



# IP CRIME AND ENFORCEMENT REPORT 2018-19



# AT A GLANCE



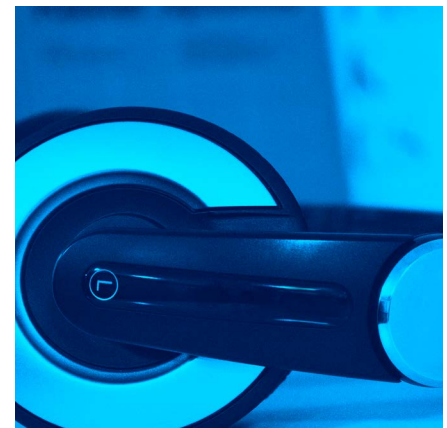
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## Disclaimer

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



Chapter

1



# Foreword



**Jo Johnson**

Minister of State for Universities, Science,  
Research and Innovation

Intellectual property is the defining feature of twenty-first century trade, investment and development. The UK is a world leader in the creation of new brands, creative works and inventions. Our creative industries depend on IP, and are now growing twice as fast as any other sector of the economy, accounting for £96 billion of Gross Value Added.<sup>1</sup>

Intellectual property crime, the fraudulent sale of counterfeit goods and pirated content, undermines the credibility of markets. Counterfeiting and piracy doesn't just defraud customers, it drains the life out of legitimate trade, diverts funds from brand owners who research and develop new products, lends potency to organised crime and starves the Exchequer of funds. According to our collaboration with the OECD; 'nearly half (47.7%) of counterfeit and pirated imports to the UK over the period 2011-2013 were destined for sale in the secondary market (for consumers looking for fake products)'.<sup>2</sup>

Preventing counterfeiting and piracy isn't just about protecting the innocent from criminals, it's about maintaining the credibility of legitimate trade. At a global level, trade in illegal counterfeit goods isn't going down. Between 2017 and 2019, the OECD estimates the value of criminal trade in counterfeits rose from \$461 billion to \$509 billion.<sup>3</sup> That's as much as 3.3 % of world trade.<sup>4</sup>

- 1 <https://www.gov.uk/government/news/creative-industries-sector-deal-launched>  
Published 28 March 2018, accessed 11/6/2019.
- 2 OECD (2017), Trade in Counterfeit Products and the UK Economy: Fake Goods, Real Losers, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264219063-en> pg. 57
- 3 OECD-EUIPO (2016), Trade in Counterfeit and pirated Goods: Mapping the Economic Impact, OECD Publishing, Paris, <https://doi.org/10.1787/9789264278349-en>. pg. 11
- 4 OECD/EUIPO (2019), Trends in Trade in Counterfeit and Pirated Goods, Illicit Trade, OECD Publishing, Paris, <https://doi.org/10.1787/g2g9f533-en>. pg. 11

Reducing the economic impact of counterfeiting and piracy is an imperative. Firstly, our duty is to protect the public. Most consumers do not want to buy fake, dangerous goods or obtain content from illicit sources. Indeed, the attraction of many trusted brands is that they represent genuine, safe, high value products and services. In this report we show how law enforcement officers are engaged in the battle to protect honest citizens from criminals by seizing counterfeit goods, removing illicit streaming devices and arresting offenders. Secondly, it is becoming increasingly obvious that to reduce demand we must change consumer behaviour through education. This report contains evidence of the coordinating role the Alliance for IP plays in raising public awareness of IP crime. Thirdly, this report is strategic. Through the insights of specialists in IP crime prevention here in the UK, we can see how our strategy of prevention and engagement links the local with the global.

The practitioner-led testimonies and the statistical analysis in this report are grounded in real world experience. In this initiative, Trading Standards Officers, law enforcement authorities, IP crime specialists, trade associations responsible for the markets their members depend upon and brand owners are all brought together by the UK's IP Crime Group so that we can understand the nature of intellectual property crime today and counteract it tomorrow.

**Jo Johnson**

Minister of State for Universities, Science, Research and Innovation

# Introduction



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

The publication of this year's annual IP Crime and Enforcement Report provides ample evidence of the corrosive effect organised crime has on businesses and communities; specifically in connection with the trade in counterfeit and illicit trade goods. Intellectual Property Crime is a feature of organised crime and highly profitable, accounting for almost 4% of UK imports (£9.3 billion in value) and more importantly accounts for £4 billion in lost tax revenue and 60,000 UK jobs.

It covers all products imaginable, from alcohol, food and drugs to cosmetics, clothing, electronics and illegal streaming, which the report highlights. IP crime exists in every neighbourhood, is prevalent at markets, (both physical and online) sold through closed social media groups alongside other illicit goods including drugs, firearms and false documents and the criminal activity linked to benefit fraud, drug dealing, money laundering, terrorism, labour exploitation and modern slavery. So many law abiding people believe they are getting a bargain but not only are they being duped they are putting money directly into the pockets of organised crime.



The report contains an array of initiatives ranging from research with University College London, analysis of the impact of the Wuhan-Europe rail freight route, (which saves about 30 days compared to conventional routes), the Real Deal initiative extending to online marketplaces and countless examples of enforcement activity and seizures. Watching TV and servicing your car, are two aspects of daily life that the report demonstrates are being impacted by organised crime. FACT describe the impact of multi-million illegal IPTV services in the UK and the Independent Automotive Aftermarket Federation (IAAF) highlight the risks presented by the global trade in counterfeit vehicle-related parts, worth billions.

This report clearly highlights how IP Crime not only threatens our personal lives but businesses as well. Large corporations have found themselves deceived into buying counterfeit products and services and we must be alive to these issues both at home and at work.

The UK has a recognised world class IP enforcement regime, and this report demonstrates the forward thinking and continued innovation of this community and I commend the diverse members of the IP Crime Group and all the contributors to this report for their commitment in tackling the threat of IP Crime to UK economic growth and stability.

**CC Giles York, QPM**

IP Crime Group Chair

# Executive Summary

The links between the global and the local characterise the nature of IP Crime. The OECD says:

*'Together, small parcels carried either by postal or express services account for 69% of customs seizures of IP-infringing products for the 2014-16 period, against 63% for the 2011-13 period.'*<sup>5</sup>

This means that over 2% of world trade arrives through the letter box. IP crime is functional. You click and a day or so later something lands on the mat. The humble parcel, mailed direct to customers, represents the most significant vector for organised, disruptive counterfeit crime. It's a contactless crime.

In the UK, the mail-order industry was not brought into being by the internet. Seven years after the Trade Marks Registry opened its doors in 1876, the Post Office's parcel post delivered 20.6 million parcels in its first year of operation.<sup>6</sup> During the twentieth century, catalogues existed in tandem with high-street retailers.

The internet is a turbo-charged catalogue which, gives criminals the opportunity to defraud customers and unscrupulous shoppers a way to get hold of rip offs that defraud honest manufacturers. The fight against IP crime is two-directional. Both of these groups threaten honest traders.

FACT, Sky and The Premier League emphasise the importance of copyright protection in the digital sector. Here, the online environment is part of the media, not a catalogue. The UK's creative sector, which is already a significant driver of the UK economy, will become increasingly important. Robust, copyright protection in the digital environment is essential if this process is to continue, and to that end prosecutions against IPTV copyright infringers and engagement with the public are outlined.

In this report, two strategies are characterised: crime prevention measures, which are targeted at traders in illegal counterfeit goods and content; and public information and awareness raising initiatives, which focus on consumers. This report describes the improved sophistication of our anti-IP crime networks and there many instances of operations, organisations and clusters of partnerships acting as communicators and crime-preventers.

5 OECD/EUIPO (2019), *Trends in Trade in Counterfeit and Pirated Goods, Illicit Trade*, OECD Publishing, Paris, <https://doi.org/10.1787/g2g9f533-en>. pg 33.

6 Richard Coopey, Sean O'Connell and Dilwyn Porter, *Mail Order Retailing in Britain, A Business and Social History*, (2005, Oxford, Oxford University Press) pg 16

Police Scotland's partnership with IT specialist Vistalworks is a case in point. Vistalworks software helps consumers to make sure they're dealing with reputable traders online. Police Scotland's awareness-raising is more than a mere warning or instruction, this is an interactive offer which engages consumers in the fight against IP crime and it benefits them. At the same time, police, Trading Standards, customs officers, brand owners, brand protection companies, TM EYE and WRi, continue to strike at weak points in illegal supply chains at home and abroad. Indeed, the Anti-Counterfeiting Group (ACG), point out that whilst most counterfeits are manufactured in China, Hong Kong, South East Asia, India and Turkey, some are manufactured within the UK illegal unregulated 'factories' or sweat shops in Leicester, Birmingham and Manchester.

Throughout this report the interrelationship between the local and the global can be seen. We succeed when we characterise this relationship as real, not abstract. The Real Deal's development over the last 10 years into a major force in public awareness-raising and trader-engagement at our markets is now beginning to tackle the online environment. The Real Deal's success mirrors that of the Alliance for Intellectual Property (AIP). We are forging relationships and partnerships that enable us to act responsively and effectively against a well camouflaged but significant threat.

This year new partners from the motor industry and the Ministry of Defence have made submissions and committed to engage in our joined-up, practical, intelligence-led approach to IP crime prevention. The Independent Automotive Aftermarket Federation and the Independent Garage Association both describe how the auto-spares market is compromised by the ease of access to counterfeit spare parts. Once again, information provision, enabling consumers and

mechanics to verify the provenance of parts, in tandem with direct enforcement operations, characterises our approach.

Indeed, the UK government's recent partnership with the automotive industry and trading platforms to launch a consumer-awareness campaign on the dangers of fake automotive parts was noted in *The World Trade Mark Review*.<sup>7</sup>

Similarly, this year's report characterises the increasing importance of brand-owners' engagement with IP protection. The strong contributions from brand protection specialists, TM Eye and WRi, exemplify the role of private criminal prosecutions in effectively countering IP infringement. TM Eye point out that private criminal prosecutions against counterfeiters have two important impacts on the general IP crime picture. Firstly, direct action of this sort empowers-brand-owners and weakens criminal networks. Secondly, this action deters criminals which can result in the disappearance of protected brands from the illicit market.

Finally, as Anti Copying in Design (ACID) say in their assessment of the challenges facing the UK's designers, ongoing uncertainty concerning Brexit should not mask our perennial need to engage with traders of all nationalities, nor should it obscure the advantages compatible international IP regulations offer. In our experience, international cooperation, partnership between experts with co-dependent skills, from the level of the local car boot sale to international trade talks exist in synergy. The problem of IP crime remains both a global and local problem and, together, we are the local and global solution to it.

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<sup>7</sup> Counterfeit automotive parts increasingly putting consumer safety at risk, 13th May, 2019: <https://www.worldtrademarkreview.com/anti-counterfeiting/counterfeit-automotive-parts-increasingly-putting-consumer-safety-risk> [accessed 12/6/2019]

# IP Landscape in Figures

The figures contained within this scorecard, many of which appear elsewhere in this Report, demonstrate the ongoing demand for IP rights in our economy, work being done to analyse the impact of IP crime in the UK, as well as help provided to UK businesses operating abroad.

## Input

Applications to the IPO for all granted rights have seen large increases in recent years, largely as a result of the economic recovery post-recession, recent fee decreases and the recent decision of the UK to leave the European Union.

## Criminal Sentencing

According to the Ministry of Justice, in 2018 461 people were found guilty of offences under the Trade Marks Act and 25 under the Copyright, Designs and Patents Act. The number of people cautioned increased to 10 under the Trade Marks Act and 4 under the Copyright, Designs and Patents Act.

Year	2014	2015	2016	2017	2018
TMA Cautioned	23	17	17	7	10
CDPA Cautioned	7	4	4	1	4
TMA Found Guilty	456	490	443	398	461
CDPA Found Guilty	61	69	47	47	25

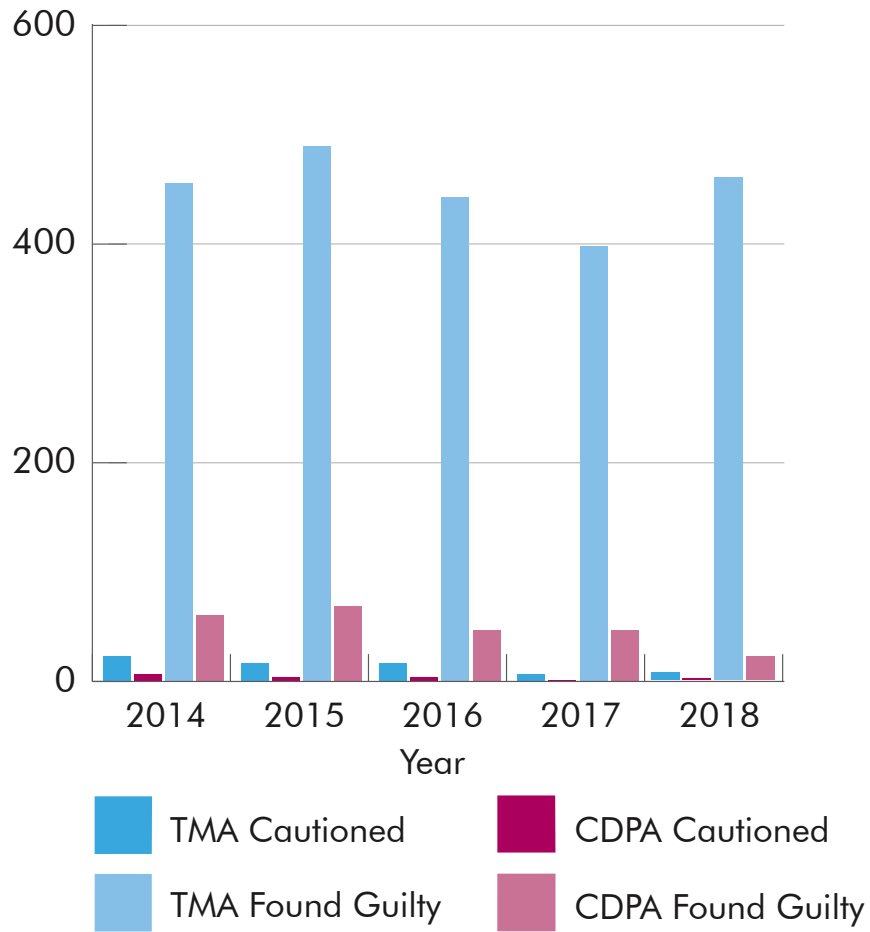
## Attachés

The UK IPO has specialist IP attachés based in key economies around the world including China, India, Brazil and South East Asia. Their purpose is to support UK businesses operating overseas to exploit their IP and navigate the issues involved in building their business. Since 2012 over 33,000 businesses have benefited from interaction with the IPO attachés, including 2,000 one-to-one direct support to UK businesses dealing with individual IP issues. In the last year alone, they dealt with IP cases worth over £115m in potential lost revenue.

## TS Survey and Investigations

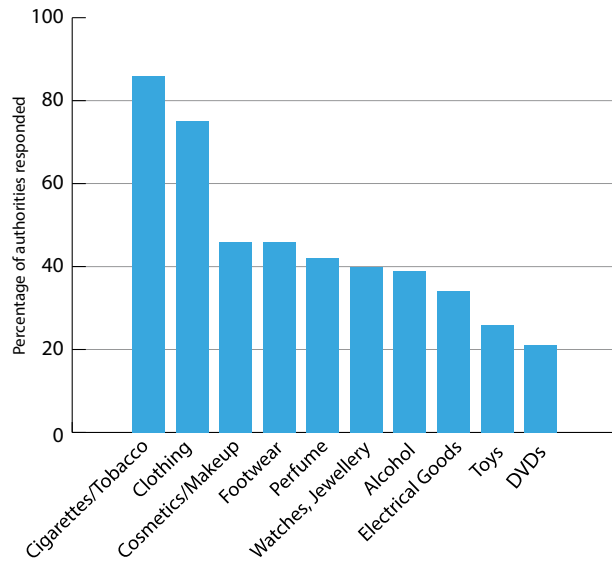
In the annex to this report we have published the full Trading Standards survey results, as well as case studies highlighting their 'successes' in enforcing IP rights. This year, the top five products most investigated by Trading Standards are cigarettes/tobacco, clothing, cosmetics/makeup, footwear and perfume. The top three locations in which they were investigated are ordinary shops, social media and websites.

## Sentencing Statistics

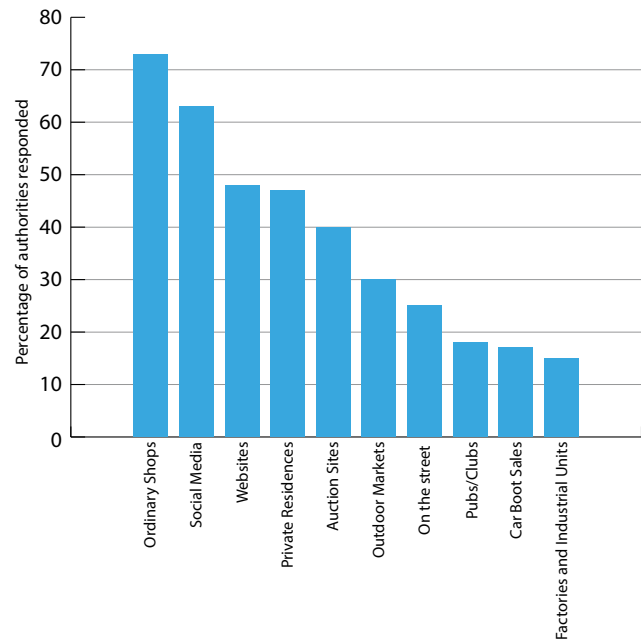


## Trading Standards statistics\*

### Top ten counterfeit/pirate products investigated by Trading Standards



### Top ten locations



\* A complete set of graphs can be found in Trading Standards Successes publication report 2018/19.







