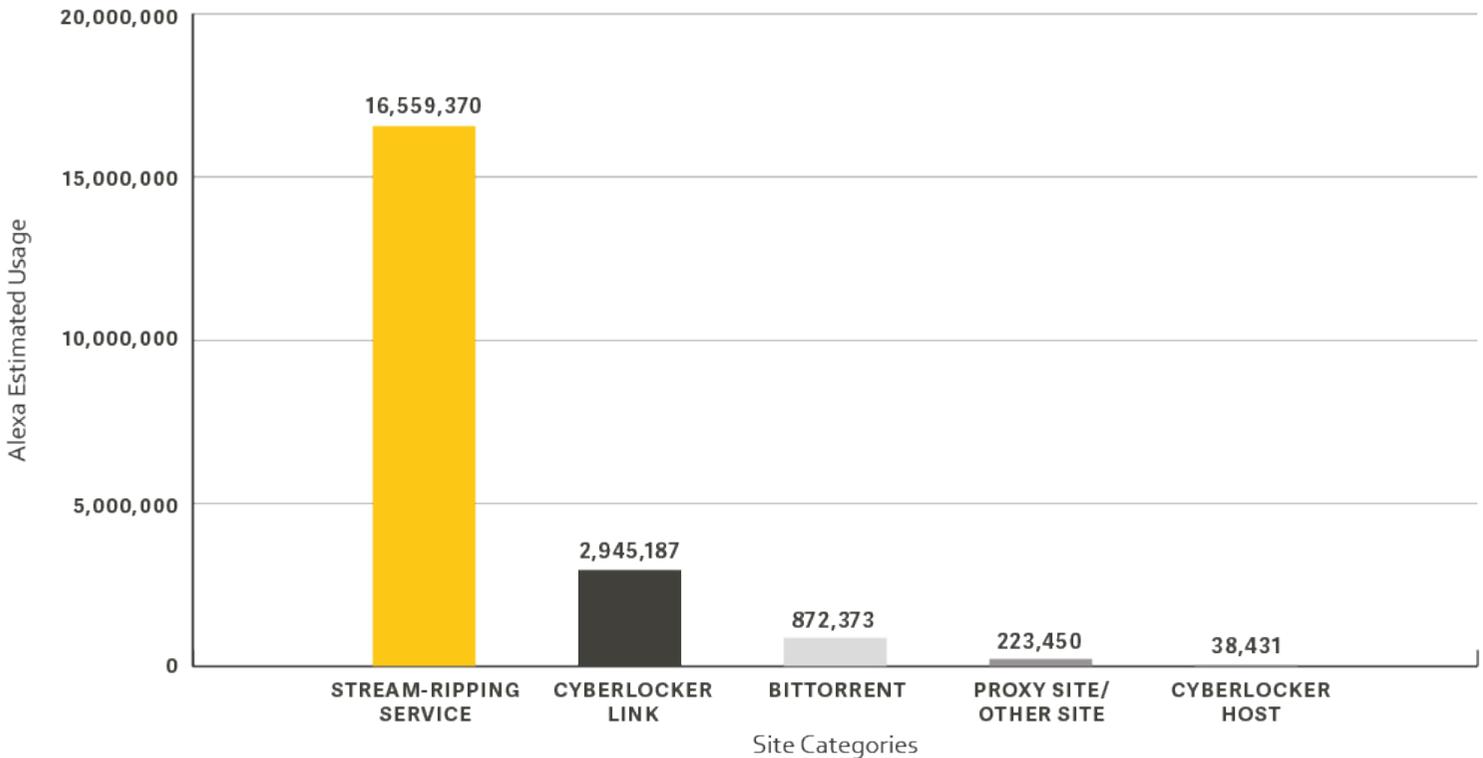
Despite efforts from rights holders, trade bodies and law enforcement worldwide to combat content piracy, the emergence of new services appear as soon as one is forced to shut down. More and more sites are using Cloudflare, a content delivery network, to conceal their true IP address to stall enforcement action against them and others are using techniques to appear to be offline to avoid detection.

Over the last five years, PRS for Music has seen stream-ripping piracy emerge as the most used method of piracy. A recent comparison study commissioned by PRS for Music to look at stream-ripping trends over a three-year period from October 2016 to October 2019 was carried out by Incopro. Comparisons were drawn from the last research which was delivered in 2016. The previous study looked at the five different categories of stream-ripping and for consistency, the same categories have been analysed in the recent report. These categories are, i) Stream-ripping download sites; ii) Stream-ripping sites; iii) Stream-ripping download apps; iv) Stream-ripping plug-ins; and v) Stream-ripping software.

Here are the key findings from the research:

- Stream-ripping services accounted for 80.2% of the top 50 music-specific infringing sites. This has increased by 12% from the previous analysis. The following graph demonstrates the usage of various methods of piracy and shows stream-ripping to be the dominant method of piracy.

## Cumulative Usage of Top 50 Music Only Sites



- The most used stream-ripping service is [www.yzmate.com](http://www.yzmate.com). The stream-ripping site accounted for 47% of all usage across the combined top 50 music-specific infringing sites.
  - The popular video sharing platform YouTube continues to be the most abused licensed service and Spotify has become more prevalent as an abused licensed service since 2016. Soundcloud is still offered, however only in conjunction with other services.
  - Advertising is the main business model associated with web-based stream-ripping services. However, stream-ripping apps, stream-ripping plug-ins and stream-ripping software also include direct customer payments as a source of revenue.
  - Donations by cryptocurrency have been observed for the first time as a revenue source for 3% of stream-ripping services.
- The data suggests that stream-ripping remains an important issue affecting the music industry, it has maintained a dominant position within the music piracy landscape.

# PUBLISHERS ASSOCIATION

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The Publishers Association is the member organisation for UK publishing, representing companies of all sizes and specialisms. Our members produce digital and print books, audiobooks, research journals and educational resources across genres and subjects. Our membership includes global companies such as Elsevier, Wiley, Pearson, Penguin Random House and Hachette, as well as many independent publishing houses and university presses.

UK publishing has a turnover of £6bn, with export income accounting for 59% of revenues and digital sales still growing at 10% of revenues. UK publishing's economic and cultural contribution is vast and rightly regarded as the best in the world.

The work of the Publishers Association focusses on ensuring that the value of publishing and its economic and cultural contribution are recognised. This includes engaging with governments in respect of key policies and laws that impact and support publishing, including advocating for strong copyright laws at home and abroad. We serve our members through policy, trade, legal and public affairs work and a range of key member services including content protection (anti-piracy) support.

**The publishing industry has seen the scale of IP infringement develop significantly in recent years as territories shift towards ever-greater digital consumption.**

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Wholesale infringement of e-books, audio downloads, e-journals and e-learning resources, for example, has become increasingly common. Established methods of piracy, including "read-online", direct download, cyberlocker, peer-to-peer, BitTorrent, and linking/referrer sites, remain problematic. Publishers also report the breadth and impact of infringements (counterfeiting, piracy and unlawful parallel imports) now appearing on e-commerce and social media platforms.

Our content protection work supports publishers in identifying and reporting infringements, liaising with law enforcement, government agencies and intermediaries to tackle and disrupt sites on which piracy and counterfeiting is taking place, and supporting civil litigation or criminal enforcement action in appropriate cases.

In overseas markets the Publishers Association also continues to work with local partners to target physical format piracy and increasingly sophisticated print, supply and distribution networks.

# REAL DEAL



In December 2019, the Real Deal Campaign celebrated ten years of campaigning for fake-free markets. The milestone was marked by a week of activity, during which Trading Standards and markets across the country joined in a coordinated campaign to promote the benefits of fake-free markets in protecting shoppers and supporting legitimate businesses. Speaking at a conference to launch Real Deal Week, Tim Moss, CEO of the IPO, highlighted the strength of partnerships to reduce the availability of counterfeit and pirated goods.

**NMG** @\_NMGroup · 4 Dec 2019  
Tim Moss CBE, CEO of the @The\_IPO speaking at the NMG's Real Deal conference talking about the strength of partnerships to reduce the availability of counterfeit and pirated goods @\_NMGroup @RealDeal\_Market #buyreal #realdeal10



Tim Moss CBE, IPO CEO speaking at the NMG's Real Deal Conference

This theme of partnership in action underpins the Real Deal Campaign, which, since its inception by the National Markets Group for IP Protection (NMG), has been funded by IP rights owners and their representatives. In 2019-2020, these include: the BPI, the Industry Trust for IP Awareness, P&G, Palmer Biggs IP Solicitors, the Premier League, React, Sky, Superdry, Surelock, Ted Baker, WRi Group and other brand members of the ACG. Their financial support has ensured the campaign's longevity over the past decade and underpins its sustainability for the future. Furthermore, the campaign is endorsed by all the key stakeholders who have an interest in ensuring fake-free trading, including the Chartered Trading Standards Institute (CTSI), Trading Standards Scotland, the National Trading Standards e-Crime Team (NTSeCT), the IPO and by industry groups

representing the interests of IP rights owners, market operators (NABMA) and market traders (NMTF). It has been cited as best practice by UK IP Ministers and the EUIPO.

At the heart of the Real Deal initiative is a Charter, which is jointly signed by a market operator and their local Trading Standards service, demonstrating their commitment to work together to prevent the sale of IP infringing goods. To date more than 500 UK markets have made this pledge. In October 2019, Dudley Council Trading Standards Service achieved one of the largest sign-ups on one day, introducing nine markets and shopping centres to the Real Deal Charter, through which the operators committed to vet all traders, have identity checks carried out on tenants and take all necessary action to prevent the sale of counterfeit goods in their markets and shops, including evicting tenants promptly if counterfeit goods are found. On their part, Dudley Council's Trading Standards committed to support the markets and traders, providing them with advice and making regular visits to monitor compliance with the Charter.

Throughout 2019, the Real Deal continued to roll out its parallel programme, the Real Deal Online, which follows the traditional Real Deal model and has been designed to help Trading Standards services tackle the growing trade in IP infringing goods through digital marketplaces such as social media 'buy-and-sell' groups.

Since its launch, the Real Deal Online Toolkit, which contains practical guidance for enforcement officers developed by NMG members and the National Trading Standards eCrime Team, has been taken up by over 110 Trading Standards authorities.

The Real Deal Online programme provides Trading Standards services with a grass-roots education and awareness programme that cascades IP protection and warning messages to a variety of audiences through three channels:

1. direct contact by local Trading Standards with all identified selling group administrators in their area, offering assistance and/or warnings;
2. targeted promotion of the Real Deal Online Code of Practice to members and visitors of selling groups that adopt the Real Deal approach;
3. broad communication of IP protection messages to a local authority's wider community via PR coverage of the initiative in local media and social media.

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

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



At the Real Deal Charter signing event at Dudley Council House, October 2019, Councillor Nicolas Barlow, (second from right), summed up the benefits of the Real Deal, saying: *"Visitors to our markets and shops can buy knowing that what they spend their hard-earned cash on is legitimate, safe and value for money. Counterfeit and illicit goods are often of inferior quality and, in most cases, unsafe as they have not gone through the same rigorous safety checks that legitimate goods go through. Their sale can damage consumer confidence and legitimate businesses, because they infringe existing intellectual property rights."*

In 2009, Manchester City Council was the first local authority in the UK to introduce the Real Deal. In December 2019, traders at Gorton Market in Manchester joined with hundreds of others around the country in celebrating the project's 10<sup>th</sup> anniversary.

# TRADE MARK AND RIGHTS HOLDERS AGAINST PIRACY (TRAP)

TRAP continues to work alongside the police and Trading Standards to investigate, gather evidence and prosecute the manufacturers and retailers of counterfeit goods that infringe upon the rights of TRAP members both online and offline.

It has been a successful year in terms of items reported and seized. This success, however, indicates that the problem faced by rights holders is increasing in magnitude:

## Online

The last 12 months has seen a 60% increase in products being reported and removed from online marketplaces.

It is difficult to tell whether the efficacy of reporting tools now available to TRAP has helped with the increased reporting, or that there are more counterfeit products being placed on the various marketplaces to be reported.

**The value of the products reported and removed in the last 12 months rose to almost £5m.**

The marketplaces themselves stand to profit greatly from the sale of those goods, with one platform alone looking to generate nearly £500k from the sale of just 1 of each of the items listed.

## Offline

Again, TRAP has seen an increase in physical products being seized from just over £1m last year to almost £2.3m in the last 12 months.

**TRAP has been, and continues to be, engaged in two major ongoing anti-counterfeit operations.**

The various raids we have completed have led to Closure Orders being issued, markets being closed down and numerous convictions ranging from community service orders and fines to 2 years imprisonment and Proceeds of Crime Awards of £50,000.

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The last 12 months in numbers:

**Items removed from Marketplaces**

Amazon	235353
eBay	75832
Redbubble	30581
Etsy	15915
Wish	7347
Bonanza	3897
Tezilly	548
Social Media Pages/Posts	425
Moteefe	342

**Raids completed:**

Facebook sellers	18
Private addresses	5
Retails stores	44
eBay / screen printers	9
Warehouses	13
Markets	17
Storage units	11
Vehicle interceptions	28

# UK INTERACTIVE ENTERTAINMENT (UKIE)

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Ukie represents over 400 companies that create and support the video games sector. Games are accessible in several different ways, from the traditional platforms such as consoles and PCs to mobile and Smart TVs. Games are played online without the need to purchase a physical disc or even for free to reflect the change in the userbase which ranges from young children to older players.

## Online gaming infringement

Video game piracy has changed over the years as the product and technology has evolved. There are still hundreds of websites making available infringing copies of games and Ukie acts against these services. In the last year over half million files have been reported for 500 titles which is a higher ratio of files per title compared to other formats. This action has resulted in over 30 websites shutting down or moving due to the consistent notice sending reducing the availability of infringing content.

Over the last few months, there has been a shift to Discord servers that allow Admins to control access and how infringing content is shared. Entry is gained by finding an invite link posted on a social platform or message board. There are different channels or chat rooms with users paying to access private channels for newer or large volumes of infringing content and therefore like their website counterparts there is a financial reason for operating and sharing content.

Online titles have in-game purchase options that allow players to buy items to improve or enhance the experience. Using automated scripts or hijacked accounts, there are websites that sell copyright infringing products and/or accounts for profit. In conjunction with sending takedown notices to site operators, payment providers are asked to suspend accounts as the volume and number of titles impacted by this increases as pirates find new ways to profit from video games.

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

## Retro consoles infringement

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

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## Technological protection measures circumvented

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

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

# VISTALWORKS

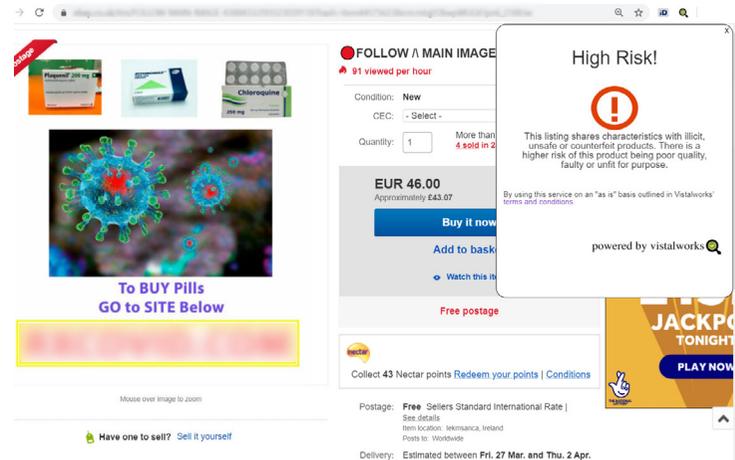
Vistalworks specialises in technology to reduce the \$2.2trillion annual cost of global illicit trade. Our data technology and risk analytics supports the detection, enforcement, and consumer protection efforts of governments, public agencies, and corporates. We're currently particularly active supporting our Trading Standards Scotland clients in keeping intelligence around illicit trade flowing, thus enabling a more efficient deployment of resources.

Over the past year, Vistalworks has created innovative, new consumer protection technology. This can be applied to over 16,000 online marketplace product categories, from baby formula to IPTV. The technology works by issuing consumers searching for products online with one of the following warning messages - 'Seems legitimate', 'Proceed with caution', 'High Risk' - and an appropriate indication of harm.

**By informing safer shopping decisions, Vistalworks software protects customers from fake and illicit, products that could harm them, their loved ones, or their property before they buy.**

Earlier this year Vistalworks launched a Chrome browser plug in which, once downloaded issues an instant pop-up response on whichever listing the consumer is looking at on eBay. A similar browser plug is being developed for products available on Amazon UK. The increase in online traffic as a result of COVID-19, means that Vistalworks software has become an extremely important weapon in the fight against IP crime in the retail sector. Moreover, Vistalworks are developing and updating software specifically designed to counter opportunistic IP infringements.

Vistalworks is updating its database and algorithms on a near-daily basis to capture as many COVID related products as possible and have already detected fake home-testing kits, unregulated hand sanitiser, and counterfeit PPE.



The image shows a screenshot of an eBay product listing for pills. The listing includes a main image of a virus, a price of EUR 46.00, and a 'Buy it now' button. A 'High Risk!' warning overlay is present, indicating that the listing shares characteristics with illicit, unsafe, or counterfeit products. The overlay also mentions that there is a higher risk of the product being poor quality, faulty, or unfit for purpose. The listing is powered by Vistalworks.

Corona v Self Test/ COVID Rapid

← → ↻ 🔒 ☆ ID 🔍

Hello. [Sign in or register](#) | [Daily Deals](#) | [Sell](#) | [Help & Contact](#)

**ebay** Shop by category

**Corona v Self Test/ COVID Rapid Test/Box Of 20  
£400 ( £20 each) CE Mark**

Condition: **New**

Quantity:  More than 10 available  
[1 sold](#)



**£400.00**  
From £19 per month for 24 months

**Buy it now**

[Save this seller](#)  
[Contact seller](#)  
[See other items](#)

**High risk warning!**



This listing has characteristics often seen in poor quality, copycat or unsafe products. There is a higher risk of this product being untested, unlicensed or containing harmful ingredients.

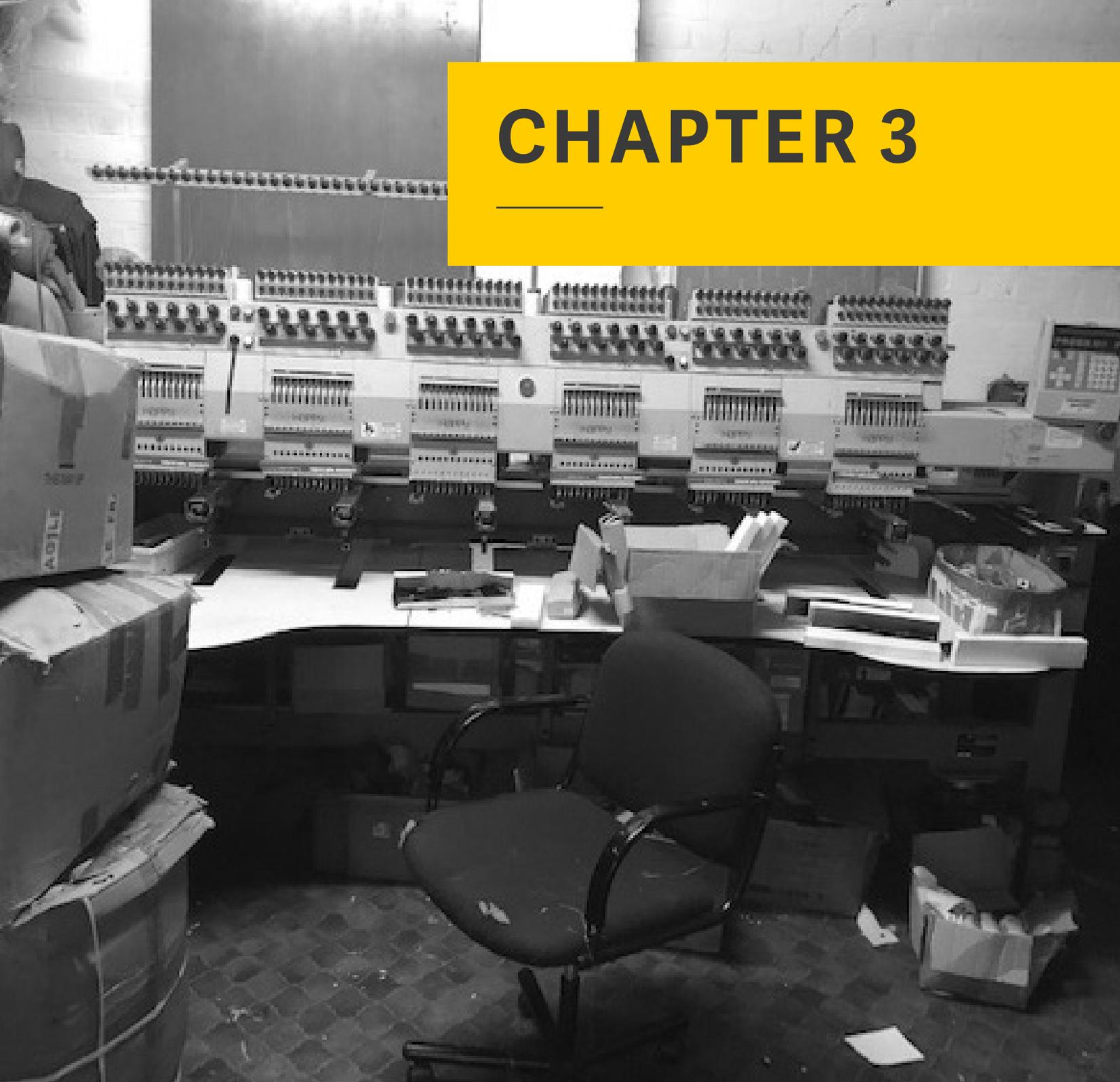
By using this service on an "as is" basis outlined in Vistalworks' [terms and conditions](#)

powered by [vistalworks](#) 🔍

Do get in touch with [vicky@vistalworks.com](mailto:vicky@vistalworks.com) if you are getting reports from consumers that Vistalworks should be aware of, or you are interested in intelligence feeds. The free checker can be accessed at: <https://www.vistalworks.eu/checker-tools>

# CHAPTER 3

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# TACKLING IP CRIME

## OVERVIEW

The fight against IP Crime is complex, but the reasons behind this complexity are understandable. Intellectual Property is a term of convenience, it is a useful way of characterising legal rights to monopolies held by individuals and companies to assist them in their trade. These monopolies can be limited in their period of validity, like patents, or, in the case of trade marks, they can potentially last forever. In some respects, the different characteristics of IP rights may be masked by the catch all term 'IP'. Rights have different durations, different scopes of protection, different force in different jurisdictions and they can be owned and licensed by individuals, companies and groups all of whom are competing with one another in the normal course of trade. IP rights may certify quality, geographical origin, they may even be secrets which none of us are allowed to know.

The protection of these rights is a challenging process and it involves an ongoing negotiation concerning the allocation of resources, their deployment and their impact. In this section of our report, the actions of government through the IPO and law enforcement agencies through police and Trading Standards offices, are aligned with the approaches of IP owners, IP rights enforcement specialists, trade associations and other representatives. A striking feature of this year's action points is their diversity.

ACG demonstrate a commitment to strategic engagement at international and national levels allied to a willingness to contribute to anti-counterfeiting measures at operational level, for example, in operations alongside PIPCU and Greater

Manchester Police, involving over 80 officers and netting £7.5 million in counterfeit products. It is also significant that ACG note that 'no single agency is able to combat IP crime.' The ACG advocates the formation of a National IPR Coordination Centre to combat IP crime. This is an interesting suggestion and it will no doubt be discussed during the current year.

Contributions from market-specific organisations, for example, the Anti-Counterfeiting Forum, PRS for Music and FACT, all attest to action in respect of significant consumer engagement with illegal copyright sources, with, for example, a 12% increase in stream-ripping copyright infringement. Successful campaigns like Industry Trust's *Moments Worth Paying For* and *FindAnyFilm.Com*, alongside monitoring, blocking, removing content and interacting with pubs and clubs who might ignore licensing agreements are all ongoing. FACT's *Knock and Talk* initiative, in association with the Premier League, is of particular interest because it focusses on behavioural change, informed by evidence gathering. Similarly, PIPCU through its complementary operations: 'Ashiko', aimed at distribution of physical goods online; and 'Creative', focussed on the sale of copyright infringing content online, continue to develop in their scale and efficiency. Operation Creative has resulted in 2,549 copyright takedowns and 1,872 sites are now on the Infringing Website List.

The IPO's Education Hub features prominently. An important anniversary is the 30<sup>th</sup> birthday of the IPO's collaboration with Aardman Animations. The *Cracking Ideas* campaign engages school children with the creative challenge of invention and design and this year 1,490 entries were submitted. We are all aware of the importance of getting the message around IP rights and the need to engage young people early in their development.

## The Industry Trust notes that 49% of pupils in the 11-15 age group engage with copyright infringing material.

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By establishing trusted relationship with individual teachers over a long period of time, the *Cracking Ideas* campaign is a good example of how engagement and behavioural change can be encouraged. A similar emphasis on the importance of public information and education, in harness with enforcement action with partners from both police and Trading Standards, is evidenced by the detailed contributions from Electrical Safety First.

The collaboration between the IPO and the Alliance for IP in IP in Practice is delivering significant results in the field of training. CTSI accredited training courses have been delivered to over 200 Trading Standards Officers and industry representatives, and additional training course for police and other agencies are being developed. In the private sector, this emphasis on training is mirrored by WRi Group who have developed a training academy for specialists in the field. These complimentary actions show how the complex ecosystem of IP crime prevention can deliver coordinated strategies. The private/public push against IP criminals exemplified here by, Trading Standards Scotland, PIPCU, SnapDragon design protection and TM EYE, private criminal prosecution specialists, evidences the multidimensional nature of successful IP crime detection and prosecution.

The contributions from these partners represent the diversity of approaches the IP Group embraces and the collaboration it requires.

The protection of IP rights is the responsibility of a variety of interest groups. At one end of this spectrum are IP owners, private individuals and companies who are responsible for protecting their own assets and at the other are consumers, who are entitled to assume that goods and services they are presented are safe and genuine. The dialogue between the reasonable expectations of consumers and the legitimate interests of businesses characterises Intellectual property administration. In our field this relationship is complicated by the interjection of a disruptive third factor: crime. The illegitimate interests some consumers have in not paying companies for their IP, and the illegal actions of criminal enterprises in misleading consumers into believing that they are paying for IP add to an already complex matrix.

Many of the most productive interventions we have developed are collaborations between interest groups with overlapping agendas, driven from the bottom up. The extent to which our actions in the field of IP crime prevention may be coordinated by a single body is a moot point, because the agendas of all the parties within the IP crime matrix are distinct and at times incompatible. These differences in experience and point of view give our team flexibility, diversity and an ability to think and act independently and quickly, traits which our opponents, do not appreciate.

# 3A CONNECTIVITY

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## ANTI-COUNTERFEITING GROUP (ACG)

### Representation

ACG is internationally recognised for its evidence-led engagement and its intelligence-driven role in building more effective coordination and networks. The ACG projects highlighted in this report, alongside an array of other organisational activities have enabled ACG to deliver tangible information and advice to help influence government and enforcement strategies to address major counterfeiting activities in the UK. As a founder member of the IP Crime Group, we strive to influence the sharing of best practice and harmonised agendas and the overall value that the group brings to help strengthen a unified way forward in tackling this criminality.

In line with our Manifesto, ACG is actively promoting a review of the current enforcement landscape in the UK. Our members believe that the scope and scale of IP reported by the IPO, EUIPO and OECD justifies the need for the creation of a National IPR Coordination Centre.

**ACG members have a firm view that no single agency is able to combat this menacing crime.**

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A centre for excellence, to better inform regional and local objectives and to support proactive global law enforcement deployments must be seriously considered. This needs to be driven by Government and made up of representatives from Trading Standards, Police, HMRC, Border Force, IPO, NCA, etc. but fully supported by industry.

# ANTI-COUNTERFEITING FORUM

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The Anti-Counterfeiting Forum, which helps to disseminate best practice and intelligence to combat the threat of counterfeits in the electronic and electrical supply chains, works closely with several government and industry bodies and in forums, primarily signposting to information online and through regular seminars and workshops.

Supply chains in the electrical component sector are vulnerable as they are global and they can be complex. The increasing miniaturisation of electronic products and parts makes detection by visual inspection only almost impossible. Best practice in terms of robust supplier assessment and management is therefore the first line of defence. This may be supplemented by enhanced inspection using radiography and electrical testing for components received by irregular suppliers.

Unfortunately, the use of irregular or unauthorised suppliers is sometimes a necessity for equipment manufacturers when supply becomes scarce, when heightened precautions need to be taken as this so-called grey market is also unfortunately a major source of counterfeit components. Demand in the UK for components has been heightened over the last two years in particular by the uncertainty leading up to Brexit, which has forced many manufacturing businesses to increase component inventory levels to guard against potential future supply chain disruption. Supply chains have been further disrupted in the first half of this year by the COVID-19 pandemic.

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

Emerging technologies, including blockchain and the development of new and more cost-effective and efficient detection systems, should further increase supply chain resilience in the future.

**The Anti-Counterfeiting Forum is committed to the maintenance and development of safe, resilient electronic and electrical supply chains in the future.**

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# ELECTRICAL SAFETY FIRST

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## Consumer campaigns

Electricity is such a fundamental in today's world that it's easy to forget its inherent danger. That's why an essential element of our consumer safety work involves media engagement. Media coverage helps raise awareness of the risks associated with counterfeit and substandard electrical appliances - and how they can be avoided.