# Chapter

# 2

IP crime today

# Overview

## The scale and scope of IP Crime



### IP Crime Today

The Anti-Counterfeiting Group (ACG) are at pains to point out that effective action against IP crime can only be taken if agendas are coordinate at all levels, from the local to the global. The seizures, take-downs and operations outlined in this report illustrate the fact that illicit trade occurs in all goods and services sectors. We have already seen that the threat of IP crime is increasing. In some cases, as Sky report, consumers deliberately seek out set-top-boxes so that they can access illegal content. In others, as Electrical Safety First and the Independent Garage Association (IGA) point out, consumers are deceived into making life-threatening purchases by unscrupulous criminals. In the digital sphere, IP crime is still regarded as a victimless and penalty-free facet of the digital economy. In the physical realm, perhaps because the negative aspects of IP crime are more apparent, our message is getting through.

One of the lessons we have learned, since our first report was issued fourteen years ago, is that what once appeared to be a chaotic array of criminal behaviours is anything but disorganised. As more members have joined the IP Crime Group and our knowledge has deepened, the patterns of criminality demonstrated by countless individual Facebook fraudsters, illegal streaming services and copyright infringing importers have developed our understanding of IP crime today. We can contextualise the OECD's headline figure that as much as 3.3 percent of world trade is counterfeit.

Perhaps the term 'organised crime' is worth considering. It suggests that criminal networks exist in a state of controlled efficiency. Like all networks, we understand that these may take many forms. They may, for example, be pyramidal or cellular. The presence of a 'CEO' should not be regarded as a necessary attribute of criminal organisation. Disruptive coalitions of criminals who act autonomously, characterises much of the criminality we apprehend. 'Organised' does not necessarily mean 'hierarchical'.

The experience we're developing suggests that 'organised' may also mean 'structural'. The complex set of actions and arrangements needed to find a market for counterfeit goods, then a distribution network, then a supplier, possibly in the far East, and transport network capable of spanning the globe, was not created in a 'top down' way. Each technical advance in communications networks creates opportunities for the movement of illegal content and goods, and the flexible, opportunistic tactics criminals develop to exploit them are structured accordingly. Indeed, even the distinction we sometimes make between 'physical' goods and 'digital' content may not adequately represent the criminal structures we oppose. The manufacture, movement and sale of physical goods is coordinated online, and, as Sky point out, the downloading of content requires physical equipment.

In a sense, by giving voice to all the participants in the fight against organised crime, our project creates a flexible structure that enables new information to be shared and acted upon by our members. Perhaps the best way to combat organised IP crime is to share information and create our own sophisticated and informative structure, enabling trusted, professional teams to act with confidence.

In this section of our report the ACG, Alliance for IP, PIPCU and the Specialist Fraud Division (SFD) makes strong contributions demonstrating how awareness and intelligence enable our teams to work. Anti Copying in Design (ACID) refer to the work of National Crime Agency and the joined-up nature of IP crime today. Our objective must be to expand our network, make relevant connections, and develop our ability to act.

Some of our most effective innovations have come in the realm of online content-protection. Without a secure online environment, where audiences can access legitimate, creative content, our creative industries are disadvantaged. Statistics from FACT regarding the proliferation of IPTV copyright crime indicate the growing reach of IPTV. The steps we are taking to inform consumers, engaging them in IP protection processes and prosecuting IP offenders, show that our collective approach to awareness raising and prevention is working.



## Alliance for Intellectual Property

The Alliance for Intellectual Property is a leading UK coalition of organisations representing IP rights creators and owners and a founder member of the IP Crime Group. Whilst not an enforcement body itself, the Alliance enables strong and effective protection of IP rights and lobbies to ensure that the UK continues to allow this to happen.

The 2018 Creative Industries Sector Deal aims to double Britain's share of the global creative immersive content market by 2025. By this time, the value of this market is expected to reach £30 billion. The Sector Deal commits to a joint investment from government and industry of £150 million to help the country's world-leading cultural and creative businesses thrive. Within this raft of initiatives are measures to improve IP protection, including the formation of three additional roundtables to discuss the challenges presented by social media and user upload sites, online marketplaces and digital advertising with internet intermediaries.<sup>8</sup>

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**The Sector Deal commits to a joint investment from government and industry of £150 million to help the country's world-leading cultural and creative businesses thrive.”**

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<sup>8</sup> <https://www.gov.uk/government/news/creative-industries-sector-deal-launched>



**The 2018 Creative Industries Sector Deal aims to double Britain’s share of the global creative immersive content market by 2025. By this time, the value of this market is expected to reach £30 billion.”**

The Alliance and its members are active participants in this process, and we advocate the development of sector-specific codes of practice to better protect IP in the creative industries. The Alliance remains committed to the Search Roundtable and we are in favour of wider participation in this forum. We are also concerned to keep the issues of demoting and de-listing links to counterfeit products on the agenda. Additionally, we have begun work with the Creative Industries Federation to help creators and SMEs protect their IP through a series of seminars and workshops and also via webinars.

Last year we supported the creation of a National Group on Illicit Trade and we applaud the inclusion of illicit trade in the 2018 Budget.<sup>9</sup> This commitment from government endorses all our work, demonstrating the links between IP crime and other forms of criminality that harm consumers, businesses and the UK economy. The Alliance is also part of the Anti-Illicit Trade Industry Group, here we seek to develop closer cooperation between business and law enforcement agencies through intelligence sharing, education initiatives and public awareness initiatives.

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<sup>9</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/752202/Budget\\_2018\\_red\\_web.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/752202/Budget_2018_red_web.pdf) p49

The government’s Online Harms White Paper states that ‘the government wants the UK to be the safest place in the world to go online’ and it highlights IP crime as a damaging influence, threatening the economic and social wellbeing of UK citizens on a range of social media platforms.<sup>10</sup> We contributed to the consultation process that developed this important document and believe that evidence demonstrating how the economic damage caused by IP crime is linked to social harm is important, persuasive and relevant.

The Real Deal initiative continues to promote best practice for market operators, landowners and local councils. The Real Deal Online programme was successfully launched in September 2018 and it delivers positive benefits to rights holders and Trading Standards services by promoting best practice. The Alliance is fully committed to supporting this work and is actively promoting the Real Deal.

Lastly, we remain mindful of the impact of Brexit on the IP enforcement landscape; there are real risks, especially in the ability to share intelligence with European law enforcement and from large scale infiltration of dangerous and counterfeit goods through porous and poorly enforced borders.

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<sup>10</sup> <https://www.gov.uk/government/consultations/online-harms-white-paper>

## Anti-Counterfeiting Group (ACG)

The Anti-Counterfeiting Group (ACG) is a not for profit trade association, created in 1980 to help respond to the growing global threat of counterfeiting. ACG's membership comprises over 150 international businesses, which represent more than 3,000 global brands, which collectively contribute to global GDP, jobs, higher wages and innovation. As an example, the fashion industry alone contributed £32.3 billion to UK GDP in 2017.

Unfortunately, we are not the only ones to recognise the true value of intellectual property and brands. Criminals always follow the money, and the OECD has confirmed that the global trade in counterfeiting and piracy is around \$509 billion.<sup>11</sup> This money is being diverted from vital public services and legitimate businesses into criminal hands. The challenge remains: how do we to stabilize this situation? ACG dedicates itself to tackling the growing, global problem of IP crime in a wide and expanding sphere of collaborative initiatives.

## The scope and scale of counterfeiting

ACG members report that China and Hong Kong are still the top producers of counterfeit and pirated products. Alongside these, Turkey and India continue to provide significant problems for specific sectors, such as fashion, jewellery, sport and medicines. However, Thailand, Malaysia, Pakistan and Vietnam have all become important source locations of IP-infringing goods and the UAE, Saudi Arabia, Yemen, parts of Africa, Panama, Albania, Egypt, Morocco and Ukraine are now emerging transit points.

<sup>11</sup> OECD/EUIPO (2019), Trends in Trade in Counterfeit and Pirated Goods Illicit Trade, OECD Publishing, Paris [https://read.oecd-ilibrary.org/trade/trends-in-trade-in-counterfeit-and-pirated-goods\\_g2g9f533-en#page4](https://read.oecd-ilibrary.org/trade/trends-in-trade-in-counterfeit-and-pirated-goods_g2g9f533-en#page4) [https://read.oecd-ilibrary.org/trade/trends-in-trade-in-counterfeit-and-pirated-goods\\_g2g9f533-en#page1](https://read.oecd-ilibrary.org/trade/trends-in-trade-in-counterfeit-and-pirated-goods_g2g9f533-en#page1)

The overall growth in the trade in counterfeit goods has also given rise to increasing dangers for consumers. This is becoming more and more concerning. For example, the volume of fake electrical household products and appliances, such as hair straighteners, hair dryers, mobile phone chargers and batteries is causing real and present dangers for families. Moreover, counterfeit toys, alcohol, perfumes, and beauty products are becoming more accessible, as e-commerce continues to grow. Counterfeiters and pirates seize the opportunity of greater anonymity by making use of both legitimate platforms and 'mirror sales' websites to deliver illegal products straight to the doors of unsuspecting consumers and businesses. However, while the huge growth in small parcels has facilitated the connection between online shoppers and criminals, adding a new stream of potentially illegal goods to Border Force's remit, maritime transit remains the favoured method of transport for counterfeiters, who continue to convey vast volumes of products. These are then sold via social media and through traditional physical locations such as markets, wholesale and retail shop premises.

We also need to be aware that major SE Asian counterfeiters are beginning to find it cheaper to outsource manufacturing to third countries. Many of these are along traditional and new routes into Eurasia and Western Europe, in part facilitated through China's 'Belt and Road' initiative. This network of motorways, high-speed rail lines and seaports includes a high speed 'trans-Siberian' rail line travelling through Iran, Turkey and the developing Eurasian Customs Union, including Russia, Belarus, Kazakhstan, Kyrgyzstan. It has the potential to transform both legitimate trade and access to counterfeits.

Here, rights owners have warned of limited customs control capacity at ports, Free Trade Zones and rail stops along the way. Furthermore, the limited experience and expertise of customs officers in many SE Asia, Central

Asia and East European countries, and limited access to shipping information, add to the issues we face.

In the specific case of China, in regions where modernisation has not yet occurred, transnational railway management systems, offer increased opportunities for Organised Crime Groups (OCGs) to infiltrate and penetrate database information management systems. There are already reports that criminals are developing new and innovative concealment techniques specifically for rail travel.

Alongside these international concerns, we need to be constantly aware that more counterfeit products are being manufactured, assembled and re-packaged in the UK. Locations including Manchester, Leicester and Birmingham are hotspots for unregulated, illegal counterfeit manufacturers. Moreover, re-assembly and re-labelling by UK OCGs is on the increase, as foreign counterfeiters adjust their business models and begin to outsource to the UK. Counterfeiters are increasing the import of unmarked textiles, garments, and an array of other products, so that labels, trade marks, badges and logos can be added later for sale in the UK.

## Enforcement

Last year ACG members combined with Trading Standards and police to generate over 50 law enforcement investigations and more than 70 raid actions across the UK. All of these were intelligence-led operations, resulting in the seizure of tens of thousands of counterfeit articles. To facilitate this level of activity, our Intelligence Coordinator and our members exchanged an estimated 300 pieces of intelligence with public enforcement (and related) authorities.

## Key operations facilitated in partnership with ACG

Location	Items seized	Operational Partners
Oxford Street London	1,000 articles	Westminster Trading Standards
Birmingham	1 x 20-foot storage container	Birmingham Trading Standards & West Midlands Police
Eltham	3,000 articles and £5,000 cash	Greenwich Trading Standards & Metropolitan Police
Isle of Wight	1,000 articles	Isle of Wight Trading Standards
8 multi floor commercial complex in Great Ducie Street, Manchester	2 x 40-foot containers	Manchester Trading Standards, Manchester Council, Immigration Service, HMRC, Greater Manchester Police
Camden London	10,000 articles	Camden Trading Standards, Metropolitan Police, IPO and various other agencies
Southall London	7,000 articles	Ealing Trading Standards
Fairyhouse Market, County Meath, Ireland	Products worth 50,000 Euros	Gardaí, Irish Revenue Customs
Queensway London	1,500 articles	Westminster Trading Standards
Nine Elms Market London	2,500 articles	Wandsworth Trading Standards, Metropolitan Police, Immigration Service

In addition, ACG, along with partner enforcement authorities, continue to support long term enforcement investigations at operational level.

**Operation Strangeways**, saw an innovative enforcement approach, in which ACG brought together numerous agencies to counteract the ongoing threat posed by counterfeit sellers, using council owned properties in the Cheetham Hill area of Manchester. The partners (including, Manchester City Council, Immigration Service, Greater Manchester Police and ACG) coordinated test purchases of fake products and organised brand owner support. The initiative culminated in successful raids, recovery of counterfeit goods and actions under Section 146 of the Law and Property Act 1925. ACG also supported closure orders issued under the Anti-Social Behaviour, Crime and Policing Act 2014.

**Operation Cayman**, was a new strategy devised and implemented by ACG and Camden Trading Standards, using intelligence collected from several previous raids identifying storage locations, key offenders and the involvement of organised crime gangs. As a result, it is helping to reduce the overall availability of counterfeit goods in Camden and surrounding London Boroughs.

## Developing and Emerging trends

China is now the world's leading e-commerce country. Latest figures reveal that, in 2017, the Chinese online market grew by 28%, to \$877billion USD.<sup>12</sup> Improved internet connectivity and the proliferation of easy-to-use mobile apps mean that China is a source of both rapid legitimate development and increased fraudulent activity. It is, perhaps, no surprise that Chinese counterfeiters have particularly identified online sales routes as a clear opportunity to get fake goods directly to UK consumers and businesses.

Counterfeiters are increasingly attracted to the internet for numerous reasons. The use of fake or mirror websites, for example, offer criminals anonymity, as vendor's details are never revealed. Moreover, the internet allows counterfeiters to reach consumers and businesses across the world, using major e-commerce platforms, online advertising and social media campaigns. Easy online ordering systems add to the attraction.

Platforms such as Facebook, Instagram, Twitter, Gumtree, Amazon and Alibaba are all being abused by counterfeiters and brand protection officers are working with major e-commerce platforms to reduce the risk to consumers and business from a growing volume of extremely dangerous products. In fact, EU Customs figures report that 40% of all detained goods are now potentially dangerous to consumers.<sup>13</sup>

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12 Source: Ministry of Commerce People's Republic of China <http://english.mofcom.gov.cn/article/counselorsreport/europereport/201805/20180502748031.shtml>  
BEIJING, May 22 (Xinhua) - China's e-commerce exports rose 14.5 percent year-on-year to 6.3 trillion yuan (\$1 trillion) in 2017, according to a report released by the E-commerce Research Center (ECRC).

13 25.8% in 2015 – source EU Commission [https://ec.europa.eu/taxation\\_customs/sites/taxation/files/2016\\_jpr\\_statistics.pdf](https://ec.europa.eu/taxation_customs/sites/taxation/files/2016_jpr_statistics.pdf)



Furthermore, to facilitate the import and distribution of counterfeit goods, counterfeiters continue to make use of legitimate fulfilment services provided by e-commerce platforms and freight-forwarding companies. This is a major concern for ACG members and, despite calls to express postal and freight service providers to meet with rights owners to establish cooperative methods of reducing the risks, there appears to be little interest in engagement from the industry.

ACG members also highlight a disparity in tactics. Latest customs figures reveal that 76 % of all customs detentions made across the EU were of small parcels, ordered via e-commerce. However, 64% of all articles detained were still routed to the EU by sea.<sup>14</sup> ACG members raise the point that although the volume of small parcels is increasing greatly, we can ill-afford to allow this to sway Border Force's work away from the main maritime problem.

Brand owners are also concerned that the UK is becoming a transit point for counterfeit goods heading for EU countries. Seizures of goods headed for other EU countries suggest that counterfeiters may be regarding the UK as a comparatively safe haven. This may be due to depleted enforcement resources and competing priorities. Indeed, reports suggest that UK police and customs roll calls have reduced by 20% in 7 years. While Trading Standards resources are down by 40%.

As China and Hong Kong supply 83% of all fake goods into the EU, ACG members are very concerned that China's 'Belt and Road Initiative' will increase opportunities for criminality, as it develops its links to Europe, Eurasia and Asia-Pacific through a network of motorways, high-speed rail lines, pipelines, shipping and seaports. A particular concern is China's approach to the management of key European seaports in Greece

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<sup>14</sup> [https://ec.europa.eu/taxation\\_customs/sites/taxation/files/report\\_on\\_eu\\_customs\\_enforcement\\_of\\_ipr\\_2017\\_en.pdf](https://ec.europa.eu/taxation_customs/sites/taxation/files/report_on_eu_customs_enforcement_of_ipr_2017_en.pdf)

and Italy, and the introduction of a high-speed rail link between Europe and China. This link was tested in January 2017, when the first 'test' freight train carrying 34 containers of small commodities, left Zhejiang province and arrived in the UK within 18 days.