In addition to our own, specific campaigns, we also 'piggyback' onto dedicated national or international events, such as Black Friday and Cyber Monday, to obtain optimum exposure of our safety message.

Towards the end of 2018, we ran a major integrated campaign on the potential pitfalls of online shopping. Its aim was to put a spotlight on the dangers of counterfeits and the issues around buying from private, third-party sellers – as opposed to recognised businesses - via online platforms.

## Online marketplaces - the wild, wild, web

Cyber Monday: ESF investigates e-commerce sites putting consumers at risk.

In the lead-in to Cyber Monday, research by Electrical Safety First found some of the biggest, global e-commerce sites are failing to address the sale of dangerous electric products. And how there are still many consumers willing to take a risk and save money with a fake.

Various products purchased from Amazon Marketplace, eBay and Wish, including hair straighteners, phone chargers, travel adaptors and laser hair removers, were subject to rigorous testing. Of the 15 products tested, 14 failed established safety standards.

Many of the products 'mimicked' established, reputable brands – if they didn't present themselves as 'genuine' items.

One of the most dangerous products identified, came from *Wish* – a hugely popular marketplace for a younger audience and for those seeking extremely cheap 'bargains'. A single-port charger, similar in shape and colour to an Apple product, had no protective components. This can result in an internal rupture of the device and a fire from the explosion of flame and molten material. Footage captured during testing shows exactly this - a catastrophic product failure.

Also purchased on *Wish* was a pair of counterfeit GHD hair straighteners. These presented a significant risk of shock to the user, as did a laser hair remover from eBay. Furthermore, a modelling hair-comb from Amazon Marketplace had a non-compliant plug which, in the event of a short-circuit, could cause fire.

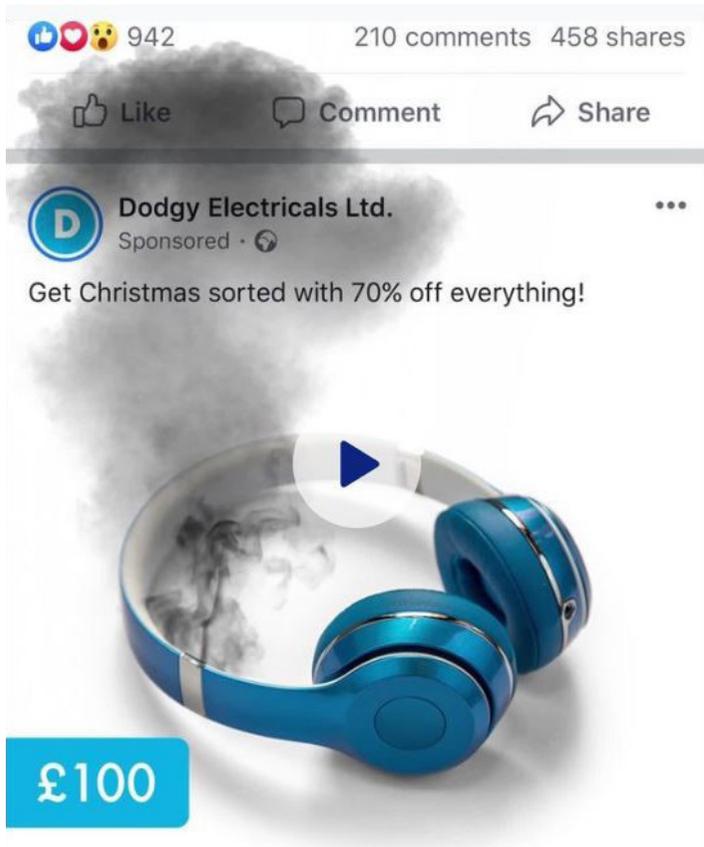
In conjunction with the lab testing, we commissioned some consumer research<sup>13</sup>, to see what price the British consumer puts on safety. Disturbingly, when asked if they would knowingly buy a fake, almost 30% admitted they would if they saw it for a fraction of the price. Of those, almost a third would do so if it offered a discount of 30% or less, on the genuine product. And almost one in four had bought an electrical product – advertised as a genuine article – online, through a third-party seller, only to discover it was fake. Research has also found that one in ten UK adults have first-hand experience of an electrical shock or fire arising from an electrical item bought online.



### Avoiding A Counterfeit Christmas

Extending the online marketplaces campaign during the lead-in to Christmas, we again focused on the pitfalls of buying online from private sellers. In previous research we had found that many people (44%) are often unable to differentiate between platforms - unaware of the difference between Amazon and Amazon Marketplace, for example. Nor do they realise that they are not necessarily buying from an established business or manufacturer but from private, third-party sellers. We had also discovered how easy it was for rogue traders to sell online when we created a seller's profile called Dangerous Electrics. Even with that title, we were successfully verified by the platform as a recognised seller. So, it is no surprise that such online platforms offer fertile ground for those selling substandard or counterfeit electrical goods.

<sup>13</sup> All consumer research, unless otherwise stated, was undertaken by Censuswide, October 2019. Sample size 3,006, representative of all UK adults over 16.



## Tools for Consumers

To help address this issue, we have developed an app – Check it Out – which alerts consumers if they are buying an online product being sold by a third-party seller. Once it has been installed, the app becomes active while browsing Amazon Marketplace and eBay and it is constantly updated to include other relevant platforms. We hope this tool goes some way to helping online shoppers become more confident in making informed purchases and reducing the risk of buying a dangerous electric appliance.

Electrical Safety First is pursuing an integrated approach to address the online sales of fake and substandard electrical goods. This includes our work with the All-Party Parliamentary Group (APPG) for Online and Home Electrical Safety. Both the APPG and the Electrical Safety First are calling for Government to extend remit of its forthcoming Online Harms legislation to include the sale of substandard and counterfeit goods online.

## Expert comment - using our voice

The Charity is frequently used as an expert voice by national print, broadcast and online media. This includes close liaison with a number of high-profile TV consumer protection programmes. Our expertise is often used to support their investigations into counterfeit products and their impact on consumers. But we also gain significant coverage for our own investigations.

Our online marketplaces campaign led to prime-time TV appearances on several programmes, including BBC and ITV News, ITN's Christmas Costs and Cons, BBC World Service and the BBC Wales consumer show, X-Ray. Pre-packaged interviews on the subject were also broadcast by 46 radio stations throughout the UK. Print coverage of the campaign was obtained in all major national newspapers and there was significant exposure in regional media.

**COMBINED  
PRINT, ONLINE  
AND BROADCAST  
REACH OF  
ALMOST 30  
MILLION.**

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**COVERAGE  
ACROSS  
NATIONAL  
NEWSPAPERS IN  
BOTH ONLINE AND  
PRINT EDITIONS.**

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**RADIO AND  
TV COVERAGE  
FROM STATIONS  
INCLUDING  
BBC NEWS, ITV  
TONIGHT AND LBC.**

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**OVER 350 PIECES  
OF COVERAGE IN  
REGIONAL NEWS  
PUBLICATIONS.**

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### **Partnership and liaison activities**

In the twenty-first century, electrical safety requires a 360-degree approach so in addition to our consumer awareness activity, we work in partnership with a range of stakeholders, such as Trading Standards, the Office for Product Safety and Standards (OPSS), manufacturers, retailers and consumer protection bodies. We also undertake political engagement with government departments, politicians and influencers, to highlight safety concerns and develop effective legislation.

### **Office for Product Safety and Standards (OPSS)**

One of the organisations we work closely with is the Office for Product Safety and Standards. In the spring of 2019, we were commissioned by them to undertake an initial scoping of the offline sales of second-hand electrical goods in the UK market.

Our 2018 report, Hot Bargains, Killer Deals, had highlighted issues around second-hand electrical goods sold online in the form of counterfeits, or recalled or unchecked items.

In a complementary fashion, the OPSS funded study took the form of a UK-wide qualitative field study of such sales offline. Following a pilot study, eight regions were investigated, providing a representative sample of the UK market. Selection criteria included Indices of Multiple Deprivation, to confirm assumptions regarding poverty and supply/demand for second-hand electricals. A total of 222 second-hand outlets, from charity shops to retail chains and car boot sales, were visited by our staff. Over a third (35%) of those visited sold, or advertised, electrical goods.

The research confirmed a sustained appetite for second-hand electricals via offline sales, with a significant number being sold untested for safety, recall status or identification as the 'genuine' product. It illustrated a need for risk mitigation through increased legislative awareness and enforcement.

Consequently, Electrical Safety First has co-developed a dedicated training programme for lead Trading Standards Officers. Designed to be cascaded throughout the UK, the programme will ensure that Trading Standards Officers have all the essential information required to identify substandard electrical items. We hope to begin the programme in August 2020 but, given current circumstances, this has yet to be confirmed.

## Parliamentary activity

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

Electrical Safety First acts as the secretariat for the APPG for Online and Home Electrical Safety, a cross-party group of MPs concerned with protecting consumers from electrical risk. Its purpose is to raise parliamentary awareness of issues relating to electrical safety in the home and to promote the prevention of accidents from electrical products.

In recent years, the APPG has been increasingly concerned with the safety of electrical goods bought online. To obtain a more strategic view of the issue (and so help inform potential policy solutions) Electrical Safety First undertook a consultation on behalf of the APPG. Responses were obtained from a range of key stakeholders, including major retailers, Trading Standards, fire and rescue services and the Anti-Counterfeiting Group (ACG).

Responses to the consultation were published in 2018. Key points raised by respondents included a call for legislation to ensure online sellers are clearly identifiable and accountable; and for online marketplaces to remove counterfeit and unsafe products as soon as possible. The need for sufficient resources for effective enforcement - particularly post-Brexit – was also highlighted, as was the importance of collaboration across international boundaries. Respondents also wanted the UK Government to consider how online marketplaces might contribute to enforcement and work with stakeholders to raise awareness of the dangers of fake electricals.

Some feedback from the consultation, it is hoped, will be incorporated into the Government's forthcoming Online Harms legislation. The APPG and Electrical Safety First are continuing to call for the Government to expand the scope of this legislation, so that it addresses dangerous counterfeit and substandard products being sold online.

## Drop-in days for politicians

A rolling programme of events to engage with parliamentarians and influencers has been undertaken throughout the UK. Hosted close to government locations near Westminster, the Scottish Parliament and the Welsh Assembly, our drop-in events have proved particularly effective. They provide politicians with easy access to essential safety information to help protect constituents, particularly the most vulnerable, from electrical risk. A number of dedicated sessions on the dangers of counterfeits and substandard goods were successfully delivered, with many of those attending also disseminating our information via their websites, local media and constituency offices.

### Government engagement & awareness raising

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

In the past 12 months, we have highlighted how easily available dangerous electrical items are online. Our message is getting through. Research showed 74% of Westminster MPs supported our efforts to improve the regulation of online marketplaces. We are now looking closely at the UK Government's online harms legislation, which is due to be introduced shortly.<sup>14</sup> And we have been closely involved in the development of the new consumer protection body, Consumer Scotland. We hope to work closely with this organisation and are campaigning for the prioritisation of investigations into key product safety issues, such as white goods safety and electrical counterfeits sold online.

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14 Data from Comres Survey of Westminster MPs, October 2019.

## Working groups and initiatives

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

We also sit on the Electrotechnical Market Surveillance (EMS) Group, an industry-led body concerned with electrical installation equipment. Its objective is to ensure all items, from switches to cables, are safe, compliant and genuine. And we continue to collaborate with the Anti-Counterfeiting Working Group and the National Consumer Federation.

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

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

## EU Engagement

Electrical Safety First has a long-standing relationship with IMCO (the Internal Market and Consumer Protection Committee) of the European Parliament, who oversee the development of legislation in this area. Engagement had originally focused on the EU Goods Package, a bundle of legislation aiming to reboot consumer rights for the internet age. While Electrical Safety First has maintained communication with IMCO, given Brexit and ongoing negotiations, further liaison has been limited. Consequently, we have campaigned on key product safety issues previously raised in Brussels, to be addressed by the UK's forthcoming Online Harms legislation.

## CENELEC (European Committee for Electrotechnical Standardisation)

CENELEC is a platform where experts in the field develop various European standards and can exchange views and develop policies. Agreed standards are an important tool in addressing a rising tide of counterfeits, as they help to provide an acknowledged means of identifying a genuine article.

Electrical Safety First works with CENELEC through its membership of several British Standards Institution (BSI) Committees. We had strongly supported the campaign to retain full membership of CENELEC, despite Brexit, to ensure UK voting rights on this key committee. We are pleased to say that this has now been resolved and full voting rights have been maintained.

## International speaking engagements

Martyn Allen, Technical Director of Electrical Safety First, has been invited to speak on various product safety issues at a number of high-profile events organised by bodies such as: the European Commission; ANEC (The EU Consumer Voice in Standardisation); and the Forum for European Electrical Domestic Safety (FEEDS).

Our Technical Director has also attended the annual International Consumer Protection Health and Safety Organisation (ICPHSO), as speaker and panellist. This year, key topics covered the problems with online marketplaces – one of our current campaigning themes – and the consumers role in product safety.

## Community engagement

As part of its engagement with community groups, Electrical Safety First established its Fire Safety Fund, which offers awards biennially. These awards are provided to various organisations to help them undertake campaigns and activities designed to reduce the number of electrical fires in UK homes, many of which arise from substandard or counterfeit electrical products. Given that around half of all domestic fires arise through electricity, we believe that by supporting grass-roots projects, we can provide a direct benefit to communities, through project-based partnerships.

Applications are received from a diverse range of organisations, including regional Fire and Rescue Services, Trading Standards, Local Authorities and charities. The fund, which has now been running for nine years, has supported a host of different activities, from raising awareness of electrical safety generally, to identifying the dangers in counterfeit products with schoolchildren in deprived areas.

This year, 18 organisations received funding of up to £5k for regional initiatives. As part of this, several successful applicants are focusing on the dangers of counterfeit electrical goods, as the examples below show.

#### **Learn for Life – Community Hub, Sheffield**

Many users of this service are newly arrived refugees who have not had access to electrical products and appliances before coming to the UK. They are also unaware of the dangers of electricity and often purchase items which are cheap and unbranded (and presumably often counterfeit), due to financial constraints.

Our funding allows Learn for Life to provide a programme of awareness activities and events to 100 refugees, asylum seekers and their children, who have recently arrived in Sheffield. It will target adults who cannot speak any English (and are therefore at the most risk of electrical fire hazards); and pupils from schools in areas of high deprivation. Sessions will be interactive with lots of visual resources and volunteer interpreters will be available to translate into a range of languages.

#### **Trading Standards, Dudley**

Funding will support a project focusing on a range of electrical beauty products – from hair straighteners to UV nail lamps, sold online. Using desk research and intelligence, the team will identify and purchase potentially counterfeit, non-compliant and unsafe products, which will then be tested against safety standards. Any substandard item found will be removed from sale and action taken against rogue sellers.