The economic advantages of reduced journey time and improved transport efficiency offered by the trans-continental rail route will only be realised if the new lines are policed effectively, from beginning to end. Our main concerns include:

- Limited customs control capacity at ports, Free Trade Zones and rail stops within the 'Belt on Road' channels;
- A lack of control expertise in many SE Asia, Central Asia and East European countries;
- Limited access to shipping information (only dangerous shipments are declared in advance);
- Railway information management systems have not been developed;
- Expected infiltration by organised crime gangs, which have the potential to:
  - penetrate rail database information management systems;
  - exploit staff in rail and other logistic companies;
  - introduce innovative, concealment techniques already developed and used for rail travel.
- The use of Intermediary transit points, facilitating:
  - The establishment of repackaging and re-distribution centres;
  - False documentation - obscuring actual departure and manufacture points;
  - Test Routes for other forms of trafficking.

## Anti Copying in Design (ACID)

Anti Copying in Design (ACID) is the leading UK design and intellectual property campaigning and membership organisation representing the views of thousands of designers spanning 25 different sectors within design. In 2018, although most designers are micro and SME businesses, the design economy GVA grew at a faster rate than the UK average, and the value of exports where design had made a key contribution was £34bn. Design's contribution to the UK economy is £85.2 bn in GVA equivalent to 7% of UK total GVA. Collectively, design & design skills according to the Design Council, are worth £209 billion.<sup>15</sup>

It is only since 2014 that UK designers have had a voice within the UK IP Crime Group, when the Intellectual Property Act was passed, and the intentional infringement of a registered design became a criminal offence. Unregistered design right infringement, however, regrettably remains unprotected by the 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.

## Emerging trends

In a speech on May 14, 2019 by the National Crime Agency (NCA) on the National Strategic Assessment of Serious & Organised Crime, Director General Lynne Owens said: *'A current threat to this country that is both chronic and corrosive – as serious as it has been in any of our lifetimes.*

*One of the greatest challenges we face in dealing with serious and organised crime is its hidden nature and there is a danger that we become complacent about the things we cannot see. Serious and organised crime affects more UK citizens, more frequently than any other national security threat. Serious and organised crime kills more of our citizens every year than terrorism, war and natural disasters.'*<sup>16</sup>

In the press release accompanying the speech, specific reference was made to the fact that the hierarchies and infrastructure of old-style organised crime groups have fragmented into more dynamic groups of younger offenders, who use technology and capitalise on networking to carry out multiple types of crimes.

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15 Design Council – The Value of Design to the UK Economy [http://www.designcouncil.org.uk/what-we-do/design-economy?gclid=CjwKEAjw07nJBRDG\\_tvshffHhWQSJABRcE-ZefazBy\\_u3gn0C8MuDy9W6nYaUUbpQCv31CobpX\\_p2xoC1MLw\\_wcB](http://www.designcouncil.org.uk/what-we-do/design-economy?gclid=CjwKEAjw07nJBRDG_tvshffHhWQSJABRcE-ZefazBy_u3gn0C8MuDy9W6nYaUUbpQCv31CobpX_p2xoC1MLw_wcB)

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16 <https://nationalcrimeagency.gov.uk/who-we-are/publications/296-national-strategic-assessment-of-serious-organised-crime-2019/file>

With no provision in place for unregistered design right infringement to become a criminal offence, there is a concern that there is still no adequate law in place to stop criminals who exploit 3D printing technology to counterfeit on an industrial scale in near perfect quality, unless, of course, a prosecution for fraud or conspiracy to defraud is pursued. For example, experts in the US have significant concerns about the illegal 3D printing of guns and there is plenty of anecdotal evidence of small items of design being counterfeited using 3D printing. However, the borderless and near perfect nature of these infringements renders detection and prevention near impossible.<sup>17</sup>

Evidence of the links between counterfeiting, piracy and IP theft and serious and organised crime have been established for the last two decades and in 2007, according to the OECD, a figure of \$200 billion was estimated to be lost through counterfeiting and piracy.

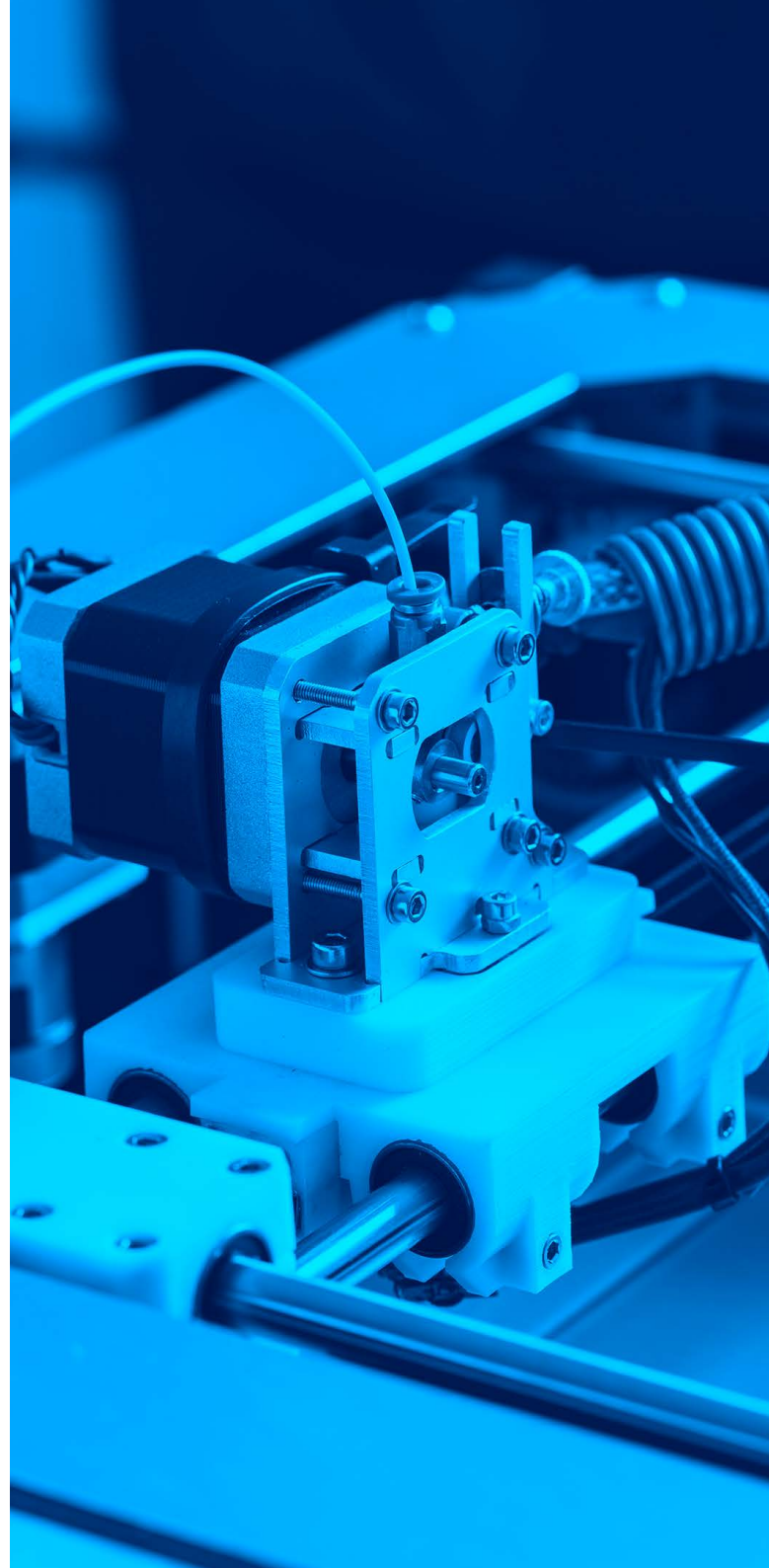
Latest OECD figures for trade in fake goods are now as much as 3.3% of world trade and rising to \$509 billion.<sup>18</sup>

Given the established links between IP theft and serious and organised crime, there is a real concern that the threat is growing and evolving at break-neck speed.

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17 <https://www.vox.com/2018/7/31/17634558/3d-printed-guns-trump-cody-wilson-defcad>

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



# Case Study

## ACID Case study – retail supermarket chains

**ACID member BaBaBing** recently discovered look-alike baby bags being sold by supermarket chain Aldi which were almost identical to their own originals. Following a BBC expose, Aldi's lawyers have announced they will no longer be selling them, without admitting liability. BabaBing, launched their award-winning 'Mani' baby changing backpack in the spring of 2018 but were horrified earlier this year when they discovered Aldi selling a 'dead ringer' and under-cutting the BabaBing Mani design by over half as part of a promotion for babies called 'Specialbuy'. **Nick Robinson MD of BaBaBing** said; *'I would appeal to government to recognise that SME enterprises like ours simply cannot cope with major retail chains riding rough shod over innovative companies like BaBaBing. Whilst Government says it has the best IP legal system in the world this is not matched by cost & time effective means of legal redress when battling with the deep legal pockets of major retail chains.'*

***This is a typical case study example of small UK innovator against major high street retailer.***



BaBaBing on LH

Aldi on RH

“

Following a BBC expose, Aldi's lawyers have announced they will no longer be selling them, without admitting liability.”

## ACID Case study – online infringement

In 2005, Nessie Maclay started ThisisNessie, producing handmade cards and bespoke, illustrated personalised stationery. The internet was still in its infancy. Nessie's business grew from an optimistic team of 1 into a successful team of 15 and turnover hit seven figures. In the background, the internet developed apace and now all of Nessie's designs and illustrations are widely visible on social media and via her own custom-built website. In 2016, friends and customers started to tell her (with varying degrees of outrage) that they encountered other people selling versions of the ThisisNessie's iconic welly boot print that were clearly inspired by Nessie Maclay's original work.



ThisisNessie

Look alike

“  
Nessie's  
business  
grew from  
an optimistic  
team of 1 into  
a successful  
team of 15 and  
turnover hit  
seven figures.”

The problem reached a peak when users started to share Nessie's illustrations on an application called PicsArt in 2017. This led to nearly 100,000 infringements of the company's copyright in just a few short weeks. Although PicsArt responded as quickly as they could once made aware of the issue, the appearance of Nessie's illustrations in an application that made it so easy to create versions of her increasingly well-known idea encouraged infringers to believe that this validated their behaviour. Nessie Maclay believes that copyright infringement has cost her at least £1m and reduced her ability to expand her workforce. This case is one of many ACID examples of micro, innovative design-led organisations who are experiencing out of control online infringement. The consequences of increasing online infringement are significantly worrying for the UK's creative micro and SME entrepreneurs. These small and inventive businesses have limited resources and are often unable to prosecute their own IP infringement actions, whilst advances in online and mobile technology make the theft of copyright and design right protected work easier.

## Deal or No Deal, Brexit Preserving EU design laws

The level of protection afforded to designers by the EU's Unregistered Community Design (UCD) right is significantly higher than that of the UK equivalent and government have gone some way to assure designers that an equivalent level of protection will be introduced post-Brexit.<sup>19</sup>

However, even if equivalent protection (that is, a new or improved UK right) is achieved through the Withdrawal Bill or by other means, the design sector will still be at risk without reciprocal protection. Post-Brexit, designs first disclosed in the UK, while they may well be sufficiently protected here, may not be entitled to UCD protection in the EU.<sup>20</sup>

This would have significant consequences for UK designers, almost 80% of whom rely on the EU UCD right to protect their designs.<sup>21</sup> The EU is the largest export market for many UK design sectors, for example, in the furniture sector over two thirds of UK furniture manufacturer's export revenue comes from UK-EU trade.<sup>22</sup>

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

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

21 According to a recent survey by Anti-Copying in Design (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.

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

## BEAMA

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 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 with participants from across Europe and America. Our investigators take action on members' behalf to find manufacturers and distributors of counterfeits and reports them to enforcement authorities.

We are currently engaged with three projects in China, several in Middle Eastern countries, and a number 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.

China continues to be the main source of counterfeit electrical infrastructure products, accounting for over 90%. Whereas, in recent years, counterfeiting manufacturers were centred around manufacturing 'hubs', now they are distributed throughout China. This can mean 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 being shipped unbranded, with the branded labels being sent to destination

distributor warehouses separately, to be applied at point-of sale. Secondly, 'look-a like' counterfeits, which are manufactured to appear identical to existing, established, branded products, are fabricated and packaged outside the UK, prior to importation.

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, acts as a transit point for counterfeit products en-route for the economies of continental Africa.

Our investigative teams have been very successful. During the period from April to December 2018, we seized a total of 498,223 counterfeit products. The bulk of those products were seized in Kenya, but significant numbers were also found 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 manufacturer 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 to ensure the marketplace is fair and safe for all.

## Crown Prosecution Service(CPS)

The CPS has an important part to play in the fight against intellectual property crime. The CPS deals with intellectual property cases at all levels, with its Specialist Fraud Division (SFD) prosecuting the most serious and complex IP cases and all those investigated by the Police Intellectual Property Crime Unit (PIPCU).

The SFD continues to work closely with PIPCU, part of the City of London Police, and is available to be involved at the earliest opportunity. Our early investigative advice can help reduce risks and ensure progress in these complex cases.

SFD continue to increase their engagement in this area and as a result we have expanded our network of expertise. We now have an IP specialist in each of our six regional offices, including two in London.

The methods used by copyright infringers are constantly evolving. Fraud continues to change as a result of evolving technology, which provides new opportunities for criminals to cloak their activities. Keeping cases focussed within reasonable limits, so that trials are manageable at court is a constant challenge. SFD try to improve the chances of successful prosecutions by frontloading the disclosure process prior to charge.

In prosecuting IP cases, SFD recover assets whenever possible, whether this is to compensate victims or to confiscate the proceeds of crime and disrupt criminal enterprise. In the case of **Brookes and others**, confiscation orders were made in the sum of £1,400 and £42,890.76. More recently in the case of **Hargreaves**

**and others** successful confiscation orders were obtained for £39,456 and £80,947, with further proceedings still ongoing.

In the past 12 months the SFD has contributed to a number of successful prosecutions some examples of which are listed here:

### ***R v Mather***

This case involved content infringement of a company that produced and distributed music products for the karaoke industry. The defendant pleaded guilty to four charges under s107(1)(e) Copyright, Designs and Patents Act 1988 and was sentenced to eight months imprisonment which was suspended for 2 years.

### ***R v Marion Gibson***

This case involved distributing goods bearing a false trade mark. The defendant pleaded guilty and was sentenced to a two-year conditional discharge. Although this was outside of the sentencing guidelines it was seen appropriate due to medical issues.

### ***R v Steven Pegram, Mark Rollin, Paul Taylor and Alan Stephenson***

This case involved the defrauding of the motion picture industry through the operation of a file sharing website. The Defendants ran a file-sharing website where they uploaded films online for others to download - sometimes before they were released in cinemas. It was estimated that the revenue loss to industry was over £8.5 million.

All four defendants entered a guilty plea at different stages throughout the case. The chief defendant received a custodial sentence of four and a half years imprisonment.

## **Electrical Safety First**

Electrical Safety First is the UK's leading charity committed to reducing fires, injuries and damage arising from electricity – which is the cause of almost half of all domestic fires in the UK. Government figures show electrical fires were responsible for 1,380 deaths and injuries, between 2015-2016 – an average of 27 each week, or 4 a 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 sale of fake electrical goods. We are also aware that electrical safety in the modern world requires a collaborative approach, so we work in partnership with a range of stakeholders to effect change in consumer behaviour, disseminate industry best practice and improve product safety. Our partners include Trading Standards, The Office for Product Safety and Standards, manufacturers and retailers.

There are concerns around the safety of counterfeit and sub-standard electrical products because of the obvious safety implications. The terms counterfeit and substandard are not necessarily synonymous. However, because they are both capable of damaging property, injuring and killing innocent consumers, it is wise to view them as single threat. Fake electrical products often omit important components (or use counterfeit ones), which can significantly affect both the safety and functionality of a product. Counterfeit and substandard electrical products impact both the safety of a consumer and the reputation of legitimate businesses.



**Almost 1/3 of people in  
the UK have fallen victim  
to counterfeit scams  
when shopping online**



**Electrical  
Safety First**  
The UK's electrical safety experts

## Scale and scope of IP crime

Electrical Safety First regularly undertakes and commissions a range of research, much of it concerned with the impact of counterfeit and substandard electrical goods. In a survey we commissioned from Censuswide in May 2018, we established that:

- One in three UK residents - i.e. 18 million people - have mistakenly purchased a counterfeit electrical item online that was advertised as genuine.
- One in seven have suffered damage, or loss, as a result of a fake electrical item purchased online.
- Around half of 25-34-year-olds have bought a fake electrical product online, thinking it was the genuine article.
- But only 8.6% of people aged 55+ have bought a counterfeit electrical item online.
- The type of products causing most concern included: tumble dryers, TV streaming boxes, kettles, travel adaptors and hair straighteners.

- In England alone, between 2017-2018, faulty domestic appliances were responsible for 2,764 domestic fires – over 7 a day, on average.<sup>23</sup>
- Fake and substandard goods often omit key components impacting on the safety and functionality of the item.<sup>24</sup>

The charity also undertakes a large-scale, annual consumer survey. Among the questions in this year's survey was one that asked those consumers who bought a fake in the last 12 months what their experience of the product was.

- 42% say the product stopped working after a few uses.
- 18% say it didn't work at all.
- 12% say it caused an electric shock.
- 10% say it caused an electrical fire that caused injury.
- 7% say it caused an electrical fire that damaged property.<sup>25</sup>

<sup>23</sup> <https://www.gov.uk/government/collections/fire-statistics>

<sup>24</sup> All consumer research, unless otherwise stated, was undertaken from 09 to 19 January 2019 by Censuswide, with a sample of 5,000 adults across the UK. Figures are representative of all UK adults.

<sup>25</sup> Data derived from ESF annual consumer survey, sample size 2,000 UK adults. Research undertaken in February 2019 by YouGov



**1 in 7** people have suffered damage or loss as a result of a fake electrical item they purchased online

## Developing and emerging trends

Electrical Safety First hosts an annual, high profile, Product Safety Conference. In the decade since we established this event, we have seen product safety embed itself in the political and news agenda, with many of the subjects introduced at the conference now recognised as critical issues. Each year, the event explores key themes and trends impacting on consumer safety and the electrical product industry – with counterfeit and substandard goods always centre stage.

Last year we celebrated the 10th anniversary of the conference and considered a number of product safety issues including those detailed overleaf.



Graham Russel MBE, CEO OPSS - Product Safety Conference, November 2018

## Product compliance and Brexit

The conference session on compliance and Brexit considered how the safety of consumer products might be affected by our withdrawal from the EU. Discussions ranged from the possibility of a new UK-only conformity mark, which would be developed should there be a 'no deal' Brexit; to our disengagement from RAPEX (now renamed 'Safety Gate'), the EU Rapid Alert System for dangerous non-food goods. Several 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.

## Product liability and consumer trust in the c21st

During the event we also reviewed the impact changes in technology are having on product liability and consumer trust. Our formerly linear supply chain model has become a multi-layered supply web, spread around the globe. With modern products composed of multiple components from worldwide sources, linked to other items and being installed and maintained by subsidiary and independent service providers, the opportunity for rogue traders to supply fake goods – now becoming increasingly sophisticated - will inevitably increase. It also raises the question: where does responsibility lie when things go wrong?



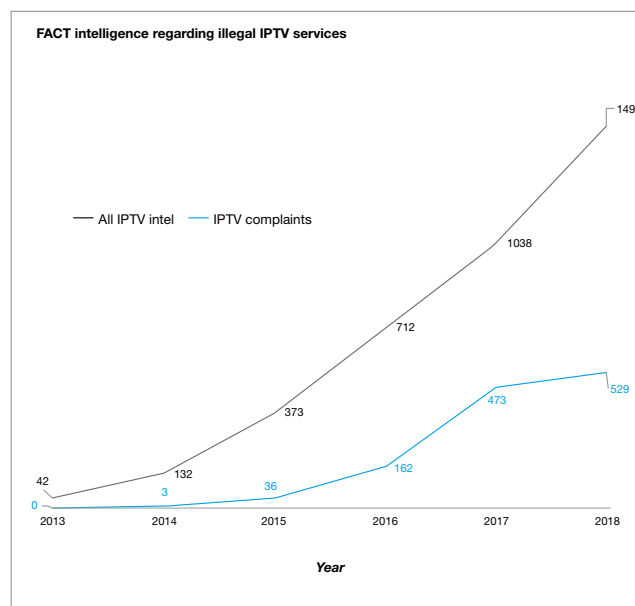
**...the UK could become a dumping ground for dangerous fake or sub-standard products, without an effective quality control and enforcement system”**

## FACT

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

## Scale of IP Crime: Intelligence regarding illegal IPTV services continues to rise

FACT has seen a significant year-on-year increase in intelligence regarding suppliers of illegal IPTV services (see graph). The number of IPTV-related complaints received by FACT in 2018 is over 14 times the quantity received in 2015.



## Trend

The UK's viewing habits have been changing, with the number of UK subscriptions to online television streaming services (e.g. Now TV, Netflix, Amazon Prime) overtaking those to traditional pay television (cable/satellite) for the first time in 2018. The UK's younger viewers (16 to 34-year olds) are increasingly watching via alternative devices to the television set (i.e. smart phones and tablets). As a result, the UK population has become increasingly accustomed to viewing online broadcasts via the apps that facilitate this.<sup>26</sup>

At the same time, Illegal IPTV services are becoming more professional as they compete with and mimic rival services (whether legal or illegal). FACT have witnessed illegal suppliers paying full-time customer service teams to respond to queries and complaints from customers based around the world. The user interfaces of illegal IPTV services now routinely provide a sleek menu system with up-to-date television channel and programme information, as you would expect with a legitimate television service. Many suppliers do not overtly offer

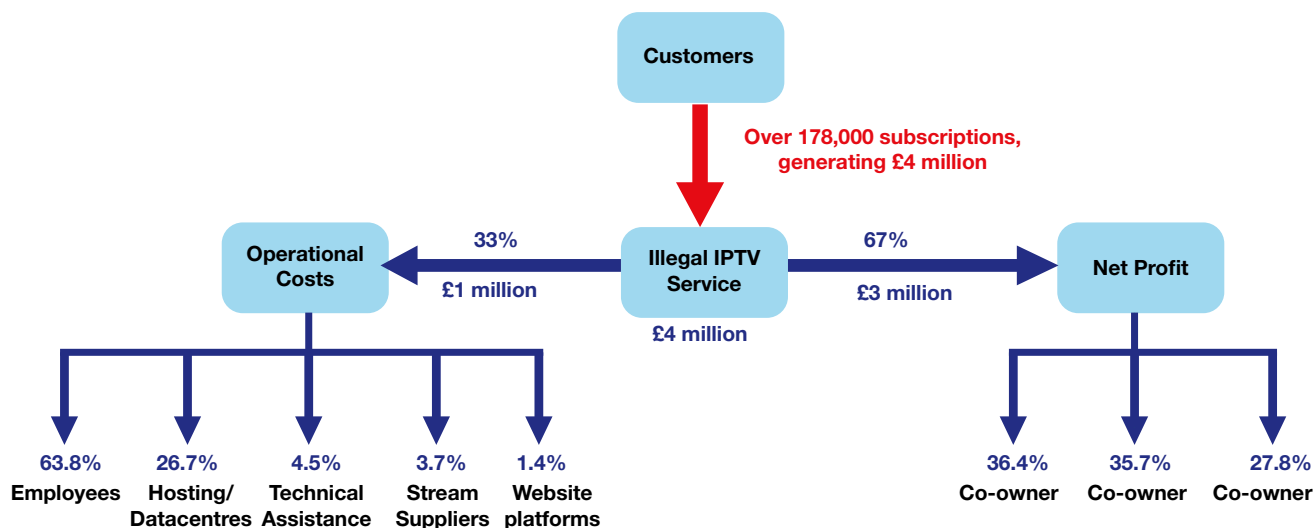
<sup>26</sup> <https://www.ofcom.org.uk/about-ofcom/latest/features-and-news/streaming-overtakes-pay-tv>

infringing content, only releasing such details via private communications with a prospective customer.

## Global Organised Crime Group illegally providing premium sport and TV content

In 2017, a FACT-led investigation identified an Organised Crime Group (OCG) that were providing a premium IPTV service to the global market. The group were streaming infringing film, television and sports content via their own personalised web viewer, app and add-on.

The investigation culminated in the arrest of seven individuals located across the UK. The key individual was initially arrested and subsequent analysis of forensic and financial data led to the identification of six other suspects of note. The investigation is wide-ranging and has uncovered corruption, money laundering offences and has also broadened FACT's knowledge of the infrastructure utilised by criminals to run an illegal IPTV service. A snapshot of the infrastructure and associated money flow is shown below:

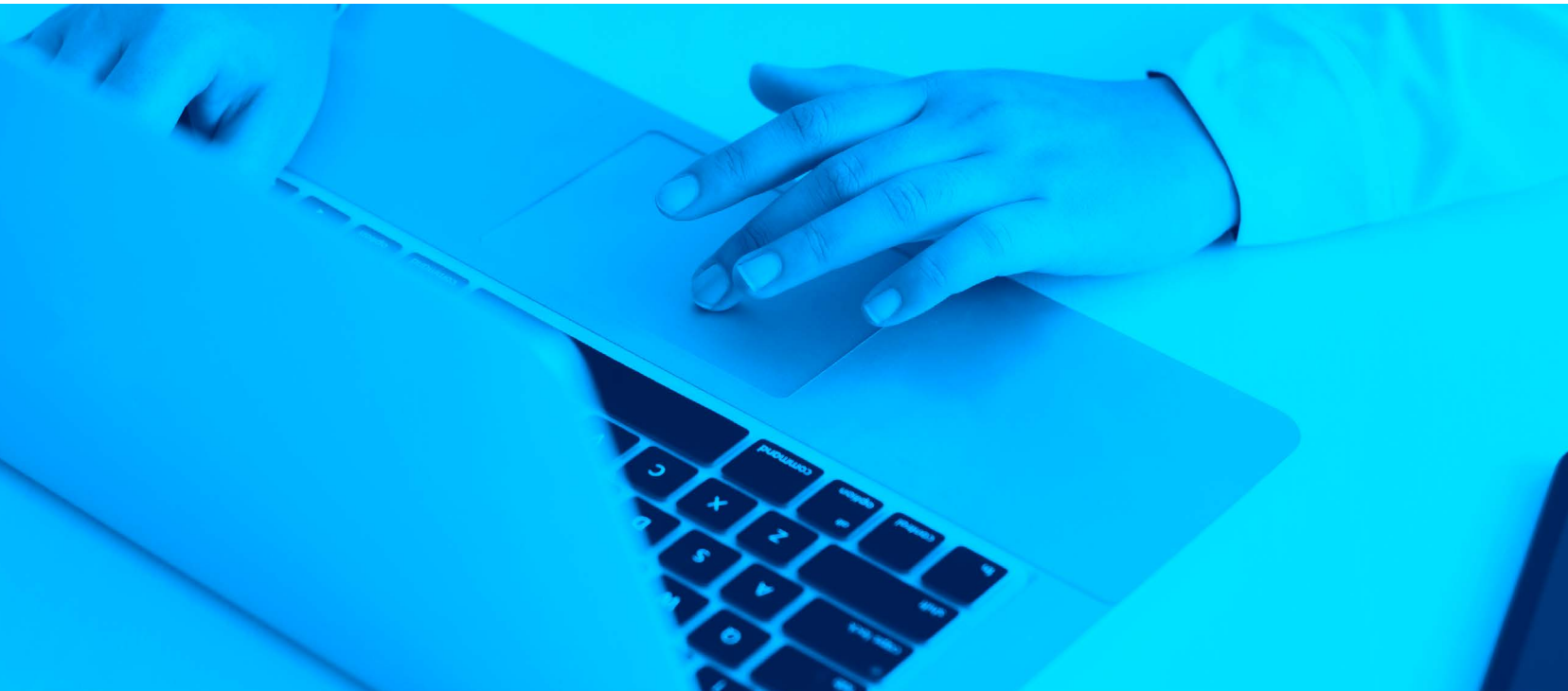


In a 17-month period, the OCG provided over 178,000 subscriptions which generated over £4 million in revenue. Analysis of over 30 bank accounts and numerous chat logs showed that a vast £3 million in criminal gain was made and split between three co-owners. The remaining £1 million was spent on operational costs to run the service. Interestingly, the bulk of this was spent on employees who dealt with customer subscriptions, managing social media and service issues. FACT have identified 22 employees that held roles as senior staff or moderators and were located in USA, UK, Hungary and Australia. Just over a quarter of the operational costs was spent on hosting and datacentres, where the servers were stored. Similar to the website platforms, these are legitimate organisations and enablers that are accruing significant income from criminal activities. A much smaller percentage of costs was spent on sourcing illegal streams that appeared largely to originate from grey market sources.

The investigation is ongoing but invaluable information has already been gleaned that will allow FACT to commence initiatives. This will include targeting key individuals/organisations involved in supplying streams and technical assistance whilst also engaging with, and educating, the 'legitimate' enablers that are allowing individuals to accumulate such wealth.

“

**Analysis of over 30 bank accounts and numerous chat logs showed that a vast £3 million in criminal gain was made and split between three co-owners.”**



# Independent Automotive Aftermarket Federation (IAAF)

## Counterfeiters' vehicle parts still pose growing threat

Formed in 1930, the main function of the Independent Automotive Aftermarket Federation (IAAF) is to promote and secure the future of the independent automotive aftermarket to the benefit of its 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. With a fast-growing network of aftermarket members, it is the only trade association that lobbies on behalf of the independent automotive sector specifically on parts.

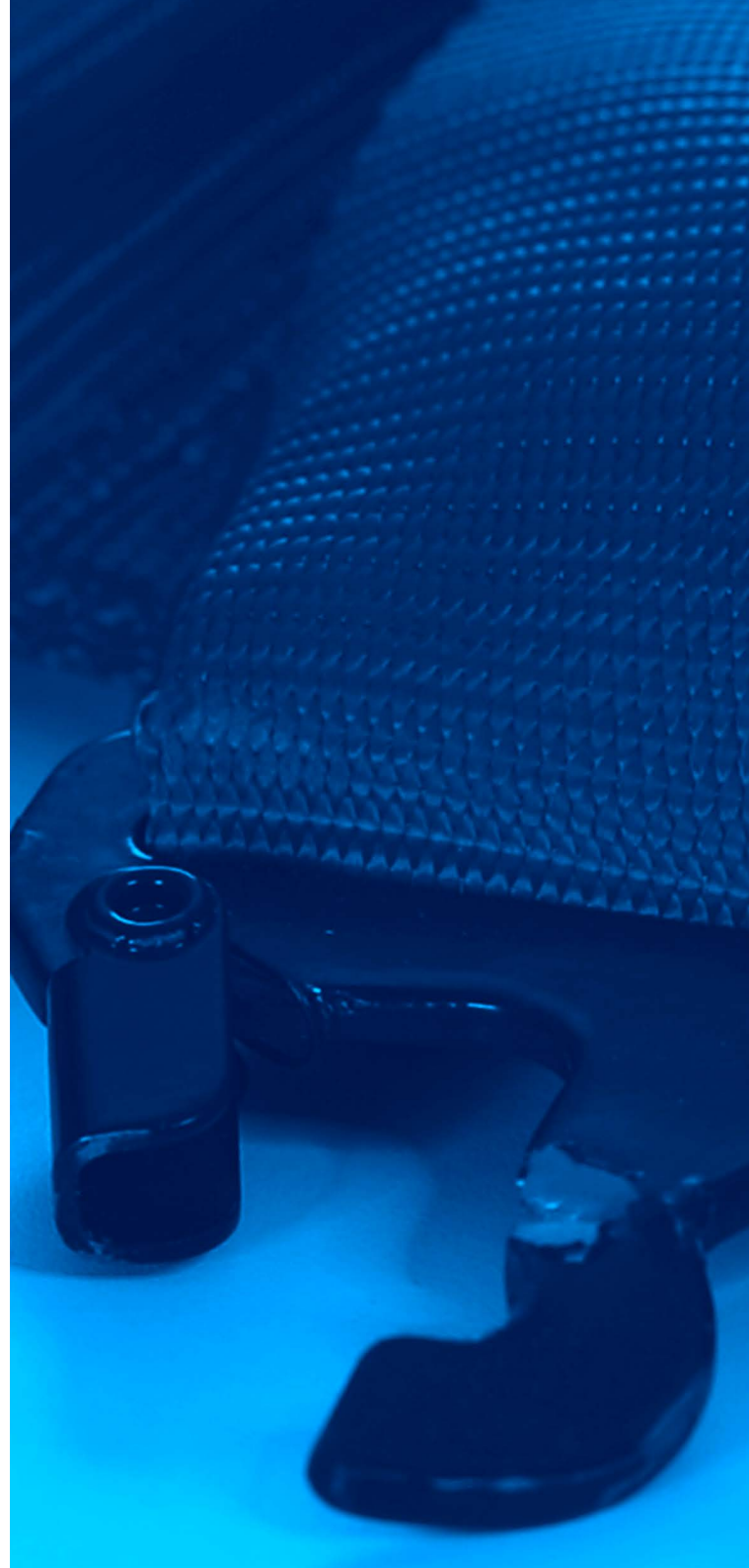
Perceptions that the threat posed by counterfeit parts has been growing during the past few years are evidenced by an increasing number of seizures of fake car parts and accessories throughout the UK.

As part of last year's IPO anti-counterfeiting campaign to raise awareness, we urged our members to be even more vigilant, highlighting the problem and the dangers of using (knowingly and unknowingly) counterfeit car parts.<sup>27</sup> As well as the aftermarket, we reached out to suppliers as well as garages and motor factor businesses.

The latest report from the OECD has done nothing to quell our concerns.<sup>28</sup> The global trade in counterfeit vehicle-related parts is now worth a colossal \$10 billion.

27 <https://www.gov.uk/government/publications/counterfeit-vehicle-parts/counterfeit-vehicle-parts>

28 OECD/EUIPO (2019), *Trends in Trade in Counterfeit and Pirated Goods Illicit Trade*, OECD Publishing, Paris  
[https://read.oecd-ilibrary.org/trade/trends-in-trade-in-counterfeit-and-pirated-goods\\_g2g9f533-en#page1](https://read.oecd-ilibrary.org/trade/trends-in-trade-in-counterfeit-and-pirated-goods_g2g9f533-en#page1)



The current situation the industry faces is that the threat not only continues to exist but is looming larger than ever.

Counterfeit car parts can affect both Original Equipment Manufacturer (OEM) and aftermarket businesses alike. Counterfeiters are becoming more skilled in making fake parts and their packaging look identical to genuine ones.

Whilst parts might look the same, they are unlikely to perform to the same standards and, in many cases, counterfeits are produced using dangerous and substandard materials, which have not been properly tested.