As part of the project, the team will also provide support and advice to legitimate businesses and advise consumers of the dangers of counterfeit and non-complaint electrical goods sold online.

#### **Update: Dangerpoint Ltd, Flintshire**

This community safety organisation received funding from our previous award round and has provided an evaluation of the success of its project. It used our funding to subsidise visits from schools in a particularly deprived area of North Wales to the Dangerpoint site in Flintshire, during the UK's annual Electrical Safety Week.

The visits involved a range of interactive educational sessions on electrical hazards in life-like scenarios, including the dangers of counterfeits. And a particular focus on fake mobile phone chargers and leads. This was considered especially important by Dangerpoint staff. As one of them put it:

**“Children from the most disadvantaged families are also more likely to be admitted to hospital after an accident and to be admitted with more severe injuries.”**

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Students from the University of Chester undertook a review of the effectiveness of the project, visiting the schools involved six months after the pupils' trip to Dangerpoint. To find out if the children had absorbed key electrical safety messages, they tested the pupils - by using an identical test to that which the schoolchildren had taken at the end of their visit to Dangerpoint. The outcome was encouraging, with pupils from one school - Ysgol Abermorddu - showing a retention level of essential safety information of 84%.

## Working with Trading Standards

Electrical Safety First has a long-standing collaboration with Trading Standards throughout the UK, including the provision of training to support the identification of counterfeit and substandard electrical items being sold in second-hand stores. Most recently, a training programme has been developed for TS lead officers which arose from our research work for the Office of Product Safety and Standards (OPSS).

We also attend the CTSI Annual Conference to liaise with as many Trading Standards practitioners as we can, to raise awareness of electrical safety issues. And we continue to make available our 'Plug Checker'— which provides TS officers with the tools and confidence to seize potentially fake and sub-standard products during their market surveillance operations.



**Electrical Safety First also works closely with Trading Standards to support the removal of unsafe appliances from the market and any related enforcement activities.**

## Supporting enforcement - product testing and screening

Electrical Safety First's horizon scanning work incorporates research into product areas where there is a potential for unsafe electrical appliances to be on sale in the UK. We also carry out research into those products and services that present an existing significant risk to consumers.

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

# INDUSTRY TRUST

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.

A proliferation of consumption models including a growing range of SVoD services, along with a consumer demand for convenience, are both helping connect audiences to the content they love via legal methods and perpetuating a drive to seek out new and ever-more advanced methods of infringement. As we move into a world of social distancing post-reporting period, the latest Trust insight provides an ideal benchmark for the period prior to the impact of COVID-19<sup>15</sup>.

Trust insight shows that the infringement landscape is highly nuanced in that while overall levels of piracy have reverted to the 37% seen in previous years, there is also a continuing rise in the number of 11-15 year olds infringing, with 49% of that age bracket now doing so, up from 40% in 2013 accompanied by a growing parity in the infringement levels seen across the gender divide. This is driven by a proliferation of infringement across a widening number of conduits and access means, including social media, torrent sites, apps and add-ons and even traditional disc-based infringement. These developments cement the need for vigilance since audience engagement with infringing activities directly impacts the future health of the Film and TV industry.

## Promoting the value of creativity and content - *Moments Worth Paying For*

Targeting infringers with positive messaging, the **Moments Worth Paying For** campaign continues to deliver significant shifts in consumer attitudes. 2019 saw bespoke trailers produced for some of the biggest titles of the year, including **Fast & Furious: Hobbs & Shaw**, **Toy Story 4** and **Cats**, reaching an estimated **683m** people throughout the year. Post-campaign analysis showed that over 50% of 11-15-year olds claimed the ads make them reconsider their behaviour when accessing illicit content, with 46% of all involved within in the study stated the campaign put them off piracy.

During March 2020, the campaign messaging was evolved to reflect people watching movies at home, as a result of the closure of theatrical chains during the outbreak of COVID-19. Pivoting to focus on online safety, the campaign encourages people to make the right choice with legal services when accessing content from home.



15

New research has been commissioned by The Industry Trust which will detail the effects on piracy levels throughout the COVID-19 outbreak and will be upweighting insights to fully track and understand the impact of increased time at home.

## Illuminating illegality and raising awareness of risks

Evidenced by Trust research, communicating evidence of the direct personal consequences of infringement also resonates well with audiences, and with the number of infringers experiencing ill-effects, such as viruses, up to 27% in the last year, we continued work alongside longstanding partners on messaging delivered in collaboration with **Crimestoppers**. The activity uses both display ads and direct interruption of searches for pirated content to deliver messages around illegality, online safety and technology risks.

**Delivering impressive results, the campaign saw over 18m impressions across both PPC and Banner Adverts.**

A post-campaign commissioned study also confirmed that users exposed to the campaign were **2.5x** more likely to search for legal streaming services and less likely to be searching for illegal streaming services.



At the end of the reporting period, subsequent activity was refined and reframed in response to the introduction of social distancing and cancellation of sports matches. Subsequent phases will run April-June 2020, with a strong focus on personal risk and online safety.

**Accessing illegal streams puts your device at risk of viruses**

**CrimeStoppers.**

# FINDANYFILM.com

With extensive research showing that the most influential consumer awareness initiatives are ones which combine education with a clear call to action, the newly modernised rebuild of FindAnyFilm.com underpins all of the Trust's education activity. As well as upgraded databases, supporting API and a new hub, an innovative suite of commercial engagement tools help interrupt the path to infringement with more intuitive paths to purchase. These tools include an embedded content finder API which offers a full customisable FindAnyFilm experience within any third-party site and affiliate links to generate revenue when a sale is made. Additionally, a chatbot will operate as a companion guide to the site, extending the legal purchase options into Facebook messenger.

These latest developments work to ensure that FindAnyFilm.com delivers a functional and relevant user experience, while continuing to deliver against the Trust's central aim of disrupting the consumer journey to infringement.



# INTELLECTUAL PROPERTY OFFICE (IPO)

## IPO Education Hub

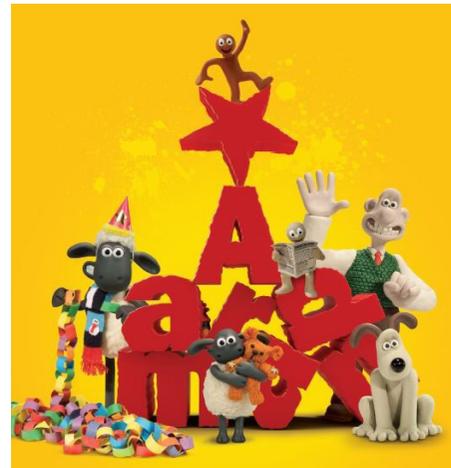
We engage with teachers and educators throughout the UK to inform and educate about Intellectual Property and to encourage young innovators and creators to raise their awareness of Intellectual Property Rights (IPR).

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

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.

On our dedicated website [www.crackingideas.com](http://www.crackingideas.com) we host a broad range of teaching and learning materials related to intellectual property, plus projects and activities.

## Cracking Ideas Competition 2019-2020



To help celebrate the 30th anniversary of Wallace and his faithful hound, Gromit, we held a competition with Aardman Animations aimed at ages 4 – 11 (key stages 1 and 2). The children were set the challenge of recreating an everyday object and make it better by coming up with their very own "Cracking Idea" through enhancing, improving or re-design.

We produced a wealth of information in the form of learning materials, worksheets and activities to introduce the competition and to inform children about the challenge they will try to resolve. The activities and resources were designed to guide children through the creative process, helping them develop and evaluate new ideas to overcome existing problems.



# THE SOCIETY OF CHIEF OFFICERS OF TRADING STANDARDS IN SCOTLAND (SCOTSS) IP GROUP (SC047951)



The SCOTSS IP Group was set up at the end of 2015 due to the increasing demand. We became aware that IP crime was taxing the resources of Trading Standards authorities throughout Scotland.

The idea was to create a group of enforcement officers who would represent the whole of Scotland. This group would meet twice a year to discuss IP issues and coordinate a national strategy. At present the group is made up of officers from the following local authorities Glasgow, Edinburgh, Aberdeen, Aberdeenshire, Falkirk, Renfrewshire, West Dumbarton, North Lanarkshire, Fife, Highland and a representative from Trading Standards Scotland (TSS).

One of the first things the group decided to do was issue a survey to the 32 Scottish authorities to find out what their requirements were to assist with the fight against IP crime. The results of the survey showed that local authorities were concerned with their lack of resources when it came to investigating IP crime:

- Many said lack of staff and other work prevented them from carrying out as much investigatory work as they would have liked.
- There was a real need for authorities to be able to access surveillance equipment to assist with IP crime investigations as many did not have their own or the finances to purchase equipment in the future. This also included stand-alone PCs.
- Many officers felt they required training on how to investigate IP crime and how to carry out social media surveillance on a target.
- Officers felt that it would be beneficial to standardise investigation policies throughout Scotland including RIPSAs policies.
- Officers also expressed a need to improve relationships with other enforcement agencies as well as brand holders.

Most of the points above were actioned or ongoing.

Over the years the group has evolved into a sounding-board for more complex IP crime prevention issues. The group has also encouraged each authority to create a dedicated IP officer who can act as a contact, disseminate training and pass on up to date IP crime prevention information. Guest speakers are invited to our meetings and we are always interested to hear from relevant brand holders.

A specific challenge in the administration of Scottish Trading Standards authorities and IP crime relates to the standardisation of procedures. Individual authorities have traditionally created their own systems, we encourage standardisation, joined up tactical approaches and have offered advice regarding IP investigations. This is made accessible on the Hub and can be accessed by all 32 authorities.

The group has networked and improved communication with the brand holders, ACG, other enforcement agencies and IP organisations. Our Chair also sits on the SAITG which allows him to network with other enforcement agencies and brand holders.

Training needs were discussed with the Chartered Trading Standards Institute Scottish Branch and several sessions were organised with the help of the IPO and TSS. This remains an ongoing priority with the group.

The SCOTSS IP Group saw an ideal opportunity to create a similar project to Operation Jasper in Scotland and rebranded it OP Sapphire.

**There have been three phases of OP Sapphire in Scotland. All 32 Scottish Authorities have participated.**

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This project emphasised direct action and, in particular, investigating the use of 'disruption' techniques to benefit authorities in Scotland. It was recognised that, due to budget and staff cuts, individual Trading Standards authorities in Scotland were struggling to resource IP investigations. Disruption tactics were set up and the Anti-Counterfeiting Group asked their members (IP owners) to assist with requests that Facebook remove pages that advertise and sell counterfeit goods. Gumtree and eBay were also investigated as part of the project.

**The project was very successful and resulted in several warrants being executed and the seizures of counterfeit goods.**

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The project led to an increase in investigations being carried out throughout Scotland, which resulted in enforcement action. The number of intel logs also increased.

The following outcomes were reached –

- Adoption of a clear protocol to contact Facebook to disrupt IP crime by Scottish based sellers.
- Toolkit developed to assist authorities with online IP enforcement.
- Increased capacity to deal with social media platforms and online selling marketplaces.
- The use of e-crime techniques taught at the TSS e-crime workshops were utilised.
- Enhance partnership working with the private sector.
- Adoption of best-practice models used elsewhere in the UK.
- Updated IP intelligence on MEMEX.

Consumer education was another area the IP Group was very involved in as we felt that, once again, Scottish Authorities were struggling to use their stretched resources to promote anti-counterfeiting in their own areas. The group focused on particular events to utilise the best publicity, so the anti-counterfeiting message could be delivered to consumers.

This year the following days of action showed Trading Standards authorities putting together displays, issuing press releases and information on social media.



World Anti-counterfeit Day - 6th June 2019



Retailers Against Crime Conference – 31<sup>st</sup> October 2019

As well as during Scottish Trading Standards Week which ran from 16th to 20th September and during the run up to Christmas when the group promoted joint enforcement agency work.

We hope that the SCOTSS IP Group will continue to flourish and help support Scottish local authorities fight the ever-increasing harm of intellectual property crime.

# UK INTELLECTUAL PROPERTY ONLINE PROTECTION GROUP (IPOP)

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The UK Intellectual Property Online Protection group (IPOP), formerly the Internet Enforcement Group, is uniquely positioned as a collective of practitioners working together to develop initiatives and to share best practice on the protection of Intellectual Property. IPOP's members span Government, law enforcement, leading trade associations, rights holders, internet service providers and broadcasters. IPOP meets quarterly and has dedicated groups addressing the key threats its members face together (currently these are focussed on hosting infrastructure, payments for counterfeit and piracy, and advertising). IPOP's chair is Phillip Davies, Group Director for Anti-Piracy Partnerships for Sky and Co-President of the Audio-visual Anti-Piracy Alliance and Deputy Chair is Eddy Leviten, Chief Operating Officer at FACT and former Director General of the Alliance for IP. IPOP seeks to build collaboration within industry and with external partners to better tackle the threat of IP crime. Over the last twelve months IPOP has led engagement, hosting infrastructure providers such as OVH in France, and with card associations MasterCard and Visa, as well as with PayPal.

IPOP members support the UK IPO in building the national threat assessments and support research for the UK IP Crime report. IPOP also supports law enforcement, CPS and other Government agencies in knowledge building and training.

In a case with a European hosting infrastructure provider from outside the UK, whose services were favoured by pirates to deliver broadcast content, IPOP members from publishing, software, gaming, music, movies and Pay TV shared their research and pooled knowledge and expertise. IPOP used this research and expertise to broker an industry meeting with the infrastructure provider leading to a significant improvement in notice and takedowns, customer disconnections for repeat offenders and an investment from the infrastructure provider in reshaping their abuse team into a larger and better resourced compliance team. This led to a significant drop in piracy across their networks. This outcome was achieved without legal or enforcement activity. **Digital piracy is a transnational crime and IPOP will continue to engage with partners in and beyond the UK to seek to tackle piracy practically.**

# WRI GROUP

## “Achieving excellence through learning together”

### WRi Group launches new training Academy

Over the last eight years WRi Group have built a reputation as one of the leading brand protection and investigation companies in the UK, supporting clients from a range of IP sectors including telecommunications, automotive, clothing and luxury goods.

However, for many years we have also been supporting the Trading Standards profession (TS) and others by providing training modules on subjects such as intelligence management and use, investigation principles, consumer protection and all aspects of the criminal justice system.

With a highly motivated and professional team, made up of seasoned law enforcement practitioners (TS and Police) we provide practical solutions to theoretical questions and have received some great feedback from hundreds of TS and other delegates attending our sessions.

Over the last four years we have seen a huge increase in the number of requests for such training by enforcement authorities, in particular TS, to provide a wide range of dynamic courses to support their delivery of key services, including IP crime enforcement, in order to protect businesses and consumers alike.

As we move from budget cuts associated with 'austerity' into an economic environment dominated by COVID-19, it is even more important to ensure that staff are properly trained and equipped to carry out their core functions, so in January 2020 we were proud to officially launch the WRi Academy.