One of the problems we face is characterising the scale and scope of the counterfeit car part intrusion into the market. Individual manufacturers are keen to maintain their autonomy and the industry is predicated on historically highly competitive business models which mean that the pooling of information is difficult to coordinate. Whilst this ethos motivates motor manufacturers to be the fastest, the most fuel-efficient, or the greenest, it doesn't encourage information sharing. In the drive to prevent counterfeiting we want to encourage cooperation and data sharing amongst global motor-manufacturers.

As in many other sectors, online trading has restructured supply chains and transformed opportunities for trade in counterfeit parts. For parts bought online, it is difficult to know if a part is genuine or not. Only reputable

suppliers will have a certificate of Original Equipment (OE) which evidences the quality of parts that they offer. However, without knowledge of car parts supply chains it is relatively easy for innocent consumers to be duped and for less innocent ones to make illegal purchases.

Of course, the message isn't to never buy from places such as the internet, but it is crucial to make sure businesses and individuals know who they are buying their parts from. There are many respected distributors in the UK, all of whom have the correct processes in place to ensure parts are traceable back to the factory in the event of a recall.

Safety is of paramount importance in the automotive sector. The breaking distance of brakes, for example, can be compromised by counterfeits. In the field of lighting, dazzle and glare can be an issue. Counterfeit parts put motorists' lives at risk.

It is important, now more than ever, that suppliers, distributors and garages are aware of the origin of the parts they are using. IAAF will continue to work with the IPO and other partners to keep raising awareness in the supply chain and to consumers, and to encourage reporting of counterfeit vehicle parts.

Further information on how to report counterfeits can be found on the IPO's website.<sup>29</sup>

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<sup>29</sup> <https://www.gov.uk/topic/intellectual-property/crime-and-infringement>



## Independent Garage Association (IGA)

The Independent Garage Association (IGA) is the UK's largest and most prominent trade association in the independent garage sector, acting as the voice of 35,000 independent garages. The IGA represents the views of independent garages to government and we provide information, services and support to ensure that our members can continue to run their business effectively in an increasingly complex and competitive industry.

### The Scale and Scope of IP Crime

A growing number of IGA members have been reporting a rise in customers providing their own car parts and expecting the garage to fit them. This presents problems for our members, who are uncertain of the provenance of parts. It also raises wider concerns of liability and vehicle/driver safety.

There are a growing number of routes available for consumers to source car parts in order to save money on car maintenance and repairs. They can visit a motor factor, order online from an Original Equipment Manufacturer (OEM) or online marketplace, or even buy second hand parts which makes proving the authenticity of a part difficult. It can be difficult to tell if a part is genuine as counterfeits often use advanced techniques to replicate both the part and packaging.

Although sourcing a part to reduce costs may be tempting, unintentionally buying a counterfeit part compromises the safety of consumers passengers and other road users. It can also increase their car maintenance costs in the long term due to part durability, and reduce the value of their vehicle.

Consumers providing their own part for a garage to fit also raises a number of serious problems for the garage.

If the garage has sourced the part, it is responsible for the job from start to finish and will deal with any warranty issues in line with parts manufacturers terms and conditions should there be an issue.

If a consumer supplies a part, then the garage must be satisfied that the part is correct, of suitable quality and the best part for the job. If the part is fitted, but it fails down the line, it can be difficult to establish where responsibility lies. Although the garage will accept responsibility for the work they've carried out, it is often unclear whether failure arose from fitting the part or the part itself.

Due to these implications, a survey of thousands of independent garages in 2017 revealed that:

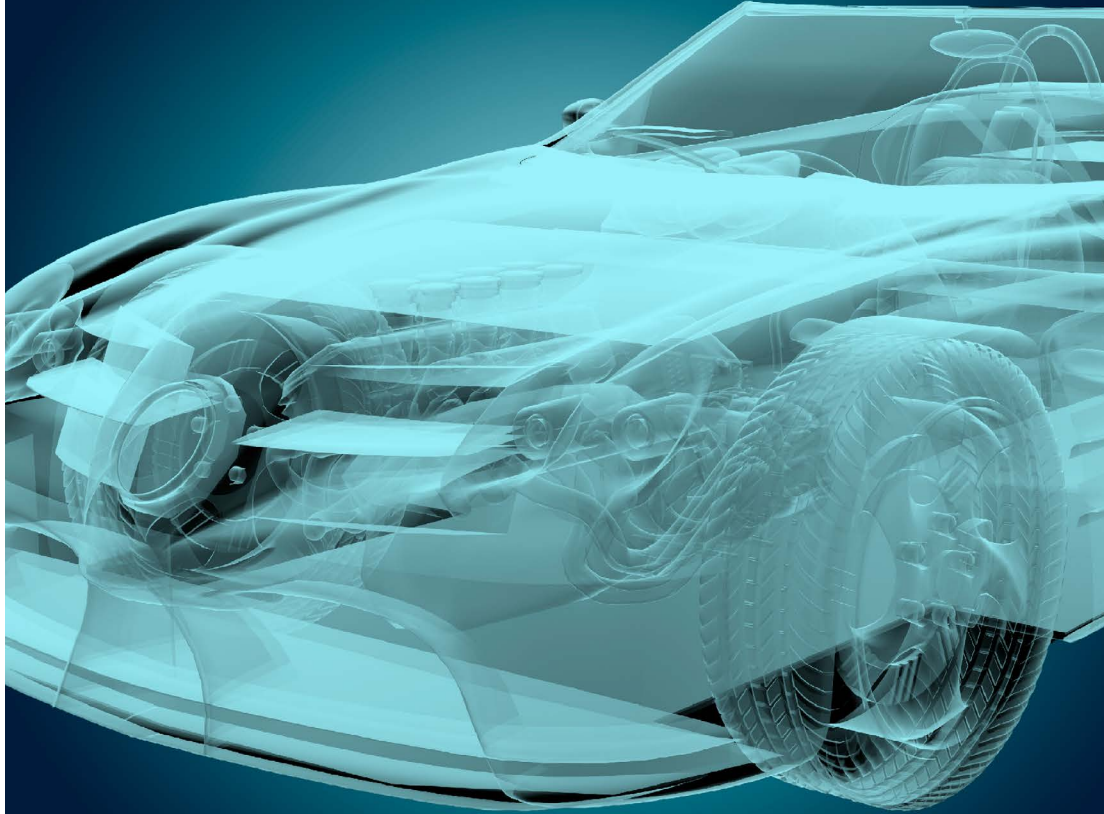
- 69% of garages will never fit customer supplied parts
- 29% of garages used to fit customer supplied parts but no longer do so
- 2% of garages routinely fit customer supplied parts

### Tackling the problem

The IGA worked alongside the IPO to produce guidance on counterfeit vehicle parts, which was released in July 2018. The publication provided advice to consumers on how to identify fake vehicle parts, tips for buying parts online, and how to report counterfeit goods.

To coincide with this campaign, the IGA released a video and poster in collaboration with the IPO highlighting the safety risks of supplying parts for garages to fit.

# YOUR SAFETY ON THE ROAD IS OUR PRIORITY



**Don't supply your own parts, leave it to the experts**

Stay safe on the road, scan here for more information about the issues  
surrounding counterfeit parts



An IGA initiative supported by:

## 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 outcomes within the 2016-20 IP Enforcement Strategy and beyond.

The Intelligence Hub team maintains strong links and support other government agencies, law enforcement and industry partners to reduce IP infringement and the supply of counterfeit products to the UK.

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

We regularly hold law enforcement partner meetings to uphold strong communication, identify emerging threats/trends and disseminate awareness bulletins regarding any illicit activity or threats identified.

### Hot spot mapping – Intelligence Submissions

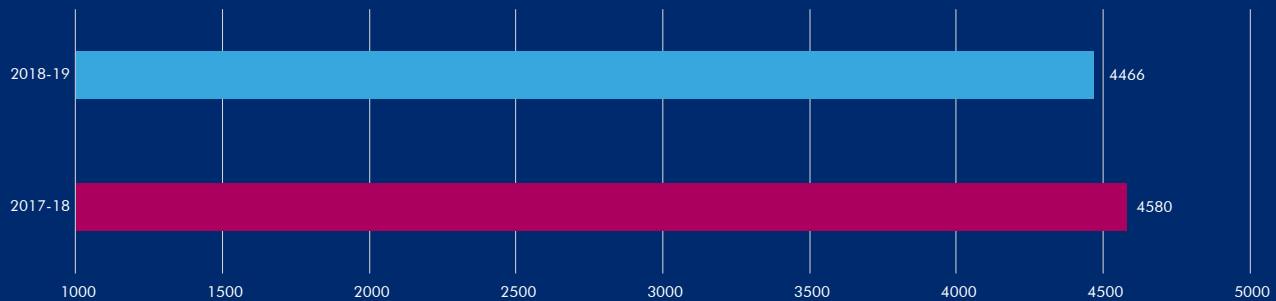
The following map identifies areas of the UK where IP crime has been reported, the team has supported several long-term investigations of OCGs with a presence spread over several locations.



## Statistics & Comparisons

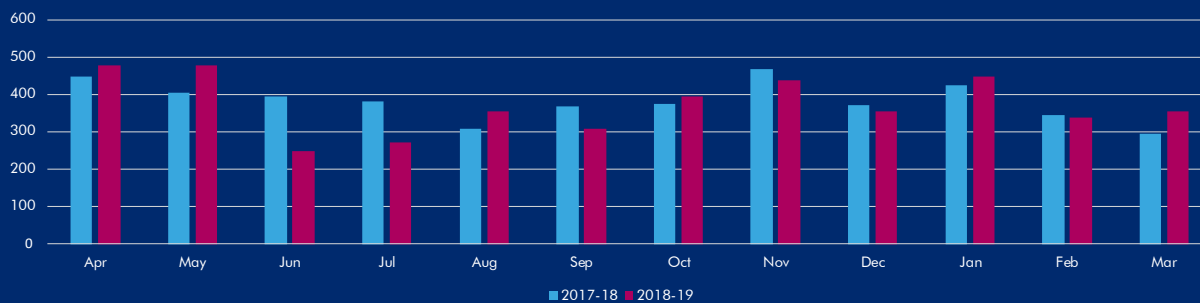
Year on year, there was an overall reduction in the number of intelligence submissions of 2%. This was in part due to the fact that, since December 2017, the Hub has had full access to the intelligence system shared with Trading Standards, therefore reducing the need for the IPO to generate TS intelligence and submissions.<sup>30</sup>

### Comparison of Intelligence Submissions



The following charts illustrate the comparison of monthly trends of all intelligence submissions during 2017-18 and 2018-19.

### All Intelligence Submissions

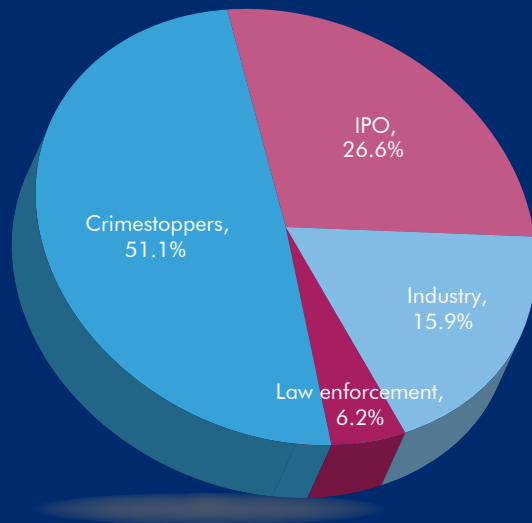


<sup>30</sup> 70% (73) reduction of TS Intelligence input by IPO during 2018-19

## Submitting Agencies

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

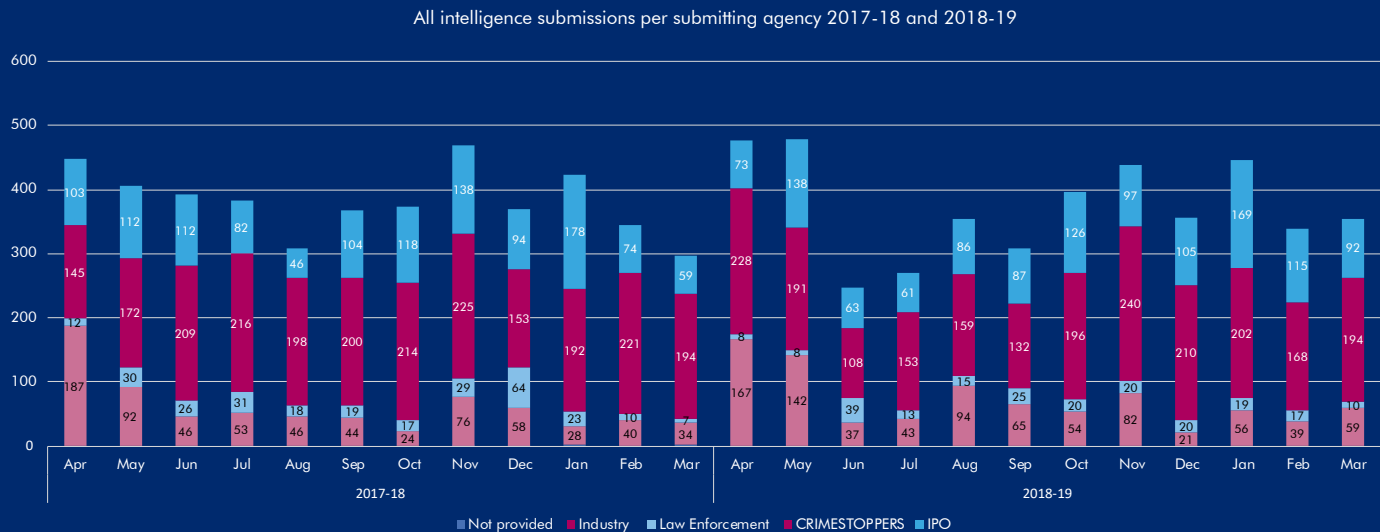
Proportion of contributors 2018-19



The proportion of submissions of IP crimes in the UK from law enforcement agencies has reduced slightly compared with the previous period (2017-18).

There has been a slight increase from brands by +3% and reduction from crimestoppers by 2%.

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



The IPO Intelligence Hub carry out research and analysis to support brand and Law Enforcement IP investigations and from this work intelligence is generated to progress cases. There has been a notable increase of intelligence submissions during January 2019 that formed part of large scale investigations impacting on the UK.

The IPO has supported law enforcement partners throughout the UK. There are two cases where the Hub provided initial intelligence (to Police Scotland and Birmingham Trading Standards) they concluded with court orders that will recover a total of £153,000 from offenders under the Proceeds of Crime Act.

Crimestoppers intelligence continue to form the highest proportion of submissions of IP crime to the Hub.

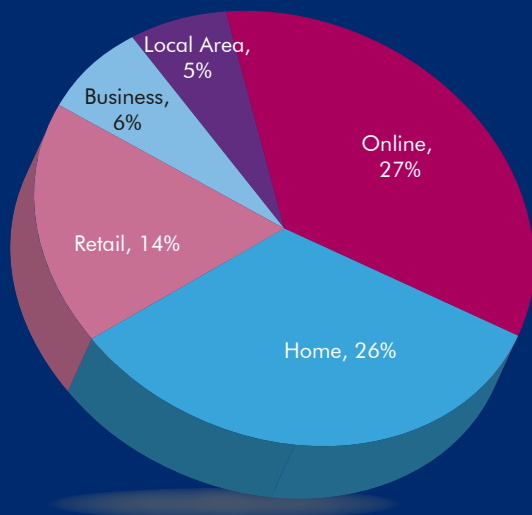
During 2018-19, the majority of crimestoppers submissions related to cigarettes and tobacco (52%, n=1132), a high proportion of locations identified as a home address, shop and local area. There are various other categories at lower levels to include Illicit streaming devices (ISDs), clothing and footwear, CDs and DVDs as well as alcohol.

## Locations

The top five locations reported on during 2018-19 are shown in the following chart together with comparisons with 2017-18:

Location	2017-18	2018-19	Comparison
Online element	1349	1210	-10%
Home	930	1176	26%
Retail Outlets	938	635	-32%
Business	213	250	17%
Local Area	169	213	26%

Top 5 - Locations reported 2018-19



Online criminal activity remains the highest proportion of intelligence submissions, but this has reduced by 10% during 2018-19. There has been a notable reduction of intelligence relating to activity around shops (high street), one explanation for the decline in reports of IP crime from retail outlets may be the increasing effectiveness of deterrent measures undertaken by Trading Standards.

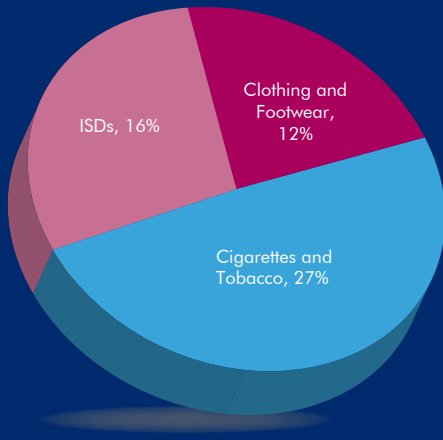
Reports of IP crime connected with the home have increased considerably.

## Products

Submissions to the IPO Intelligence Hub from all partners reveal that the top three 'best-selling' illegal counterfeit products in the UK during 2018-19 were: cigarettes/tobacco, illicit streaming devices and clothing/footwear.

Product	2017-18	2018-19	Comparison
Cigarettes & Tobacco	1411	1206	-15%
ISDs	404	700	73%
Clothing & Footwear	584	521	-11%

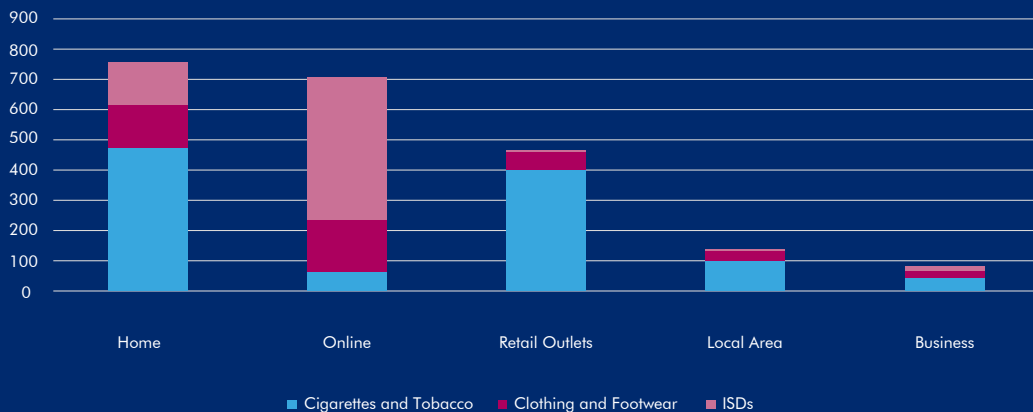
### Top 3 - Products reported 2018-19



It should be noted that the term ISD (illicit streaming devices) also includes downloadable apps.

### Products & Locations

Top 5 locations and the products reported 2018-19



As shown, there is a high online element for ISDs, whereas cigarettes & tobacco features within the home, shop and local area.



## Intellectual Property Office

### Unpicking the criminality and public attitudes

In 2018 the IPO began a project to collaborate with academics and institutions to assist in academic research, making use of sensitive data. Access to information is crucial to the IPO's Enforcement Strategy. However, information management and security must be handled carefully. In this instance, after receiving security clearance, partners will access the IPO's intelligence through a secure unit based at University College London. It is hoped that during 2019-2020 this can be progressed to include sensitive business data, with the cooperation of all parties. Improvements in the volume and quality of data, and a widening of access to it so that experts from a variety of research teams have access to it, will improve our understanding of IP crime in the UK and the wider world.

### Working together to tackle crime

The IPO were invited to be part of the evidence gathering for an all-party parliamentary group on illicit trade. Illicit trade includes counterfeiting and piracy. The resulting report acknowledged the IPO's engagement in key work in Scotland, and its capacity to tackle IP crime at local, national and international levels. The report made recommendations for collaborative work to disrupt crime and go after criminal assets.<sup>31</sup>

### 'Belt and Road Initiative' trade routes

The introduction of a rail link between China and Europe was raised by ACG members at the IPO's Attaché Networking Week in May 2018. As with any expansion of trade routes, the advantages presented by increased connectivity, must be complimented with robust and reliable anti-crime measures. In the field of IP crime, concern was expressed by members over the potential for counterfeit goods to be shipped across the rail network to locations in Europe.

The IPO undertook a short project with concerned partners to assess scope of the 'Belt and Road Initiative' and the potential risk, in terms of IP crime, it posed to the UK.

The Wuhan-Europe international rail freight corridor originates in Wuhan's Wu Jia Shan railway station. Its main routes are via Manzhouli (in Inner Mongolia province) or Alashankou (Xinjiang province) to Kazakhstan, Russia, Belarus, Poland, the Czech Republic, and terminating in Hamburg / Duisburg in Germany (10,324 km in total, 12-13 days).

There are 17 routes in total – primarily to Germany and Russia – and 5 entry-exit points for Wuhan's freight trains, the others being Erenhot (Inner Mongolia), Khorgas (Xinjiang), and also Pingxiang (in Guangxi province, for South East Asia). The number of routes ranks 1st among the 35 Chinese cities operating international freight train services. These routes connect Wuhan with 28 countries, and 60+ cities, and symbolise Wuhan's participation in China's national strategies of 'Belt and Road Initiative', the Yangtze River Economic Belt, and the construction of the Asia-Europe Economic corridor.

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31 <https://connectpa.co.uk/illicit-trade-party-parliamentary-group/>

# China's Belt and Road



Sea route



Land route



Silk road



The Wuhan-Europe rail freight route, compared to the Yangtze River waterway route to Shanghai and then on to Europe, saves about 30 days. The corridor has also played a role in shifting the traditional focus for foreign trade from China's eastern coastal cities.

A new Wuhan-Lyon freight route opened in April 2016 (11,500km, 16-17 days). In total, there are now 3 weekly outward trains to Europe, and 2 weekly trains back.

Statistics show that, in 2017, the Wuhan-Europe freight trains reached an actual load rate of 97.7%, ranking highest among China-Europe trains. Exported goods from China include:

- Motor vehicles and parts (25%)
- Textile and clothing products (24%)
- Electronic goods (15%)
- Machinery and equipment (around 10%)

In 2015, freight from Wuhan destined for the UK were mainly exports of electronics, photovoltaic products, medical equipment, light industry products, and car accessories (a total of 100 TEU cargo, which accounted for 1.35% of the total amount on the Wuhan-Germany route - the Lyon route didn't start operating until the following year). In 2015, Germany was the final destination for 32% of shipments, the largest share by far. Poland ranked second, followed by the Czech Republic.

Peak times for UK-bound shipments in 2015 were April-June, August and September. The main destinations were Southampton, Liverpool, Banbury and Felixstowe.

Wuhan Asia-Europe Logistics Co., Ltd (WAE) is the operator of the freight rail transport. WAE is fully owned by the 'Wuhan New Port Construction Investment and Development Group Co.' and governed by the office of Wuhan Asia Europe International Freight Railway Transportation. WAE is aiming to shift from being a pure logistics company to a trading company and has plans to set up a distribution centre in Belarus. In September 2017, WAE sent its first refrigerated containers to Europe.

In late 2017 / early 2018, Hubei's two other key cities, Yichang and Xiangyang, joined the Wuhan-Europe freight route, linking to the freight station at Wuhan's

Wu Jia Shan station. This means that all three areas of Hubei's Free Trade Zone (in Wuhan, Yichang, Xiangyang) are now connected to Europe.

In addition to the working group, Director of Copyright and Enforcement, Dr Ros Lynch, visited the offices of the Wuhan railway. There she heard about the way in which goods are managed and shipped.

Working group with IPO	National Crime Agency
	Her Majesty's Revenue and Customs
	UK Border Force
	Security Services (JTAC)
	National Chief Police Council

The working group considered the information and vulnerabilities. It found that the management of the security in China made loading of counterfeits less likely than illegal goods (not just counterfeits) being illegally loaded ('ripped on') in remote locations in Asia as the train is held up by the need to change over due to gauge changes.

UK Border Force maintain oversight of shipping methods and will monitor the arrivals and react accordingly.



## Ministry of Defence (MOD)

The MOD continues to remain vigilant to the threat from counterfeit material in the supply chain. Counterfeit material represents a serious threat to the safe and operational effectiveness of MOD military capabilities, as counterfeit material is often inferior to the authentic product. This inferiority manifests itself not only during initial system testing, but in an unpredictable system life. Counterfeit material affects all supply classes including, but not limited to:

- Electronic parts such as integrated circuits, transistors and resistors;
- Mechanical parts such as valves, bearings and fasteners;
- Materials such as lubricants, adhesives, refrigerants and batteries;
- Certificates confirming conformity – authentication of products;

The MOD has codified a Counterfeit Material Risk as follows:

*'As a result of inappropriate controls being in place in the industry supply chain, military equipment may contain counterfeit material. This could lead to MOD's reputation being damaged through loss of capability or compromised safety'.*

To combat this risk the MOD has in place the following mitigation activities:

- Dedicated personnel to develop and maintain Counterfeit Awareness Policy and provide support to MOD personnel involved in acquisition, giving advice/guidance and supporting investigations as needed.
- Establishing a Counterfeit Avoidance Working Group (CAWG). This working group is chaired by the MOD and is made up from MOD and Industry representatives. The CAWG is accountable to the Defence Industries Quality Forum (DIQF). The working group has authority to develop policy and guidance for use across the Defence community to address the avoidance of fraudulent/counterfeit material.
- Engagement with North Atlantic Treaty Organization (NATO) through participation in NATO Working Groups, providing inputs to Allied Quality Assurance Publications (AQAP) that address counterfeit awareness and avoidance.
- Supporting MOD Defence Standardisation (DStan) to promote the use of Counterfeit Avoidance Standards with our international partners.
- Development and maintenance of a defence standard and support to Industry Counterfeit Avoidance Standards such as SAE AS5553 (Counterfeit Electronic Parts: Avoidance, Detection, Mitigation and Disposition). The standard that underpins the MOD approach to counterfeit avoidance is MOD Defence Standard 05 - 135 (Avoidance of Counterfeit Material). This standard is used in MOD contracts where suppliers' risks have been identified. When the standard is applied to a contract with an AQAP, the MOD Quality Assurance Field Force has the right to access a supplier and the ability to audit the business

processes that are in place including those to prevent counterfeit material entering the supplier's supply chain. These audits are conducted by personnel with training in counterfeit avoidance.

- Development of counterfeit awareness tools such as: Counterfeit Avoidance e-learning for MOD personnel. This training is mandatory for MOD personnel involved in specific acquisition activities.
- Promoting Counterfeit Awareness within the Defence sector by hosting an annual Counterfeit Awareness Event for MOD personnel and its supply chain. This event has presenters from Government Departments and various business sectors sharing their experience and knowledge regarding counterfeit avoidance.
- Working and liaising closely with the MOD Fraud Office to promote national counterfeit awareness campaigns.

The threat of counterfeit material is taken seriously by the MOD. To meet this challenge, the MOD continues to engage and work with national and international partners dedicated to combatting counterfeit material entering the supply chain.



**Counterfeit material represents a serious threat to the safe and operational effectiveness of MOD military capabilities, as counterfeit material is often inferior to the authentic product.”**

## National Markets Group for IP Protection (NMG)



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

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



**With 2,000 markets and car boot sales operating in the UK, and millions of social media profiles, the opportunities for counterfeiters are immense”**

## Scale of IP crime in the UK

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

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

With 2,000 markets and car boot sales operating in the UK, and millions of social media profiles, the opportunities for counterfeiters are immense. Research conducted by NMG members’ show that there are still tens of thousands of counterfeit and pirated goods openly available to the UK consumer at these locations.

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

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

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

### Developing / Emerging trends

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

As evidenced by Operation BEORMA the use of a franchising system on social media platforms is on the increase. Here, active counterfeiters either dupe other Facebook traders into selling counterfeit goods or they buy active but 'clean' Facebook profiles in order to distance themselves from the sale of infringing goods. The use of stolen or fabricated identities by criminals on social media is increasing and all aspects of fraud, including counterfeiting are involved.

The increased sale of cosmetics, jewellery, electrical products such as phone chargers, cables, hair products, candles and car parts and accessories place consumers at risk of serious harm and undermines the IP rights of legitimate businesses. It also diverts funds away from vital public services.

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.



# Nominet

## Tackling online criminal activity

Nominet is responsible for running and keeping the .UK internet infrastructure secure.

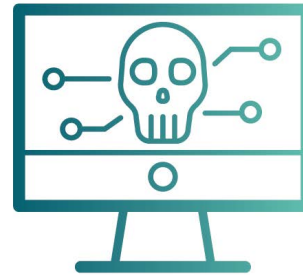
# over 12 million

.UK domains registered

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

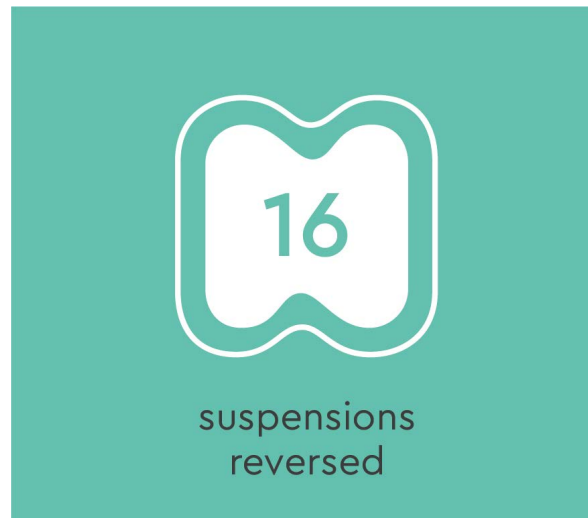


Tackling online criminal activities: 1 November 2017 – 31 October 2018



# 32,813

domains suspended for criminal activity  
(compared to **16,632** in the previous year)







Financial Conduct Authority (FCA)



Medicines and Healthcare Products Regulatory Agency (MHRA)



Trading Standards (TS)



National Fraud Intelligence Bureau (NFIB)



Police Intellectual Property Crime Unit (PIPCU)



## REQUESTS

received in the specified 12 months that didn't result in suspensions

Russell Haworth, Nominet's CEO said: *'The upward trend we are seeing in suspended domains confirms that criminals are continuing to seek opportunities in the UK namespace – be it the issue of counterfeits online, or where criminals relentlessly target consumers with malicious content, via domains registered for phishing.'*

*Our ongoing efforts to keep the namespace safe can also be seen through our Domain Watch initiative that uses a technical algorithm to promptly suspend newly registered domains with a very high phishing risk, for example [barc1ays.co.uk](http://barc1ays.co.uk) or [security-paypal.co.uk](http://security-paypal.co.uk).*

*Working closely with the law enforcement community and using our established processes, network analytics and cyber security tools, will ensure that .UK remains a difficult space for criminals to operate.'*

## Police Intellectual Property Crime Unit (PIPCU)

### The scale and scope of IP Crime

Research by the EUIPO estimates that IP crime costs the EU £71bn as well as 790,000 job losses each year.<sup>32</sup> Figures from the UK government show that the annual loss to the UK economy through counterfeit and piracy is £9bn and 80,500 job losses each year.<sup>33</sup> On the flip side, the value that creative industries bring to the UK is £101.5bn a year which is on average £11.5 million an hour. This equates to 3.12 million jobs in the UK which increased by 80,000 in 2017.<sup>34</sup> This means that safeguarding the interests of legitimate creative enterprises and thwarting the exploits of criminal counterfeiters isn't simply a moral duty, it's an economic imperative.



**Figures from the UK government show that the annual loss to the UK economy through counterfeit and piracy is £9bn and 80,500 job losses each year.”**

32 <http://www.cityam.com/255024/hefty-bill-counterfeiting-and-piracy-costs-eu-71bn-and>

33 [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/642324/IP\\_Crime\\_Report\\_2016\\_-\\_2017.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/642324/IP_Crime_Report_2016_-_2017.pdf) and: <http://www.cityam.com/255024/hefty-bill-counterfeiting-and-piracy-costs-eu-71bn-and>

34 <http://www.thecreativeindustries.co.uk/resources/infographics>



**the value that creative industries bring to the UK is £101.5bn a year which is on average £11.5 million an hour.”**

### Emerging trends

PIPCU has identified that:

- Online, content-providing apps are increasingly popular means of accessing copyright infringing content.
- Smart TVs and other devices (such as games consoles) can host a wide range of audio-visual content including IPTV. 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. IPTV, as a legitimate method of streaming, is extremely popular. This has been facilitated by an increase in broadband speed which allows creative content to be accessed at the convenience of the viewer. It is also available on multiple devices and pirated subscription services provide high quality streams in 720p or 1080p. As a tool for copyright infringement, this easy access to domestic viewers makes it a significant threat.
- Social media platforms have evolved so that live feeds may be streamed. Furthermore, these platforms may include 'marketplaces' where devices for accessing copyright infringing content may be traded.

# Case Study

## Operation Ashiko

Operation Ashiko is PIPCU's response to the online sale of counterfeit physical goods in the '.UK' domain tree. Activity is focused on the disruption of ongoing criminal activity through domain and intelligence.

We receive referrals of infringing websites, generally selling fake consumer goods such as clothing, footwear, handbags, from brand owners and supplier who provide evidence of counterfeit trading. The websites are then imaged for evidence, and the details are sent to Nominet who can have the domain name suspended. This operation generally now results in 2,000 – 3,000 suspensions per month.

It is worth noting that infringing websites are generally set up using the personal details of people who have previously, and possibly unwittingly, bought counterfeit goods from illegal websites. This is a form of identity theft.

From 2018/19, 32,995 websites have been suspended with an estimated criminal property value of £9m.

Nominet confirms that they have received 32,927 suspension requests, 32,669 of which were from PIPCU.<sup>35</sup>

## Operation Creative

Operation Creative is PIPCU's response to the online distribution of copyright-infringing content. Operation Creative aims to disrupt websites which rely on advertising, rather than sales, to generate revenue by suspension. In general, this relates to sites which make creative content such as films, TV and music available.

Under Operation Creative, the Infringing Website List (IWL) was created. The IWL is essentially a blacklist of infringing websites. When a referral is received, the first step is to send a 'cease and desist' notice to the registrant of the website. After attempting to communicate with the registrant, the website is placed on the IWL. This list is then shared with advertisers and brands globally so that they can prevent their adverts from appearing on infringing websites. The IWL was created in 2014. By April 2019, 1,643 websites had been recorded on the list. A further 1995 websites have been suspended since the creation of the IWL. We are currently liaising with The Gambling Commission and schools to broaden the reach of the IWL blacklist.