The Academy offers a full syllabus of courses covering all aspects of the criminal justice system and supporting modules. Bespoke professional practice modules are crafted to suit the requirements and budget of our clients and delivery can be in-house or on-site at our Caerphilly offices.

Steve Mogg (Cert Ed), a retired senior police officer, is the lead trainer at the WRi Academy and has adapted our courses to meet the needs of all agencies whether public or private sector. "This is an exciting time with the launch of the WRi Academy," said Steve. "I am looking forward to the new challenges and the opportunities it will bring. Our ethos is excellence through training together and developing individuals to achieve their best is something we value. The Academy will offer bespoke training focused on the needs of our clients to ensure that we can maximise the learning and development of their teams."

Gareth Mogg, Director at WRi Group said, "Resilience within law enforcement and industry to combat serious and organised crime, including IP crime, is more important today than it has ever been, The services we provide throughout the WRi Group aim to provide such resilience and protect the community as a whole. The Academy will enable us to achieve our goals whilst supporting those that we all rely on to keep us safe"

To find out more visit [www.wri-group.com](http://www.wri-group.com) or contact us at [academy@wri-group.com](mailto:academy@wri-group.com) Tel: 02921 202597

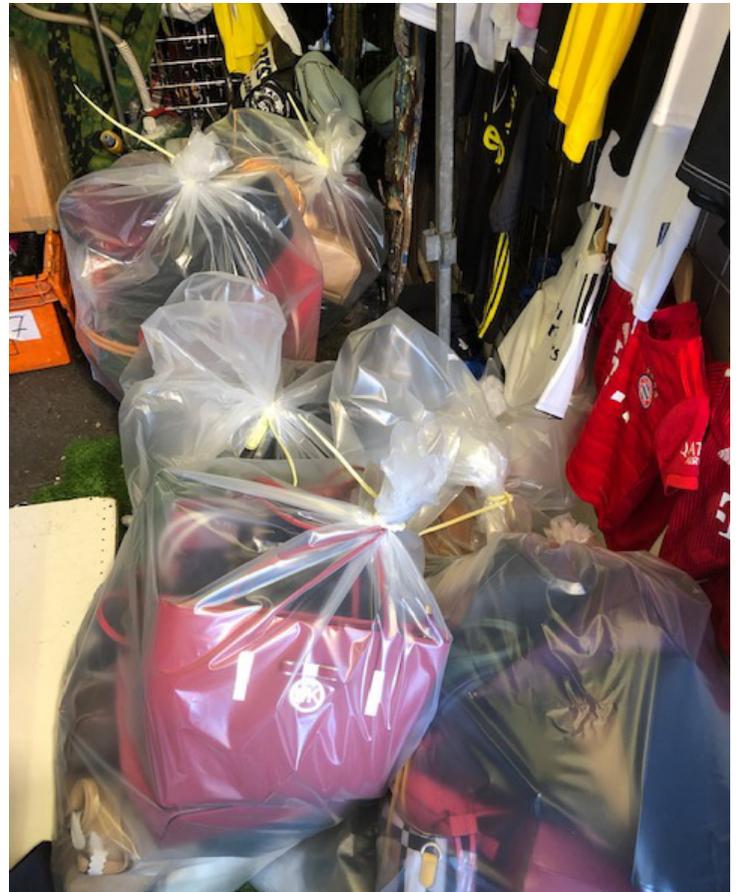
# 3B ACTION

## ANTI-COUNTERFEITING GROUP (ACG)

The ACG and its members continue to be at the forefront of 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 has:**

- Worked in partnership with the National Markets Group, National Trading Standards and Local Authority Trading Standards teams, providing actionable intelligence, physical assistance on raid actions, transportation, storage and destruction of seized items. This reduces the financial burden on enforcement partners, 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;
- Worked in partnership with Camden Trading Standards and Metropolitan Police to develop innovative strategies to reduce the availability of counterfeit goods in high street shops and markets in the area, leading to tens of thousands of counterfeit goods being seized, closure orders placed on retail shops used to facilitate the sale of counterfeit goods and the visibility of counterfeit goods being diminished.





Counterfeit goods seized

- Provided intelligence led coordination and physical support at other national operations such as Operation Beorma, Big Ben, Lamont and others.

### **ACG member case study**

In July 2019, rights owners investigated a building operated by organised criminals to facilitate the large-scale distribution and sale of counterfeit goods, in Cheetham Hill, Manchester. The intelligence was referred to the City of London Police's Intellectual Property Crime Unit (PIPCU).

In March 2020, PIPCU teamed up with Greater Manchester Police to execute search and arrest warrants against the counterfeit network. Over 100 officers facilitated the seizure of £7.5 million worth of counterfeit goods from the location and arrested 15 individuals who were facilitating the assembly, manufacture, and supply of counterfeit products.

The action received significant press coverage and highlighted the effectiveness of collaboration between public and private sector agencies. By sharing evidence and intelligence, action was taken to significantly impact on the counterfeiters and disrupt their illicit activities during a peak sales season, maximising the success of the operation.

In addition to our support on direct action, ACG has reinforced an array of enforcement partners including:

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

# FACT

## Operation Saturn

In July 2019, FACT worked with the Premier League to conduct a 'Knock and Talk' initiative to combat the illegal supply of live sports content. The home addresses of 17 individuals involved in this illegal activity were identified in eight UK regions (see map below).

FACT investigators attended each home address with Police from the Government Agency Intelligence Network (GAIN) Disruption Teams and personally served Cease and Desist notifications to those suspected of supplying illegal sports content.

15 of the offenders ceased their illegal activity following the visit.



## Operation Saturn

### Knock & Talk home visits across the UK

Illegal supplier	FACT C&D hand delivered to	Service Stopped	Outcome
Operator of ISO sales website	Ashby de la Zouch, Leicestershire, East Midlands	Yes	website no longer infringing
Forum seller of illegal access to premium TV subscriptions	Blackburn, Lancashire, North West	Yes	user no longer selling content on forums
Operator of ISO sales website	York, Yorkshire and the Humber	Yes	website shut down
Operator of website offering illegal access to premium TV subscriptions	Bridlington, Yorkshire and the Humber	Yes	website shut down
Operator of website selling infringing IPTV services	Stockton-on-Tees, County Durham, North East	Yes	website shut down
Operator of website selling IPTV subscriptions & reseller packages	Milton Keynes, Buckinghamshire, South East	Yes	website shut down
eBay seller of ISOs	Gossop, Derbyshire, East Midlands	Yes	eBay seller no longer selling
Operator of website selling IPTV subscriptions to British expats	Wallington, Sutton, Greater London	Yes	website shut down
Operator of a website selling infringing IPTV services	Brenthwood, Essex, East of England	Yes	website shut down
Operator of Facebook groups selling IPTV subscriptions	Redditch, Worcestershire, West Midlands	Yes	two Facebook groups shut down
Operator of a Facebook group selling IPTV subscriptions	Brent, Greater London	Yes	Facebook group shut down
Operator of a Facebook group selling IPTV subscriptions	Huddersfield, West Yorkshire	Yes	two Facebook accounts shut down
ISO seller via two Facebook groups	Sunderland, Tyne & Wear, North East	Yes	two Facebook groups shut down
ISO seller via Facebook profiles	Wrexham, Clywd, North Wales	Yes	two sales Facebook profiles shut down
Operator of numerous Facebook groups selling IPTV subscriptions	Worcestershire, West Midlands	Yes	four ISO sales Facebook groups shut down



### Cornwall IT expert sentenced over £400k streaming scam

© 19 December 2019



An IT expert used his skills to sell €400,000 worth of illegal Sky Sports, BT and other TV streaming services.

Steven Underwood, 34, ran the scam, which involved a number of criminal groups, from his home in Cornwall for up to two years.

## 21-month imprisonment for ISD seller in the East Midlands

In June 2019, at Derby Crown Court, Christopher Bassi pleaded guilty to the acquisition, use and possession of criminal property, contravening Section 329 of the Proceeds of Crime Act 2002. Bassi was sentenced to 21 months imprisonment.

Following a FACT investigation, Bassi was arrested in July 2017 during a search warrant executed by Derbyshire Police at his home address in Derby.

Bassi operated *bulkygifts.co.uk*, a website selling IPTV devices that provided illegal access to premium television channels, including BT Sport 1 HD, BT Sport 2 HD, Sky Sports 1-5, Sky Disney and Sky Atlantic.

## IPTV supplier sentenced to 12 months in prison

Following a FACT investigation, Steven Underwood was arrested in January 2019 for selling "Dream Media" IPTV subscriptions that provided illegal access to premium television channels.

On 19 December 2019, at Truro Crown Court, Underwood was sentenced to 12 months imprisonment for fraud and copyright offences to run concurrently and suspended for two years.

He also received a 20-hour Rehabilitation Order in relation to drug and alcohol addiction.

A total criminal benefit of £400,000 was accepted. However due to lack of current assets, a POCA Confiscation of £10 was awarded, to be paid within 28 days.

## Case study - Seller of illicit streaming devices ordered to pay over £520,000 to the public purse

In April 2018, John Dodds was sentenced to four-and-a-half years in prison having pleaded guilty to a conspiracy to defraud. Dodds sold ISDs to hundreds of pubs and clubs in North East England as well as deceiving customers who were regularly left with faulty devices.

Upon his initial arrest, Dodds attempted to prevent evidence being discovered by the police. He was found to be hiding the keys to a car full of equipment and documentation, including a list of all his clients.

At Newcastle Crown Court on 28 February 2020 Dodds was ordered to pay back £521,000 within three months or face his prison sentence being extended by an additional five years.

On issuing the Order, the judge described Dodds as 'an unreliable and dishonest character'. Dodds was found to have concealed proceeds of his criminal activities by hiding large amounts of cash in his house and placing property assets in his daughter's name, in what the judge found to be 'a sham'.

Dodds, and his accomplice were arrested following an investigation led by the Premier League working in partnership with FACT. A range of North East bodies, including North East GAIN and The National Trading Standards Regional Investigation Team, played key supporting roles in the investigation.

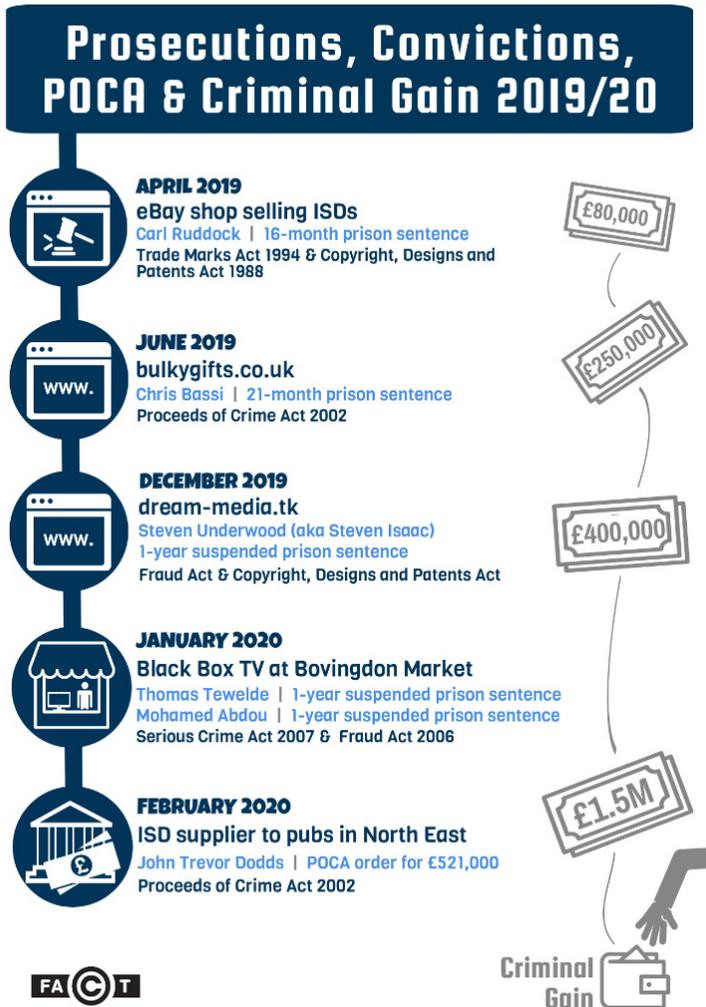


The image is a screenshot of a news article from the Mirror website. The article title is "Conman ordered to pay £520,000 for supplying 270 pubs with illegal football streams". The byline is "By Kieran Murray" dated "14:48 29 FEB 2020". Below the text is a photograph of a man in a dark jacket and tie, looking towards a woman whose back is to the camera. The man appears to be in a courtroom setting.

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## IPTV Prosecutions

Following on from the first IPTV prosecution in December 2016, several other successful prosecutions have resulted from FACT-led investigations:



# 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.

As an active focus group, the NMG run several key initiatives that are seeing some real success in reducing the availability of counterfeit and pirated goods whilst also providing solid evidence to strengthen our claim that IP crime is an organised crime and is often linked or used to fund more mainstream organised criminality. Two such initiatives are:

**Operation BIG BEN** – was initiated in April 2017. It is designed to take action against market operators that act as intermediaries in the sale of counterfeit and pirated goods. Utilising the EU IP Enforcement Directive, industry members, working in partnership with Trading Standards are influencing market operators to make markets safer for the consumer and legitimate businesses.

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

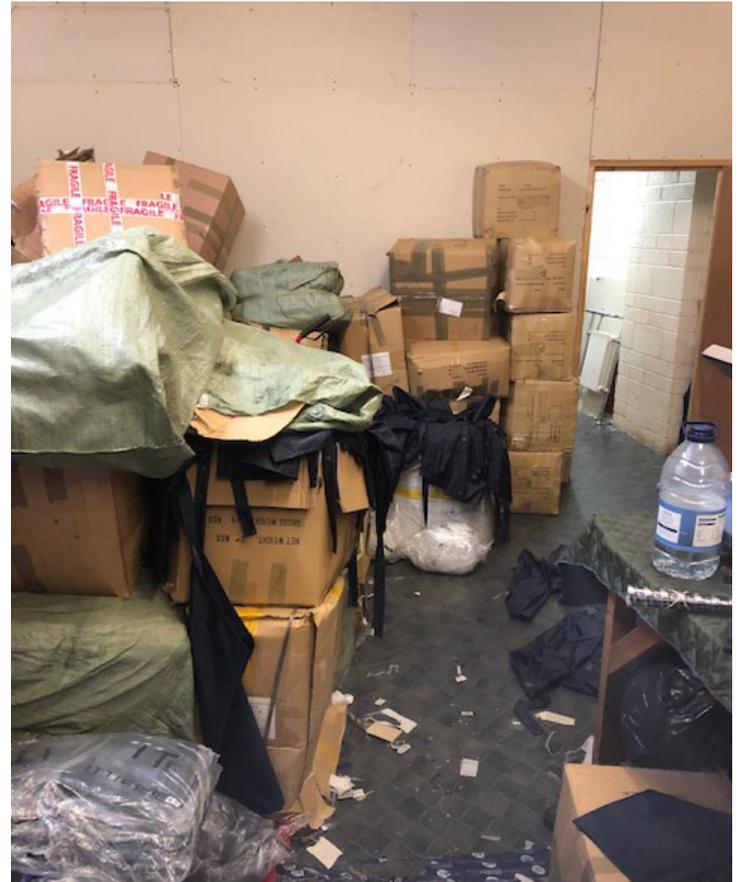
- Bescot Market, Walsall
- Eastgate Market, Skegness
- Nine Elms Market, Wandsworth
- Camden Town markets

2020/2021 will see Operation BIG BEN continue to collect, collate and disseminate intelligence and evidence regarding the sale of counterfeit and pirated goods at markets across the UK and will look to use that information to influence change and conduct enforcement actions to meet the operations objectives.