## Operation Methone – May 2018

Operation Methone was concerned with the selling of counterfeit goods on Facebook Marketplace. The objective was to gain media coverage and source information. PIPCU seized over 2,000 suspected counterfeit items relating to 55 brands.

Four warrants were executed and six cease and desist notices were served.

One suspect pleaded guilty and was given a two-year conditional discharge, and a significant quantity of actionable intelligence was gathered.

<sup>35</sup> <https://media.nominet.uk/wp-content/uploads/2018/11/19163205/Tackling-online-criminal-activity-November-20181.pdf>

# Police Scotland

## Prevention

Police Scotland's IP experts based within Scottish Crime Campus have been providing training inputs at the Scottish Police College to officers based across the country. These training seminars provide operational officers with an increased knowledge of IP criminality, the latest investigative procedures and best reporting practices. Officers are able to examine illicit products first-hand, learn about the latest emerging crime trends, meet partner agency representatives and are provided with contact information for expert witnesses.

Police Scotland have been undertaking awareness-raising sessions at local, regional and national community events across the country. Officers are regularly seen at stands within shopping centres, ports, airports and festivals highlighting the dangers of illicit products, promoting legitimate trade and due diligence when purchasing products. In order to reach a wider audience Police Scotland have included information on illicit trade within the *Fresher's Week Safety Booklet*, which is distributed to all students in Scotland at the commencement of the academic year. This was supplemented with an information video showing examples of illicit products.

In partnership with the IPO, Police Scotland continues to promote the awareness raising campaign *Scam You!* The Gameshow, highlighted the dangers of purchasing goods on the e-commerce forum without conducting due diligence on the selling site. The seven featured videos contained true stories of Scottish based consumers who had purchased products from illicit websites purporting to sell genuine products. The victims consequently had their personal data stolen which was used to further commit criminality which highlights the need for further due diligence to be carried out when shopping online.

Police Scotland, in partnership with Scotland's Serious Organised Crime Taskforce (SOCT), has produced four training videos aimed at enforcement officers and designed to raise awareness of the involvement by Serious Organised Crime (SOC) in various crime types including Illicit trade. These videos, highlighting the indicators of the associated criminality, are being used as a training resources for both private and public-sector organisations to emphasise the threats, risk and harm caused by SOC participation in illicit trade and they provide advice on how to report any suspicions.

## CivTech Challenge

Scotland has an issue with the widespread sale of illicit products. These unregulated, counterfeit and dangerous products are prevalent across many business sectors. It is not a problem for Scotland alone, indeed the production and sale of illicit goods is an issue worldwide. Scotland's CivTech Challenge provided an opportunity to combine public service challenges with innovate public-private partnerships. CivTech is part of the Scottish Government's Digital Directorate, bringing together public-sector expertise and private sector creativity to solve real problems, develop new products and deliver better, faster and easier services for everyone.

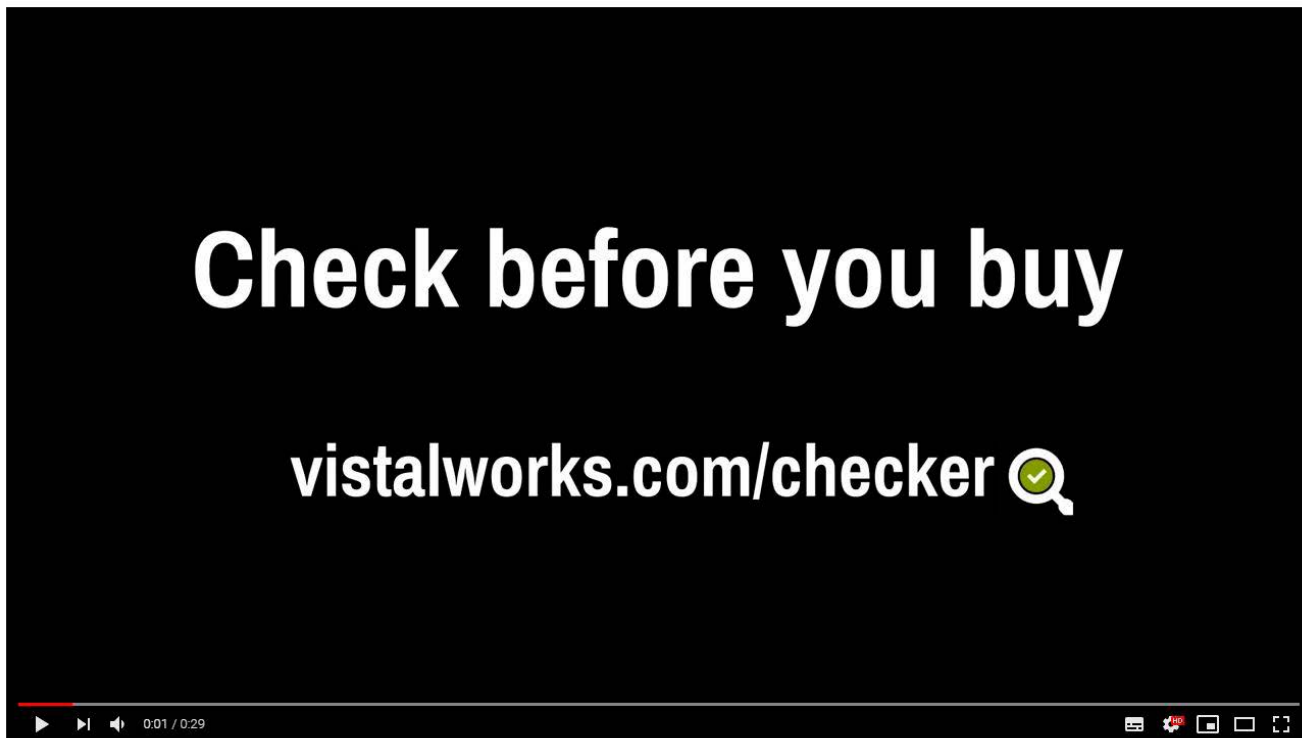
The problems caused by illicit trade are numerous. Consumers are often unaware that they are buying these products, and the repercussion these transactions can have on themselves and their communities. Illicit products often fail to meet health and safety standards, with significant personal safety risks to the user. Much of revenue generated from illicit trade funds further criminal activity.

Consumer buying patterns are changing, with 87% of all UK consumers having made at least one online purchase. There is a disconnect in attitudes as the

consumer is unaware of the underlying issues of illicit trade. For example, how can a consumer in Scotland purchasing illicit products online, recognise the link to serious organised crime affecting their local communities?

Police Scotland, Trading Standards Scotland and HMRC have identified that they, as partners, wish to address the e-commerce in illicit products which is ever evolving fuelled by consumer apathy. By identifying trends and patterns, we can positively influence consumer behaviour with the strategic goal of making the trade in illicit products socially unacceptable within our communities and financially unviable to serious organised crime.

Through the CivTech challenge, we have partnered with Vistalworks Ltd, an innovative, new Scottish data technology company, to develop a free-to-use e-commerce tool. Consumers can check the authenticity of a product at the point of sale with an instant risk-check analysis and message relevant to the specific product category across all operating systems and selling platforms. The checker is due for launch during the second half of 2019.



SCOTLAND  
How to check for fakes on Ebay  
21 views

<https://vistalworks.com/checker>

LIKE DISLIKE SHARE SAVE ...



## PRS for Music

PRS for Music Limited is the UK's leading collection society, bringing together two collection societies: The Mechanical-Copyright Protection Society and The Performing Right Society. It undertakes collective rights management for musical works on behalf of its 140,000 members.

Stream-ripping piracy, once an emerging threat to the music industry, has now established a strong foothold within the piracy landscape. The increase of news articles, publications, research studies and legal cases in the last year, provides clear evidence of the problem and it demonstrates general awareness that stream-ripping is a huge, worldwide problem effecting the creative industries and the livelihoods of creators.

Established methods of piracy such as aggregator, direct download and cyber-locker sites continue to be popular avenues for consumers to feed their appetite for free copyright content. There also appears to be a resurgence in torrent traffic, notwithstanding the apparent demise of peer-to-peer file sharing a few years ago. A likely reason for this is the fact that more legitimate platforms are hosting exclusive content and subscribers may not necessarily have access to all the content they want to consume.

## The Publishers Association

The Publishers Association represents book and journal publishers in the UK, spanning fiction and non-fiction, academic and education publishing in print and digital media. UK publishing has a turnover of £5.7bn, and supports more than 70,000 UK jobs in direct, indirect and induced impact. 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.

The UK is home to the world's finest publishing companies. We create and distribute products all around the world meaning that British stories, British textbooks and the English language shape the culture, education and communities of countries thousands of miles from our shores. As we have gone about working in and with these countries, our members have learned which products work, how they need to be adapted and the cost at which they must be produced for people with very different economic and social norms to those found in the UK. Our ability to create and maintain market-specific product depends on our ability to enforce copyrights both in physical markets and online.



**Copyright protection is a hallmark of a successful, free, creative society whose success is evidenced by the broad, rich, high quality and intellectually independent literary cannon that develops every day.”**

Digital works (eBooks, audio downloads, e-journals and e-learning resources) are a vital part of our members' output, and, as such, the Publishers Association works hard to protect their creations by helping to identify and report online infringements through our Copyright Infringement Portal. The portal enables rights owners to report online infringements, regardless of the scale of their businesses. The portal has revealed almost 5 million infringing links across thousands of eBook, audio and magazine sites, and delisted a further 1.8 million search results from Google and Bing. Over the last 12 months we have seen significant changes in the complexity of identifying and reporting online infringements. This is partly due to the increasing popularity of anonymising services, which allow infringing sites to hide their registration information. It is also a result of the dominance of social media platforms that allow users to upload publishers' content with impunity under the guise of a 'sharing' culture.

Strong IP rights are legally robust and enforced in practice. If our rights cannot be effectively enforced, then infringers are free to act in the knowledge that they are unlikely to be punished. Copyright is acknowledged as a social, as well as an economic, good that was originally created to free authors and publishers from the state, by making them the owners of their works and in doing so, encouraging learning. Copyright protection is a hallmark of a successful, free, creative society whose success is evidenced by the broad, rich, high quality and intellectually independent literary cannon that develops every day. It has taken hundreds of years to build this culture of creativity. It is in the interests of a literate and educated society that this cultural richness continues.

## Real Deal



Established in 2009, the Real Deal Campaign for Fake-Free Markets is a successful cross-sector partnership initiative that brings together local authority Trading Standards services, industry associations and copyright and trade mark owners, all of whom are united with a common commitment to tackling the sale of IP infringing goods.

During 2018, the Real Deal continued the development of its longstanding awareness programme within the physical markets and car boot fairs arena. Over the past ten years more than 500 markets across the UK have made a commitment to be 'fake-free' by signing the Real Deal Charter with their local Trading Standards service. In addition, in 2018, the Real Deal launched a parallel programme - the Real Deal Online - which targets digital marketplaces, in particular the growing trade in IP infringing goods on social media 'buy-and-sell' groups.

The new online initiative, developed by the National Markets Group for IP Protection and the National Trading Standards eCrime Team, is a natural extension of the Real Deal campaign model. This has been tried and tested at physical markets and it is eminently transferable to the online and social media arena. The focus remains the same:

- to make the market operator or administrator of a social media selling group aware of his or her responsibilities and liabilities under IP law;
- to facilitate engagement between the market operator/selling group administrator and their local Trading Standards service;
- to encourage the market operator/selling group administrator to agree to a code of practice and to display it as a message to buyers, sellers and visitors.

The new Real Deal Online Code of Practice requires group administrators to welcome local Trading Standards Officers as members of the group and to agree to five simple steps:

1. to prohibit the sale of counterfeit and other illicit goods;
2. to act on information from intellectual property rights owners and their representatives who highlight the sale of illegal goods;
3. to notify Trading Standards if they believe that illegal goods are being sold within the group and to exclude the sellers of these goods;
4. to highlight warnings and advice notices posted by Trading Standards;
5. to make sure that all members of the group are aware of its fake-free policy.



“

**Over the past ten years more than 500 markets across the UK have made a commitment to be ‘fake-free’ by signing the Real Deal Charter with their local Trading Standards service.”**

At the launch of the Real Deal Online programme in September 2018, Intellectual Property Minister Sam Gyimah recognised its value saying:

*‘The UK is rich with talented creators and innovators, and we must protect their intellectual property rights both online and offline. Social media can be a force for good making it easier for users to buy and sell goods, however with this can come an increase of counterfeit goods and other illegal products. This is why I welcome this initiative, that brings together industry, Trading Standards and local government to help protect legitimate businesses and allow rightsholders to reap the benefits of their own creations.’*

A Real Deal Toolkit for enforcement officers has been developed with input from NMG members, the National Trading Standards eCrime Team (NTSeCT) and the Chartered Trading Standards Institute (CTSI) Lead Officers for IP. It contains a ready-made package of guidance and resources to assist a Trading Standards service in tackling the trade in IP infringing products on social media groups in their local area.

In the six months following its launch, 96 Trading Standards authorities requested the Real Deal Online Toolkit, demonstrating the thirst for knowledge and practical assistance amongst Trading Standards Officers to tackle this growing problem area.

Trading standards authorities across the country – including Plymouth, Devon, Somerset, Torbay, Durham, Stockton, Middlesbrough, North Yorkshire, Darlington, Redcar & Cleveland, Lancashire and Flintshire - have started implementation of the programme locally, targeting hundreds of group administrators and reaching hundreds of thousands of users of social media selling groups. As the project is rolled out by more Trading Standards services, the Real Deal message will spread exponentially with increasing numbers of buy-sell groups becoming ‘fake-free’ zones.

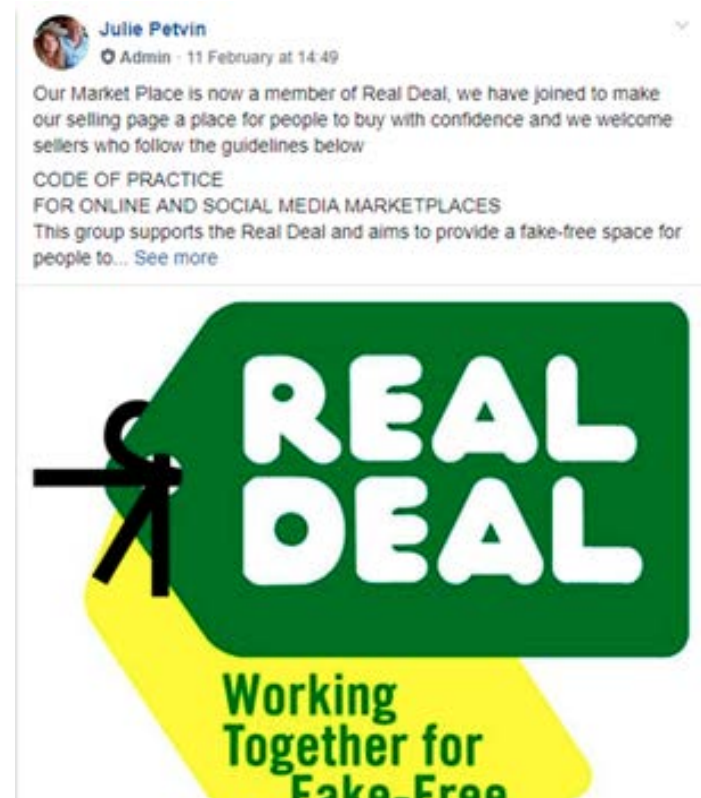


Image courtesy of Plymouth crazy sell and buy group

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

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



Signing the Real Deal Charter between Carew Market and Pembrokeshire Trading Standards Service

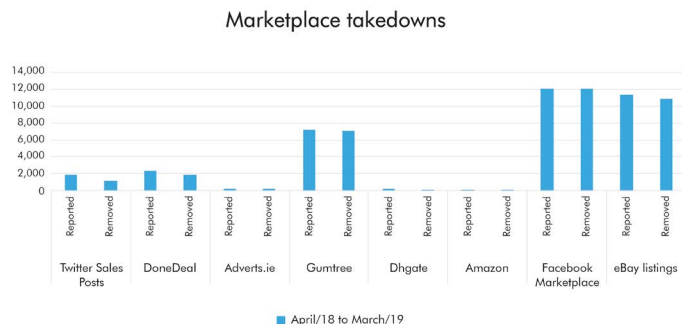
“  
As the project is rolled out by more Trading Standards services, the Real Deal message will spread exponentially with increasing numbers of buy-sell groups becoming ‘fake-free’ zones.”

# Sky

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

We monitor online marketplace listing (each listing can contain multiple items) and removals of items used in connection with piracy. We detect infringements by searching for key words and signs like the use of our logo and trade mark and use of phrases or words that describe illegal access to content, such as ‘fully loaded’, meaning all channels are available at time of purchase.

## Marketplaces takedown

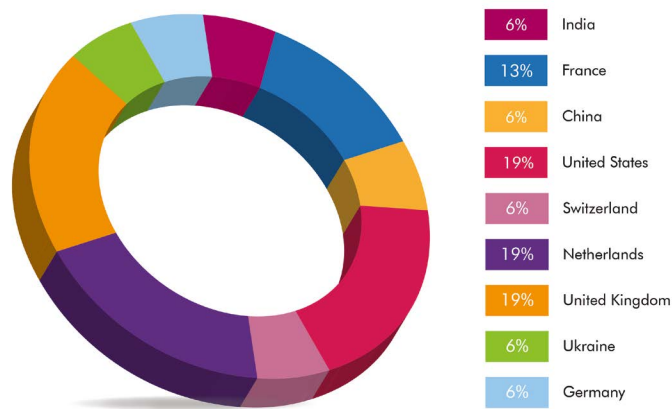


**We detect infringements by searching for key words and signs like the use of our logo and trade mark and use of phrases or words that describe illegal access to content, such as ‘fully loaded’, meaning all channels are available at time of purchase”**

## Host provider by country

Pirates who stream content need access to reliable hosting infrastructure to ensure they can broadcast their content to customers. The most significant market for misused infrastructure remains the European Union. The chart below shows the number of pirate streams seen and notices for take down sent and where those infringements occur.