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

This intelligence led multi-agency approach has resulted in 37 raids and alternative enforcement actions against active counterfeiters, hundreds of thousands of counterfeit goods seized as well as cash and vehicle seizures.

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



Images: Factory (sweat shop) raided in Birmingham

# POLICE INTELLECTUAL PROPERTY CRIME UNIT (PIPCU)

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## Case studies

**Operation Ashiko** – Operation Ashiko is PIPCU’s response to the online sale of counterfeit physical goods in the '.uk' domain tree. Our work is focused on the disruption of ongoing criminal activity through domain suspensions and analysis to enrich the intelligence picture. Referrals are received of infringing websites (generally selling fake consumer goods) from brand owners who supply evidence they are counterfeit. After due diligence is undertaken by PIPCU, details are sent to Nominet who organise the suspension of the infringing domains.

Of note is evidence that infringing websites are often set up using the personal details of people who have previously bought counterfeit – a version of identity theft.

**Since inception in 2013, Operation Ashiko, led by DC Weizmann Jacobs, has successfully suspended 107,529 websites, which are estimated to have caused a loss to industry in excess of £640m.**

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

Under Operation Creative, the Infringing Website List (IWL) has been created which is essentially a blacklist of websites. Such sites are accepted for disruption which generally includes efforts have them taken down; also, each site is shared with industry in order that businesses do not advertise on such site, thus restricting revenues.

**During Operation Creative, 2,549 sites have so far been taken down. There are currently 1,872 websites on the IWL – all are having their advertising revenues disrupted by PIPCU.**

In addition, liaison work by PIPCU this year means that over 12,000 schools in the UK are blacklisting all sites on the IWL – meaning that they cannot be visited by students.

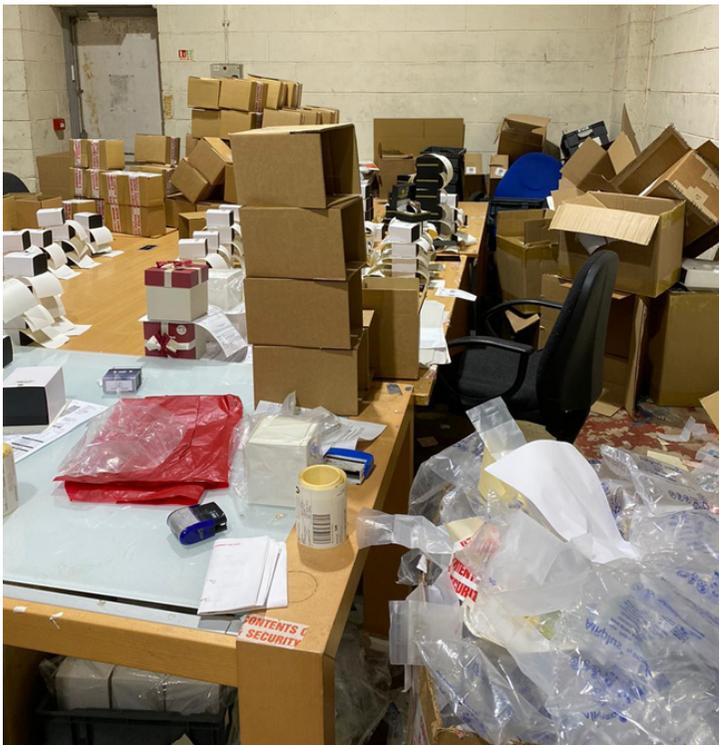
**Operation Fifi** – Luqman Farooq, was sentenced to 27 months imprisonment for making high-profile films available online for illegal download. The PIPCU investigation ensured that a copy of Fast & Furious 7 was not released by Farooq in advance of its release date, saving industry millions of pounds.

**Operation Manchester** – The biggest ever raid on Manchester’s ‘Counterfeit Street’ was launched by PIPCU determined to unmask the ‘Mr Bigs’ behind criminal businesses. More than 80 officers from City of London Police and Greater Manchester Police, with assistance from Trading Standards and other organisations, targeted three businesses on Bury New Road on 11 March 2020. 15 people were arrested on suspicion of a number of offences and six lorries were filled with suspected counterfeit goods by searching officers. The raids were covered by national press and TV, bringing public attention to the threat of counterfeiting.<sup>18</sup>

Images of Operation Manchester 11 March 2020:



<sup>18</sup> <https://www.manchestereveningnews.co.uk/news/greater-manchester-news/biggest-ever-raid-manchesters-counterfeit-17904186>  
[https://www.dailymail.co.uk/news/article-8103653/Police-Manchester-seize-fake-goods-including-North-Face-Nike-clothing-worth-7-5m.html?ns\\_mchannel=rss&ns\\_campaign=1490&ito=1490](https://www.dailymail.co.uk/news/article-8103653/Police-Manchester-seize-fake-goods-including-North-Face-Nike-clothing-worth-7-5m.html?ns_mchannel=rss&ns_campaign=1490&ito=1490)  
<https://www.bbc.co.uk/news/uk-england-manchester->



**Operation Sterling** – In September 2019, PIPCU, working in a joint operation with the New York District Attorney’s Office arrested a male in Ipswich who was suspected to have hacked into a variety of cloud-based accounts belonging to people in the music industry in order to steal and share music prior to its release date. Assets valued at c.£100k are currently under restraint and hundreds of victims of computer hacking and copyright theft have been identified. The suspect is believed to be the most significant hacker and seller of pre-release music worldwide.

**COVID-19 Treatment Kits** – In March 2020, PIPCU were asked to investigate information provided to the UK by the US Food and Drugs Administration. **A response within three hours led to the arrest of a male at a Post Office in Sussex on suspicion of making and distributing kits purporting to treat COVID-19**, containing potentially poisonous chemicals; Frank Ludlow was charged at Brighton Magistrates Court and remanded into custody the next day and the case was featured in national TV and broadsheet press coverage. Ludlow received a 10-month suspended sentence for two years at Portsmouth Crown Court.<sup>19</sup>



Counterfeit COVID treatment kits containing potentially dangerous potassium thiocyanate and hydrogen peroxide

<sup>19</sup>

<https://www.bbc.co.uk/news/uk-england-london-51991245>

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

# PREMIER LEAGUE

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

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

- Monitoring, blocking and removing unauthorised online live streams and recorded clips of broadcasts of Premier League matches. In Season 2019/20 to-date the Premier League has removed or blocked over 225,000 live streams and over 300,000 clips of its matches that would otherwise have been available to view in the UK and Ireland;
- Successfully privately prosecuting an individual responsible for selling illicit streaming devices (ISDs) from a shop in London. The individual was convicted of copyright and fraud offences in the first case of its kind to go to trial;
- Securing a Confiscation Order against John Dodds, an ISD supplier convicted by the Premier League and sentenced to four-and-a-half years’ in prison in 2018. The Order required Dodds to forfeit the proceeds of his criminal activities and pay back more than £520,000, which the Premier League requested go directly to funding the courts and law enforcement agencies;
- Carrying out, with the support of FACT and law enforcement officers, a coordinated ‘Knock and Talk’ initiative against suppliers of unlawful streaming systems and services, resulting in 15 operators ceasing their infringing activities;

- Action to prevent the unauthorised broadcasts of Premier League matches in pubs, clubs and other commercial premises across the UK and Ireland. Over the course of the 2019/20 Season the Premier League conducted investigative visits to over 4,500 unique commercial premises;
- Action to prevent the sale and distribution of counterfeit goods. The Premier League and its Clubs have physically seized more than 145,000 counterfeit items and removed over 160,000 listings from online marketplaces so far this Season, ultimately preventing the sale of over £6.6 million worth of counterfeit goods;

## Key Stats

- **OVER 225,000 ILLEGAL LIVE STREAMS AND OVER 300,000 CLIPS BLOCKED OR REMOVED FROM THE INTERNET.**
- **MAJOR SUPPLIER OF ISD’S ORDERED TO PAY BACK MORE THAN £520,000 TO THE PUBLIC PURSE.**
- **INVESTIGATIVE VISITS CONDUCTED TO OVER 4,500 COMMERCIAL PREMISES.**
- **OVER £6,600,000 WORTH OF COUNTERFEIT GOODS SALES PREVENTED.**

# PRS FOR MUSIC

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## Stream-Ripping Piracy

*PRS for Music's* Rights Protection Unit (RPU) has been tackling stream-ripping piracy throughout 2019/2020 as a direct response to its popularity and usage amongst consumers. By using a range of methods, the RPU's greatest successes have been in tackling stream-ripping plug-ins and stream-ripping download apps where a 100% success rate in both areas was achieved. Stream-ripping plug-ins were removed from the Google Chrome browser and stream-ripping download apps were removed or the ripping functionality was disabled from the apps available on the Apple App store.

## Member Anti-Piracy System

The *PRS for Music* Member Anti-Piracy System (MAPS) is an online notice and takedown tool which works by tracking *PRS for Music* repertoire on unlicensed and infringing sites and automatically sends notices requesting removal. The tool also sends take down notices to the Google and Bing search engines for the removal of search results for infringing content. Since the tool was launched in 2016, it has:

- reported over 6.4 million URLs to sites linking to or hosting *PRS for Music* repertoire.
- removed 75% of infringing URLs.
- sent over 413,000 live links to Google and Bing for delisting results from its search pages.
- been instrumental in forcing over 1,300 infringing sites to cease operating completely.

MAPS is not only a notice and takedown tool, but it also generates valuable data which is used in other areas, for example in the RPU's work with PIPCU and Operation Creative.

## Operation Creative

*PRS for Music* continues to be an active partner of Operation Creative, a PIPCU led initiative. The RPU has identified and submitted 319 infringing sites to date.

**An analysis carried out on the referrals revealed that 80% of the sites submitted to Operation Creative are no longer operational.**

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Of the remaining 20%, just over a third of the sites are re-directing to other domains. The analysis demonstrates that the initiative is successful, and it is having a positive impact in fighting piracy.

# SNAPDRAGON



## SnapDragon

Fighting fakes online

We are a team of tenacious, expert data analysts, technology bods and brand specialists who are dedicated to fighting fakes online. Born from our founder's personal journey as an SME owner experiencing counterfeits, SnapDragon has become a leading light in online intellectual property enforcement and brand protection. We work closely with businesses, legal firms and law enforcement agencies across the world, defending revenues, reputations and consumers. SnapDragon was honoured, in May 2020, with a Queen's Award for Innovation, one of the UK's highest business accolades, rarely awarded to technology companies.

Our pioneering software, Swoop, monitors the world's busiest online marketplaces for copycat goods, identifying suspect infringements. Clients' IP rights are then used to prove originality, ensuring removal of the listing, whether product or seller. Swoop's results offer great potential for further IP filings, while also gathering hard evidence of online infringement for litigation.

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

### Hornit Case Study | Fighting your corner to protect innovative designs

With the success of the CLUG bike rack, Tom de Pelet and his team began to notice what looked like their branded products being sold across multiple platforms and sites. They were furious at the impact on both sales and reputation, particularly when customers began querying the quality of products claiming to be genuine CLUG gadgets purchased from spurious independent websites.

Answering these concerns began to consume a lot of time and energy at Hornit HQ, as the team fought to both respond to customers, and deal with the flood of counterfeits online. It was at this point that Tom turned to SnapDragon to help. With a fully comprehensive IP portfolio to prove their products' originality, what the team needed was help to identify, tackle and remove the online infringements as fast as possible, enabling their return to creating products with passion, and delivering quality products to customers.

**“ SnapDragon is first class. It was started by a someone whom made products, got ripped off and they fought back. ”**

"SnapDragon focuses entirely on fighting fakes online and has an excellent operation. The team identified and removed hundreds of fake listings all over Alibaba, AliExpress, Taobao - in quick orders - as well as others which were using our images and some from Amazon and eBay in Europe for breach of design right.

"SnapDragon takes all the hassle away - and the software makes identification of fakes 1000 times less painful than doing it yourself. Within a couple of months over 3,000 infringing links were removed from sale, equating to several hundred thousand CLUG products." – Tom de Pelet, MD of Hornit.

With tenacity and persistence, SnapDragon used Hornit's registered trade mark, design rights, patent and copyright, to remove counterfeit CLUGs across all the major online marketplaces, and other independent websites. Hundreds of listings were identified and taken down in the first month, and over time, SnapDragon has helped the Hornit team to utilise their expansive portfolio to maximum effect.

As is the case for many acclaimed brands, the issue experienced by Hornit was far greater than expected, and utilising more IP uncovered more listings. As painful as it was to see the extent of the problem, over time the number of infringements has steadily decreased, and major marketplaces are now clear of copycat CLUGs. What's more, SnapDragon has been able to provide the background data pertaining to the links removed so that Hornit can follow up with legal action.

SnapDragon's guidance and involvement has saved Hornit significant time and money as well as protecting the brand, revenues and customers. Their great products have also encouraged some of us to take up cycling!



# TM EYE

## IP private criminal prosecutions

TM Eye operates in both the UK and across the globe, tackling the sale and manufacture of illicit goods. TM Eye has four teams, each dedicated to a specific market sector: Illicit luxury goods; illicit tobacco; illicit pharmaceuticals and design rights offences. These teams are supported by a highly experienced online investigations team, an 'in house' Surveillance Team and the only dedicated undercover unit outside of UK law enforcement.

TM Eye set up its Illicit Tobacco Team in 2018 to work with Japanese Tobacco International (JTI). The team investigates the manufacturer supply and sale of fake and illicit tobacco and cigarettes. During 2019 the team investigated a number of major criminal organisations engaged in the manufacture and supply of fake tobacco and ancillary products on a vast scale across the UK.

As result, a series of raids were carried out by the West Midlands Regional Organised Crime Unit (ROCU) and TM Eye resulting in a number of private criminal prosecutions by TM Eye and the seizures of millions of pounds worth of illicit tobacco. The following case studies give a detailed description of specific operations. These descriptions characterise our work and the environment in which we practice. It is hoped that these case studies can be used to benchmark and further develop best practice.

## Illicit tobacco factory

This prosecution follows a substantial UK wide surveillance operation by TM Eye's Illicit Tobacco Team and the TM Eye Surveillance Team in September and October 2019. Four premises in Sheffield were searched on 1st October 2019 by Humberside and Yorkshire Regional Organised Crime Unit and officers from Operation Fortify (South Yorkshire Organised Crime Unit). A working tobacco factory was discovered, turning raw leaf tobacco into cut tobacco for illicit fulfilment houses across the UK. Within

the fulfilment houses other gang members filled counterfeit tobacco pouches with the cut tobacco. These were then sold in wholesale quantities. The revenue loss is significant.



Illicit tobacco factory raided in Sheffield

Linked fulfilment houses were also identified and raided in Tottenham, North London, Leyton, East London and Dudley in the West Midlands. Each raid led to the recovery of between half a tonne and a tonne of illicit cut tobacco and millions of fake tobacco pouches. The criminal gang has made millions and the loss to the revenue is in the hundreds of millions.



Six men will appear at Birmingham Crown Court in June 2020. The investigation continued and in late 2019 a manufacturing facility was identified in Sheffield. A further three men were arrested and prosecuted and will appear at Sheffield Crown Court in June 2020.

The tobacco team has also carried out a number of other investigations leading to fifteen further convictions in private criminal prosecutions and the recovery of over 310 million worth of fake tobacco and cigarettes.

### Facebook sellers of counterfeit tobacco charged

Blake Williams, Mollie Phelps and James Cox all from Aveley, Essex, appeared at Barkingside Magistrates Court on 19 January 2020, charged with selling counterfeit tobacco contrary to Section 92 of The Trade Marks Act 1994 and attempting to sell counterfeit tobacco contrary to Section 1 of The Criminal Attempts Act 1981. They each pleaded guilty to all offences.

Mollie Phelps was sentenced to a 12 Month Community Order and required to pay a £90 victim surcharge. James Cox was sentenced to a fine of £120, ordered to pay £150 court costs, and a £30 victim surcharge. The ringleader, Blake Williams, was sentenced to eight weeks imprisonment suspended for 12 months, ordered to undertake 100 hours Community Service and required to pay £500 court costs and £120 victim surcharge.

The case was brought by TM Eye as a private criminal prosecution on behalf of its client Japanese Tobacco International (JTI).

**The operation** - Throughout 2019, WILLIAMS, PHELPS and COX sold fake Amber Leaf tobacco across the Essex and the East London area. WILLIAMS supplied a number of re-sellers including PHELPS and COX, who operated on social media offering large amounts of counterfeit tobacco pouches for sale.

PHELPS offered fake tobacco for sale on Facebook on the Selling Groups '*Things for sale in and around Romford*' and '*Grays and Chafford Sell Bay*'. The groups had over 40,000 members each. A detective from TM Eye's Illicit Tobacco Team made contact online and arrangements were made to purchase five (5) x 50-gram pouches of Amber Leaf tobacco for £50, genuine cost £116.



Sample of Illicit tobacco and ancillary products seized

On 25 June 2019, the tobacco was collected from PHELPS' home address in Tilbury, Essex by a detective from TM Eye's Dedicated Undercover Unit. The transaction was covertly recorded. When examined, the tobacco and packaging was found to be fake. On 27 June 2019, a further test purchase was undertaken, again covertly recorded. The undercover detective purchased five (5) Amber Leaf tobacco pouches for £50. A third test purchase took place from PHELPS on the 2<sup>nd</sup> July 2019, at her home address. PHELPS partner James COX was present and involved in negotiating the sale and price.

PHELPS had previously offered wholesale quantities of the fake tobacco pouches. On 10 July 2019, the undercover detective from TM Eye, who had made the purchases contacted PHELPS asking whether she had larger quantities for sale. She agreed to arrange for her supplier to meet with the undercover operative to discuss quantities and prices. She gave the contact details of a man Blake WILLIAMS. Another undercover operative called WILLIAMS and arranged a meeting.

On 11 July 2019, WILLIAMS met with an undercover detective from TM Eye's Dedicated Undercover Unit at a public house on the A127 in Essex. During the course of the conversation, he stated that he had bought the fake tobacco pouches for £3 each and sold them for £8. He admitted having sold over 1,000 pouches in June and could supply any amount. He also stated he had access to two container loads of counterfeit cigarettes being imported from Spain. The undercover detective bought 100 fake pouches from WILLIAMS at a cost of £5 a pouch. TM Eye's surveillance team then followed WILLIAMS in his white BMW to his home address where he collected the illicit goods. He then returned and handed the black bin liner containing the fake tobacco pouches to the undercover operative.



Sample of counterfeit tobacco seized

On 25 July 2019, a further meeting took place between the undercover operative and WILLIAMS. WILLIAMS offered to supply larger amounts of fake tobacco at £4 a pack. On 4 August 2019, the undercover operative telephoned WILLIAMS and asked if he could supply 500 pouches. A number of unsuccessful attempts were made to arrange a meeting in the following days. Then on 9 August 2019, WILLIAMS arranged to meet the undercover detective at a department store in Lakeside, Grays, Essex. WILLIAMS arrived with a female driver in a different BMW. WILLIAMS offered to supply 1,000 fake tobacco pouches but stated he had to collect them from his source 'Up North'. WILLIAMS and the female then left. They were followed by the TM Eye surveillance team along the M25 and up the M1 arriving at a fast food store car park in Walsall. A red Ford Transit on false registration number plates arrived and two male suspects were seen to hand WILLIAMS two large boxes which were placed into the boot of WILLIAMS BMW. WILLIAMS then left and returned south followed by the surveillance team.

At about 6.45pm WILLIAMS drove into the car park at Upminster Rugby Club with the female driving. Police had been alerted and stopped the two in the car park. TM Eye detectives joined the police and a search of the BMW revealed the two boxes to contain 525 individual 50-gram pouches of counterfeit Amber Leaf Tobacco. The goods were seized by police and handed to TM Eye. On 28 October 2019, WILLIAMS was served with a criminal summons.

The genuine product sells for £23.20 with Excise Duty of £15.60 included. The loss to HM Revenue and Customs from the sale of the fake product seized was £24,960.00.

TM Eye Director David McKelvey said,

**This was a major covert operation by TM Eye's Illicit Tobacco Team supported by TM Eye's Dedicated Undercover Unit and surveillance team. A major supplier of dangerous fake tobacco across Essex and East London has been prosecuted and convicted. If this gang had continued its criminality the loss to HM Revenue and Customs would have been significant. The tobacco was poor quality and**

**smelled of white vinegar, added by the criminals as an anti mould agent. Fake tobacco often contains other dangerous elements including asbestos and rat droppings.**

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The supply of illicit tobacco costs the UK around £2.5 billion a year - money that could be used to fund vital public services. According to HMRC 9% of cigarettes and 32% of roll your own tobacco were smuggled into the UK in 2018."

# TRADING STANDARDS SCOTLAND (TSS)

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Trading Standards Scotland (TSS) is the national body for Trading Standards authorities in Scotland. TSS has a duty to both undertake and coordinate casework of significance across council boundaries in Scotland. It is a resource intended to complement and add capacity to local authority Trading Standards teams. One of the organisation's national priority areas is illicit trade and TSS holds the strategic lead for this theme at the Scottish Crime Campus (the forum at which multi agency work is co-ordinated in the fight against serious organised crime in Scotland). During 2019/20, TSS has been heavily involved in tackling IP crime and the following provides some highlights from this work.

## **Illicit streaming**

During 2019/20, TSS has experienced a significant increase in intelligence regarding illicit streaming. The team has sought to direct its investigative resource towards the largest problems within Scotland, considering how it might be dealt with under both intellectual property and fair trading law. This involved the investigation of businesses supplying public houses across the country, with access to content including EPL and SPL football matches, avoiding lawful purchase and in breach of copyright. It was uncovered that these services were being marketed in a manner which convinced customers that the distribution systems were entirely legal. The detriment identified to just one of the rights holders, has been estimated at £1.88M. One report has so far been submitted to the Procurator Fiscal Service in respect of charges under the Copyright Designs and Patents, and Trade Marks Acts. Further enquiry continues to be made into similar practices in another case.

TSS has also more recently been working closely with rights holders on subjects based within Scotland, who are assessed to be wholesale providers of significant illicit streaming services operating across the UK. In its co-ordinating role, TSS devised a project aimed at engaging local authority TS teams in identifying and taking action to disrupt the advertising and sale of illicit streaming services at a local level.

## **Counterfeit goods sold via Social Media**

Another key area of concern for Trading Standards Scotland is the proliferation of counterfeit goods being sold via online marketplaces and social media; most commonly clothing, footwear, cosmetics and electrical goods. TSS seeks to work in partnership with Scottish local authorities to pursue local cases and gather associated upstream intelligence, while itself investigating more complex cases.

## **Operation CHERRY**

Following initial intelligence from a brand holder, TSS investigated a trader selling significant quantities of counterfeit sportswear via an online marketplace. After being identified and traced to an address in the West of Scotland, it was established that, on average, 15 large consignments were being imported every 6 months, from various addresses in China. The subject actively sought to avoid detection; using false names and addresses and selling through multiple online accounts. This complex investigation resulted in recovery of a large quantity of counterfeit goods assessed to the value of circa £30,000, with

subsequent financial investigation conservatively assessing criminal proceeds from sales to be in excess of £68,000. The subject currently awaits trial on a number of charges under the Trade Marks Act.



Sample of counterfeit goods seized during Operation Cherry

### Operation TOD

The investigation in this case concerned a persistent offender and resulted in the seizure of a significant quantity of counterfeit clothing, cosmetics, jewellery and accessories, with assessed detriment to multiple brand holders in excess of £250,000. On 18 December 2019, the subject of this case pled guilty at Paisley Sheriff Court to 10 charges relating to commercial possession and sale of the counterfeit branded goods and was sentenced to 120 days imprisonment. It marked the first custodial sentence for a TSS case in respect of offences under the Trade Marks Act.

### Project JASPER

Throughout the year, but with a particular focus on the festive period, TSS worked further in partnership with Scottish local authorities and partner agencies to both detect and disrupt the sale of counterfeit goods. Intelligence assistance was provided on a routine basis and included work culminating in the execution of warrants in the Lanarkshire and Falkirk areas, where quantities of counterfeit goods and cash were seized. TSS itself also progressed an intelligence led case, resulting in the execution of a warrant in the Glasgow area in December, whereby a quantity of counterfeit clothing, makeup and accessories, valued at circa £13,000, was seized.

Through this work, TSS uncovered instances of individuals selling counterfeit clothing to fund lavish “Instagram” lifestyles, including frequent foreign travel and the purchase of genuine designer articles for themselves. Individuals, operating businesses of significant scale, were assessed to not only be evading tax on that income but some were also believed to be claiming unemployment benefits at the same time. On the execution of one warrant, goods were found to be stored in such unsavoury conditions that, had consumers known this, they would likely have been far less willing to make a purchase.

Cases also continued to demonstrate the links between individuals involved in intellectual property crime, and other forms of organised criminality. These experiences were used to inform public awareness campaigns run by TSS, to expose the true nature of this trade.



*The money you spend on counterfeit brands funds the seller to buy the real thing for themselves*

*#GlamScam*

# Don't let fake cosmetics ruin your Valentine's Day

## #GlamScam



*Head for the right kind of lights this December...*

*...don't let counterfeit beauty products ruin your party season*

*#CheapIsExpensive*

The assessed annual turnover of the businesses encountered in pre-Christmas work alone exceeded £250,000, including one producer of counterfeit goods, and their reach extended across the UK. While criminal outcomes are awaited in terms of the intellectual property offences uncovered, TSS has also engaged with partners wherever appropriate, particularly HMRC and DWP, to ensure pertinent information was also available to them for further action.

# 3C INTERNATIONAL

## ANTI-COUNTERFEITING GROUP (ACG)

IP is a global phenomenon and the ACG's membership comprises of companies with global reach. The UK's departure from the EU should not be regarded as an exit from our interest in the maintenance of global trading system and our commitment to an international anti-counterfeiting network. To help achieve this ACG has been working to further build our global presence.

We work continually with organisations such as the OECD, the European Brands Group (AIM), BASCAP, TRACIT and INTA and we are a founder member of a Europe wide group of Anti-counterfeiting associations, under the umbrella of the Global Anti Counterfeit Network (GACG). This group has developed a key list of risks and priorities, which will impact on EU states and the UK.

Some of these priorities reflect our obligations as members of the international trading community to be part of systems and processes that exchange intelligence and information. However, there will also be policy directions by the EU, which will have an impact on the way we operate on enforcement related activities in the UK. ACG is working hard to ensure EU institutions recognise the need to ensure common principles are adopted to benefit all.

ACG has developed research and published international reports on the potential impact of China's Belt and Road Initiative and the growing vulnerability of international trade fairs. Moreover, our network is wide and growing and in support of its members, we regularly engage and support the following agencies:

- EU IPO (the EU Observatory on IP Infringements)
- Europol
- Interpol
- WCO
- WIPO
- EU Commission services such as:
  - DG Internal Market, Industry, Entrepreneurship and SMEs (Unit on the "Fight against counterfeiting and piracy")
  - DG TAXUD (Customs)
  - DG JUST
  - OLAF

In the UK we support the IPO and its partners, the British Brands Group, the Alliance for IP, RUSI and two key all party groups (IP and electrical safety).

**Our commitment to the development of robust data, based on objective evidence has strengthened our engagement with all institutions and agencies and has allowed us to inform and influence strategies and policies to tackle IP crime both in the UK and in source countries.**

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Multi-agency and multi-sector partnerships and collaboration are vital at every level and an effective response to counterfeiting cannot be made unless alliances are truly inclusive. Our commitment to a reliable, checkable evidence base allows ACG to connect more effectively with key UK government, enforcement, and industry agencies and to focus our policy and strategic “representational” activities, to more productively influence national agendas.

# INTELLECTUAL PROPERTY OFFICE (IPO)

## International enforcement activity 2019-2020

International cooperation and dialogue are critical in order to tackle IP infringement. Over the past year the IPO has been working in partnership with colleagues from around the world to address this issue. Examples of the IPO's work in this area follow.

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

The 14<sup>th</sup> Session of WIPO's Advisory Committee on Enforcement took place 2-4 September 2019. This is an opportunity for WIPO members to share their experiences and best practice on IP enforcement issues and efforts to build respect for IP. The UK wholeheartedly supports ACE and continues to use this opportunity to share UK experiences on a range of IP enforcement issues. As well as the UK being elected as Vice -Chair of the 14<sup>th</sup> Session of ACE, we provided two speakers. The Police IP Crime Unit (PIPCU) presented on the work it is doing to tackle online IP infringement, including through initiatives such as Operations Ashiko, Creative and Chargewell.



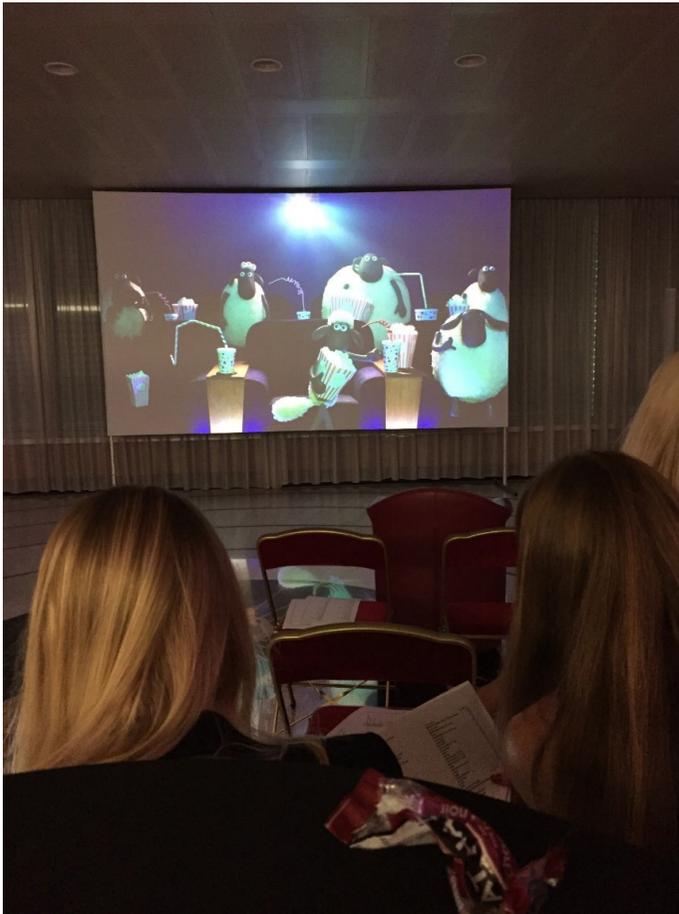
Detective Steven Salway of PIPCU presenting at WIPO ACE 14

District Judge Charlotte Hart of the Intellectual Property Enterprise Court spoke about how judges exercise discretion when granting additional damages in copyright infringement cases in the UK.



District Judge Charlotte Hart presenting at WIPO ACE 14

A new initiative at this session of ACE was the launch of 'ACE Cinema'. This provided organisations, including some from the UK, an opportunity to showcase around 50 anti-piracy and anti-counterfeiting awareness-raising videos.



Shaun the Sheep awareness raising film being shown at the ACE Cinema at WIPO ACE 14

## WIPO Interregional meeting

In June 2019 UK experts participated in the interregional meeting on voluntary measures to implement the 'follow the money' approach against copyright piracy, organised by WIPO, the Ministry of Culture, Sports and Tourism of the Republic of Korea, and the Intellectual Property Corporation of Malaysia. The meeting was hosted by the Intellectual Property Corporation of Malaysia at their offices in Kuala Lumpur and was attended by representatives of IP offices from 14 countries in the region and interested industry representatives. Speakers from IPO, PIPCU and industry spoke about UK experiences to tackle online copyright infringement, in particular PIPCU's Infringing Website List, and voluntary initiatives such as the Code of Practice on Search and Copyright.



Attendees at the Kuala Lumpur meeting, June 2019

## China Judicial exchange

In August 2019, Mr Justice Arnold of the High Court of England and Wales visited China. He met with his counterparts in the new IP Tribunal of the Supreme People's Court, Beijing Intellectual Property Court, Shanghai High People's Court, Shanghai Intellectual Property Court, and Guangdong High People's Court; and spoke at events in Guangzhou, Shanghai and Beijing to audiences of IP judges, professionals and academics. In the Supreme People's Court, Mr Justice Arnold was received by Luo Dongchuan, Vice President of the Supreme People's Court and the Chief Judge of the IP Tribunal, indicating the importance China places on IP-related judicial engagement with the UK.



Mr Justice Arnold of the High Court of England and Wales visit to China

During the visit, Mr Justice Arnold exchanged experiences with his counterparts on some of the core topics relating to China's judicial reform and the IP trials system reform, including the application of interim injunctions ("behaviour preservation" in Chinese legal terminology) and website blocking against online piracy, damage calculations, cases involving standard essential patents, and the treatment of bad-faith trade marks. The discussions were held in the context of a revision all of China's key IP legislation, including the Anti-Unfair Competition Law, the Trade Mark Law (both revised in early 2019), the Patent Law and the Copyright Law, with the courts exploring new practices to adopt in the revised legislation.

The judicial exchanges continue to complement UK-China governmental policy dialogues, and broaden the UK's engagement with China on trade policy and rule-of-law.



Mr Justice Arnold of the High Court of England and Wales visit to China

## State Administration for Market Regulation (SAMR)

In July 2019 Dr Ros Lynch, Director for Copyright and Enforcement at the IPO, met with counterparts at the State Administration for Market Regulation (SAMR). This was the first engagement between the IPO and SAMR. SAMR was formed in 2018 as part of a major restructuring of the Chinese government ministries, and is the parent ministry to the Chinese National Intellectual Property Administration. It also plays a key role in co-ordinating the administrative enforcement of IP rights across a number of different government agencies. Dr Ros Lynch and Director-General Lu Zhengmin discussed a number of topics of mutual interest and deepened our understanding of how government enforcement of IP is structured in China after the changes in 2018.



Dr Ros Lynch, Director for Copyright and Enforcement at the IPO speaking at the SAMR

In November 2019, IPO CEO Tim Moss met with SAMR's Vice-Minister Gan Lin and colleagues, to discuss respective enforcement priorities and challenges and agreeing to continue bilateral co-operation on such issues. Also, in November, Ros spoke on the topic of 'Innovative regulatory approaches to enhance IP protection' at an event hosted by SAMR at the China International Import Expo in Shanghai. In December 2019 IPO welcomed a delegation from SAMR to the UK for a further technical meeting; and facilitated a discussion between SAMR and colleagues from the Food Standards Agency.

## UK-ASEAN

### Enforcement capacity building programmes

In September 2019 the annual two-day **UK-ASEAN IP Enforcement Seminar** hosted by the ASEAN Working Group on IP Enforcement took place in Manila where over 90 enforcement officials (IP office, police, customs, judiciary) from the 10 ASEAN countries gathered with UK enforcement experts (IPO, Police Scotland, National Trading Standards) and industry participants (INTA, TM Eye, WebDrone) to discuss the current trends on IP illicit trade and emerging threats, share insights and strategies to combat online and offline IP infringements, as well as foster closer public private dialogues and partnerships on enforcement.



UK-ASEAN IP Enforcement Seminar, Manila, Philippines, Sep 2019 -Panel session involving UK expert speakers from IPO, Police Scotland, National Trading Standards, and TM Eye

### ASEAN Enforcement projects

Alongside regional capacity building projects, IPO is also working closely with ASEAN to promote a safer and pro-business IP environment in SE Asia. This includes partnering the **ASEAN Secretariat (ASEC)** and the **ASEAN Working Group on IP Cooperation (AWGIPC)** to strengthen regional IP frameworks and align IP standards. In addition, IPO is supporting ASEAN's committee on regional IP enforcement, the **ASEAN Network of IPR Enforcement Experts (ANIEE)**, on their ASEAN IP Enforcement Action Plan 2016 – 2020 initiatives by sharing of technical knowledge and developing common enforcement manuals and data collection standards.



5<sup>TH</sup> ASEAN NETWORK OF INTELLECTUAL PROPERTY ENFORCEMENT EXPERTS (ANIEE) MEETING  
19 September 2019  
The Peninsula Manila Hotel, Makati City, Philippines

IPO Head of Asia Policy, Huw Watkins, at the 5<sup>th</sup> ANIEE meeting in Manila, Philippines, Sep 2019



IPO Director of Copyright and IP Enforcement, Dr Ros Lynch, at the 60<sup>th</sup> AWGIPC meeting in Baguio City, Philippines, Nov 2019

## Bilateral enforcement cooperation with Vietnam, Indonesia, and Philippines

Under the **ASEAN Economic Reform Prosperity Fund Programme**, IPO is working with IP office counterparts from **Vietnam, Indonesia, and Philippines** to strengthen their domestic IP systems, inter-agency enforcement coordination and capabilities. Workplans include reviewing national IP and border/customs policies, promoting closer private-public partnerships through joint consultations, sharing of technical knowledge, and establishing inter-agency coordination mechanisms for more effective enforcement actions.



Meeting with officials from Vietnamese IP office (IP Vietnam, Copyright Office of Vietnam) and Customs to develop joint workplans on reviewing Vietnam's IP regime and enforcement capabilities



Meeting with officials from Indonesia's Directorate General of IP (DGIP), Directorate General of Customs and Excise (DGCE), the National Police, and the Agency for the Creative Economy (BEKRAF) as well as the Indonesian Anti-Counterfeiting Society (MIAP) to review national enforcement procedures and to establish a national coordinating mechanism for inter-agency enforcement efforts

## Bilateral cooperation with Singapore

In August 2019, the IPO organised an **IP in the ASEAN Century Roundtable** in Singapore where our CEO, Tim Moss, and ASEC senior officials met with industry leaders and businesses to discuss and share perspectives between governments and businesses on IP issues such as innovation management, commercialisation and IP enforcement.



IPO CEO Tim Moss speaking with industry leaders at the IP in the ASEAN Century Industry Roundtable in Singapore, August 2019



Separately, the IPO organised an **IP and Cyber-Security** industry session in November in Singapore where Director of Copyright and IP Enforcement, Dr Ros Lynch at the IPO, shared the UK's enforcement practices and IP considerations for cyber security.

Panel discussion on copyright and enforcement best practices



Dr Ros Lynch speaking with technology businesses at IP and Cyber-Security Industry Session in Singapore, November 2019

# CASE STUDY - BRAZIL ENFORCEMENT

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## Scene Setter

Acknowledging a Brazilian governmental move towards greater IP enforcement, and recognising the expertise the UK could offer to make impactful change, in 2019 we began to focus more heavily on the UK's IP enforcement agenda in Brazil.

## One-HMG approach

Our primary objective was to help UK stakeholders maximise their opportunities for international innovation, trade and investment by tackling the growing issue of infringing online content in Brazil.

We also wanted to ensure that we were aligned with wider HMG priorities, working closely with BEIS, DIT, and supporting both Brazil and the UK with consistent messaging and support.

## Our Action

We sought out agents of change and to establish impactful working relationships.

After building an effective network of contacts we identified and collaborated with an influential stakeholder: Brazilian Public Prosecutor, Dr Richard Encinas who is a key figure in the Public Prosecutor's Special Action Group to Combat Organized Crime (GAECO) and leads a specialist unit related to internet organised crime.

In late 2018 we hosted a week-long visit to the UK for Dr Encinas, to enhance his capacity to deliver effective and implementable methods of reducing piracy. This included comprehensive training with key IP enforcement leads, and our Police Intellectual Property Crime Unit (PIPCU) on online enforcement. This allowed us to showcase the world-leading UK expertise in this area but more importantly, gave Dr Encinas the opportunity to take back practical and workable solutions to effect changes in Brazil.

## Our Impact

Dr Encinas returned to Brazil and immediately began to implement the IP protection systems he had studied here in the UK. He secured co-operation agreements with two key industry bodies - in which he specifically named the UK system, PIPCU and the City of London Police as a successful example of enforcement agencies and industry working together. To date, Dr Encinas's work has directly contributed to the takedown of **86 infringing music domains, totalling over 328M yearly visits which caused an estimated damage of £42M<sup>20</sup>** to rights holders worldwide.

In May 2019, the International Federation of the Phonographic Industry (IFPI) recognised the contribution Dr Encinas's work had made to the industry and gave him a special award during an IFPI event. During his acceptance speech, he again **explicitly referenced the IPO training he received** in the UK as key to the success of this operation.

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<sup>20</sup> IFPI official data

In November 2019, under the coordination of Brazil's Ministry of Justice and Public Security, Operation 404 was launched, with the aim of combating crimes against intellectual property. The purpose of the operation was to block/suspend 210 websites and 100 applications for illegal content streaming. It was an online enforcement project that was unprecedented in its scale.

The seizure orders Dr Encinas obtained in Brazil were used as a template and model for Operation 404.

### Next Steps

Although we have seen these successes in Brazil, we know there is more to do. We are currently selecting the right tools for measuring our impact, which we will take forward in the coming year. We are also deploying our stakeholder engagement plan to maintain an active dialogue with our key enforcement stakeholders both in the UK and in Brazil, and will assess, through planned activities, how our relationships translate into positive changes to the enforcement landscape.



Paulo Batimarchi (IFPI), Dr Richard Encinas (GAECO) and our LatAC attaché Angelica Garcia

### IPO and PIPCU IP enforcement engagement with Brazilian authorities

Building on the previous engagement with Brazilian authorities and prosecutors, Matt Cope from the IPO Enforcement Team, and Superintendent Peter Ratcliffe from the City of London Police visited Brazil in September 2019.

Accompanied by the IPO's Brazil and Latin America attaché Angelica Garcia, the visit included meetings with a wide range of Brazilian enforcement agencies, rights holder representatives and government officials.

In Brasilia the team met with the cybercrime unit in SEOPI, working on IP around film and TV streaming with the film agency ACINE. The team in SEOPI presented their work on IPTV services which was striking in its similarity to the problems seen in the UK. Although the majority of TV piracy seen in Brazil is based on card sharing of some kind, IPTV is growing rapidly. Discussions were wide ranging, covering issues such as data protection and digital forensics.



The team then had the opportunity to meet with a range of government agencies under the umbrella of CNCP/GIPI, as well as signing an MoU with Minister Timm on behalf of CNCP.



## **In São Paulo, the team saw some very impressive work being done on counterfeits.**

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Engagement in São Paulo included a session with the Public Attorneys, where the team were able to present the UK experience to an audience of prosecutors in person, but the session was also streamed online to attorneys across Brazil. Other meetings in São Paulo included a brand protection

conference, and a meeting with the mayor and his staff from City Hall. The warm welcome from the mayor reflecting his clear support for the IP agenda. The team were then able to visit an ongoing raid led by the Federal Customs team. The operation focussed on two shopping centres was on a very large scale, with hundreds of tons of infringing material being seized. Superintendent Ratcliffe even got the opportunity to formally paste a closure notice on the front of a set of shops, reflecting the suspension of trading due to police action.



Finally, in Rio de Janeiro the team had the opportunity to speak to well over a hundred police officers from the civil police who provided a great audience for the UK's key messages. There is a small team focussed on "immaterial" crime (IP crime for the most part) in the civil police. We were able to speak to a large group of officers across a range of units. This gave the team a chance to make the case for why IP crime prevention is important, how it can be a way in to tackle criminals operating in other spheres, and to share their experience of how it is tackled in the UK. The visit finished with the Rio state governor's team, demonstrating how seriously the Brazilian authorities are taking the IP agenda, and how receptive they are to collaboration with the UK.



IP Crime Group 2020

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