Host Provider by Country



## Device disruption

Pirates sell devices that are capable of streaming copyright-protected creative content. When these devices are adapted to deliver creative content that is only available with a valid subscription from a service provider, these boxes are known as Illicit Streaming Devices (ISDs). Following the discovery that ISDs are widely available in the UK market, we tested a number of boxes and found that they did not comply with the Radio Equipment Directive. Border Force has been alerted to look out for imports of ISDs and Ofcom, as market surveillance authority, apprised of the consumer safety issues associated with ISDs.



Illicit streaming device tested

## Four to look out for:

To comply with the Radio Equipment Regulations, IPTV boxes must:

- ✓ Contain a Declaration of Conformity.
- ✓ Have the manufacturer's contact details on the product, packaging and in the accompanying literature.
- ✓ Include instructions and safety information in easily understandable English.
- ✓ Display a CE mark on each component of the product.

“Following the discovery that ISDs are widely available in the UK market, we tested a number of boxes and found that they did not comply with the Radio Equipment Directive.”

## Trademark and Rights holders Against Piracy (TRAP)

Over the past year TRAP has continued working with the police and local Trading Standards across the UK identifying, reporting and seizing counterfeit products both online and offline.

Carrying out 89 physical raids and enforcements at locations including Central London, Camden, Birmingham, Manchester and Liverpool, successful convictions have been secured.

Policing online marketplaces continues to be a focus with 231,912 infringing products removed in the last year. South East Asian counterfeiters remain the biggest threat to legitimate marketplaces due to number of trading accounts, selection of products and price.

Highest grossing bootleg products, offering access to illegally recorded content, are current top merchandise and re-prints of classic and vintage official designs. Trade marked names are being omitted from designs to avoid trade mark claims whilst content still infringes copyright. This is because bootleggers incorrectly believe that it is more difficult for rightsowners to make copyright complaints.

The majority of complaints made directly by rights holders relate to social media advertisements. This has led to social media takedowns increasing tenfold with perpetrators post's directing traffic to external sites such as Gearlaunch, Redbubble and Shopify hosted independent domains.

E-commerce platforms such as Shopify and Big Cartel continue to be havens for bootleggers with reports being made daily by concerned consumers and rightsholders alike. Whilst the platform providers are fast to act on notices of infringement, they are slow to close the domains of repeat offenders.

TRAP is now preparing to actively lobby lawmakers in order to highlight the fact that online marketplaces and e-commerce platforms profit from the sale of counterfeit products, seemingly above the law.

The last 12 months in numbers:

### **Raids completed:**

42	Retail outlets
20	Markets
10	eBay sellers
7	Wholesalers
6	Screen printers
2	Major customs seizures at ports of entry.

### **Closure orders have been served on**

3	Wholesale units
5	Retail stores

### Items seized:

70,000+ products with a value of more than £1m

£30,000+ worth of computers and screen print equipment

### Court cases have resulted in:

9 suspended jail sentences

£500,000 POCA award

Community service and unpaid work

Major fines

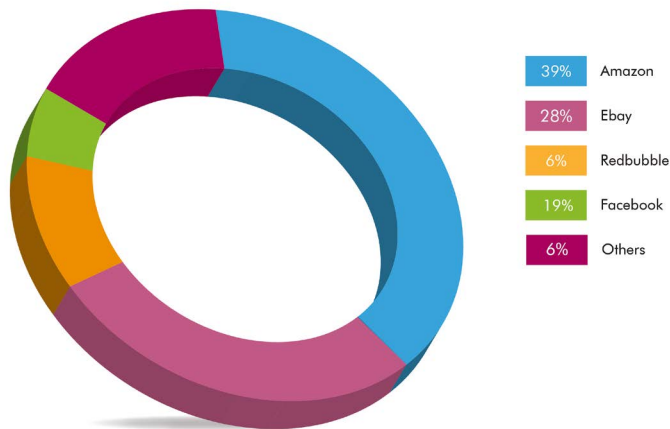
## UK Interactive Entertainment (Ukie)

Ukie (UK Interactive Entertainment) turned 30 this year, and over this period of time, games have evolved to reflect changing technology and culture. Games are now accessible via a number of different platforms, from consoles and PCs, to mobiles and Smart TVs. No longer do players have to pay or own a physical copy, as a game can be played online or via a mobile app, often for free.

The games many of us played growing up are now available via smartphones or new 'retro' consoles designed to work with the latest TVs and cable-free Bluetooth game controllers. This growing market is being targeted by criminals that are selling unlicensed devices with tens of thousands of games, often for less than £200. None of the sellers have obtained permission to make copies and/or distribute unauthorised copies of the games and the majority of the games were likely obtained from infringing download sites.

Over the last year, Ukie has taken action to reduce the availability of these retro consoles by sending pre-action letters requesting undertakings that these sellers cease and desist from selling such unlicensed devices but also in supporting investigations and enforcement actions led by Trading Standards and PIPCU. The most visible and prolific of these sellers are no longer trading, but there are still a few sellers operating directly via their webshops and through social media platforms. There are also a number of listings on marketplace platforms which are comparable to ISD (Illicit Streaming Devices) sellers (before preventative measures were implemented by platform owners to thwart the sale of those devices).

Infringing Marketplaces by %



By highlighting the issue, our aim is to work with our partners such as IPO and PIPCU to prevent, disrupt and stop this activity and raise awareness amongst the video game playing community that they should not buy the unlicensed devices.

There is still an issue with “cracked” games being made available online. The cracked files are found on game specific download and torrent websites and websites making available other types of content (books, music, films etc.). Ukie’s IP Scanning service has reported over 1 million URLs for 500 game titles which is a higher number of URLs per title compared to other content types (books, music and film). Game files are very large and therefore financially more lucrative to the site operators who receive revenue each time a file is downloaded from a Cyberlocker site. Site operators can achieve more revenue from one game title being downloaded a few hundred times compared to other smaller files being downloaded thousands of times. Taking down infringing links and reducing access to sites via takedown notices, PIPCU action and search engine delisting is crucial to limit the damage and harm caused to game publishers.

There are games that are free to play or are only played online (so no physical disc or download is required). Criminals have found new ways to exploit the IP for these game titles such as counterfeit merchandise or illegally obtaining the in-game currency and or items and selling them for profit. Ukie is working with law enforcement and payment providers to disrupt this activity which results in loss revenue and game players being cheated.

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.









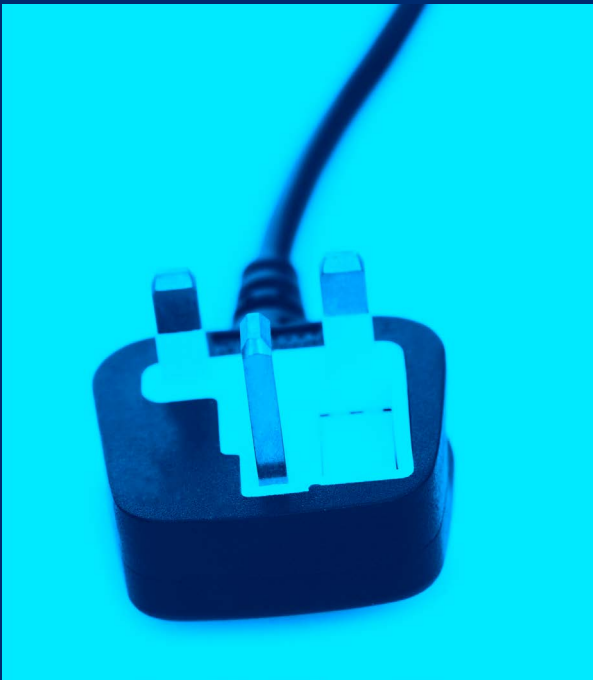
**Chapter**

**3**

**Tackling IP crime**

# Overview

## Tackling IP Crime



The measures taken by members of the Alliance for Intellectual Property to fight IP crime put theory into practice. Crime Group members are practically engaged in the daily battle against IP criminals and we develop best practice through analysis of operations, feedback and experimentation. Organisations like Electrical Safety First have engaged in a suite of awareness raising activities, some based on tangible products like their plug-checker, others concerned with effective lobbying at Parliamentary and European level, awareness raising on World Counterfeit Day and engagement with consumers and educators throughout the UK. Of particular importance is Electrical Safety First's lobbying for continued UK engagement with CENELEC, to ensure the UK maintained voting rights in relation to EU standard setting.

Police Scotland's partnership with Vistalworks develops the engagement Electrical Safety First achieved with their plug-checker. Their partnership with the private sector and consumers to change online-behaviour, by using a product that checks the safety of websites, involves consumers in

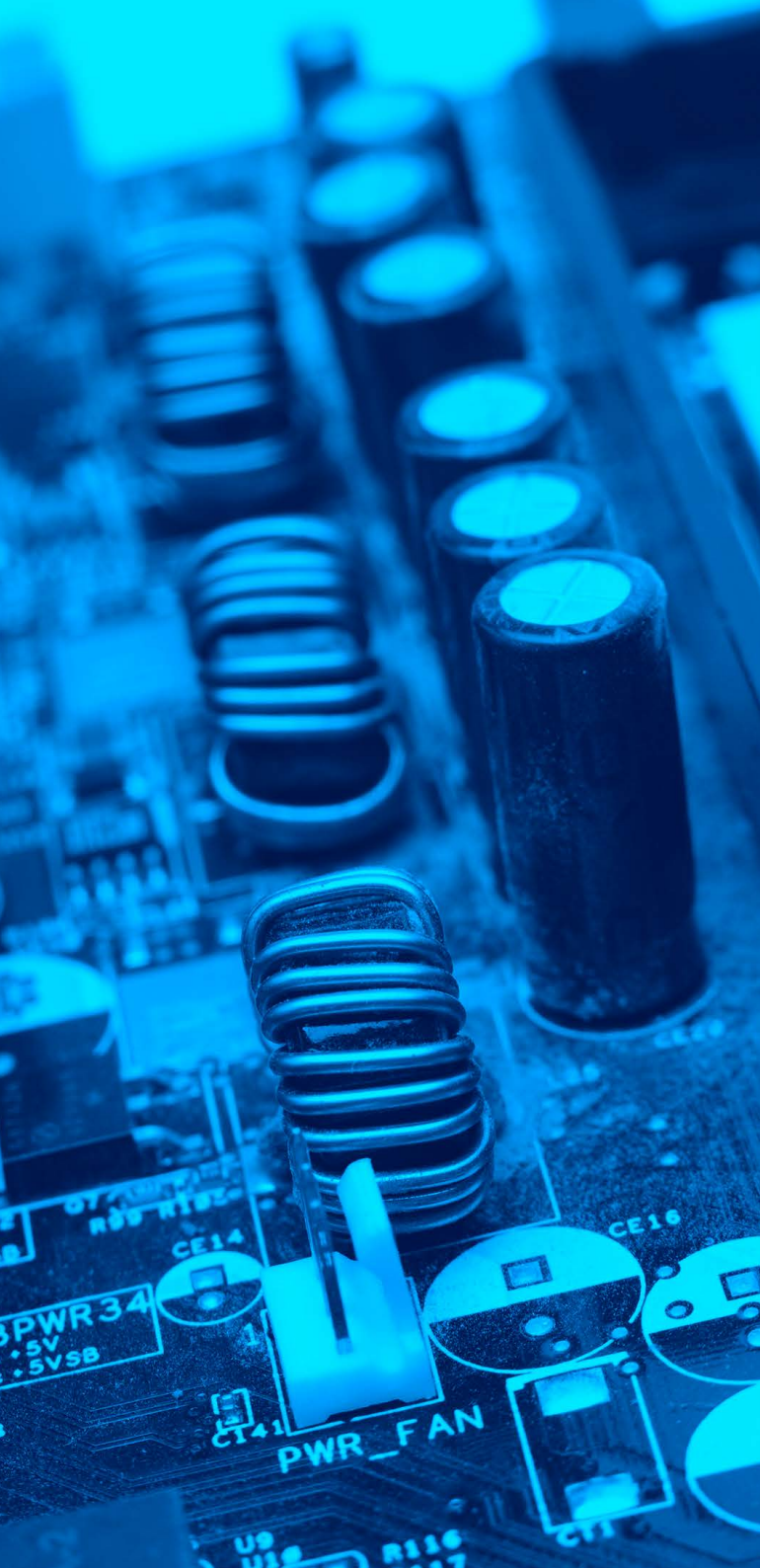
active participation in enforcement of IP rights. This is an important development which will lead practice throughout our IP Crime Group members. This partnership-led approach is mirrored by the IPO who have worked with Independent Garage Association and The Royal British Legion through its hugely successful fake poppy campaign. The IPO's record in the educational sector is second to none, with a longstanding partnership with Aardman Animations giving it the confidence to develop a suite of products for schools and the university sector.

Online, FACT highlight the threat copyright crime poses to the creative industries and how it can be tackled with direct action. In this report FACT refers to six prosecutions, several resulting in custodial sentence for IPTV copyright infringement related offences. Similarly, the Premier League also evidence the landmark 17-year jail sentence for an illegal streaming operation (Dreambox TV), worth more than £5 million.

The ACG's collaborative approaches have been particularly productive. The ACG's partnerships with AIM (the European Brands Association), PIPCU, the EU Commission enable action to be taken. This development of strategic partnerships with well-defined goals and clear deadlines and objectives means that ACG's list of achievements over the last year is impressive. Similarly, The Real Deal and the National Markets Group for IP Protection are consolidating their work and over 500 of the UK's markets have joined them. The two operations they highlight in this report, Big Ben and Belle, demonstrate how a model developed in a 'traditional', 'physical' market has developed into an anti-counterfeiting measure with digital applications. Similarly, PRS for music and PIPCU's partnership in Operation Creative exemplifies the creative, practical approaches to IP Crime fighting taken by IP Crime Group members.

Independent IP crime fighting members, SnapDragon, TM Eye and WRi make a strong contribution, evidencing a variety of operations and strategies developed in response to the demands of brand owners. SnapDragon's work with Glencairn has two positive impacts. It illustrates the brand-specific enforcement issues successful entrepreneurs encounter, and the dilemmas companies face when they try to enforce their rights. It also exemplifies the fundamental importance of intellectual property. Glencairn's unique whisky glass is an inspirational innovation which justifies our shared desire to maintain the authenticity of markets.

Finally, and perhaps most importantly, the IPO's international attaché network is engaged around the globe. Strengthening relations with Chinese legal practitioners are noteworthy. In truth, until robust IP protection measures can be guaranteed at the one end of the Belt and Road initiative, the other end must continue to react to a structure that, whilst it enables legitimate trade, also facilitates the organisation of IP crime.



## 3a. Connectivity

### Anti-Counterfeiting Forum

The Anti-Counterfeiting Forum helps to develop and disseminate best practice and intelligence to combat the threat of counterfeits in the electronic and electrical supply chains. We work closely with a number of government and industry bodies and we participate in relevant government/industry forums.

Major international standards bodies, including BSI, IEC and ISO, have achieved significant progress in developing standards for the management of counterfeits in the supply chain. This has enhanced the efficiency of crime prevention as well as improved consistency. These measures have enabled greater cooperation between supply chain partners.

Until now, businesses have only needed to declare their compliance with our standards. However, important quality management organisations such as IECQ (International Electrotechnical Commission Quality Assessment System for Electronic Components) have started to offer independent assessment services enabling businesses to provide further assurance to their customers by achieving a 'kite mark' to indicate their level of effectiveness in managing the threat of counterfeits.

Within the electronic and electrical supply chains, the aerospace and defence sectors have generally been the quickest to adopt best practice. However, there are other safety critical applications where adoption of best practice has been variable, and the Anti-Counterfeiting Forum is working to raise awareness of the threat and the availability of best practice to those business sectors.

Demand for electronic components has continued to outstrip supply over the last twelve months. Likely explanations for this are increased demand for 'smart'

products as ‘the internet of things’ evolves and changes in technology in the semiconductor industry. To add to this, almost all component users in the UK have increased their inventory levels in anticipation of potential disruptions after Brexit. Counterfeiters have been quick to exploit the resulting product shortages, albeit against a background of generally improved effectiveness in managing supply chain, especially in detecting, counterfeits.

Developments in covert product marking, have also helped to improve identification rates.

The overall picture in the last twelve months has therefore been a general improvement in counterfeit detection, set against a background of increasing levels of sophistication on the part of the counterfeiters. The ‘quality’ of illegal copies and the supporting documentation associated with them can be high, and the Forum’s role in disseminating the latest information to our membership community continues to be crucial in the fight to combat the IP crime.

## Electrical Safety First

### Consumer campaigns

A core component of our work with consumers involves raising awareness of the risks associated with counterfeit and substandard electrical appliances. To gain maximum impact from our media campaigns, we often time our interventions so that they coincide with clearly identifiable events, such as Black Friday and Cyber Monday. This year, we developed a specific campaign to support World Counterfeit Day. We have also developed strong relationships with several high-profile TV consumer protection programmes. In these partnerships our expertise has supported their investigations into counterfeit products and their impact on consumers.

## World Counterfeit Day

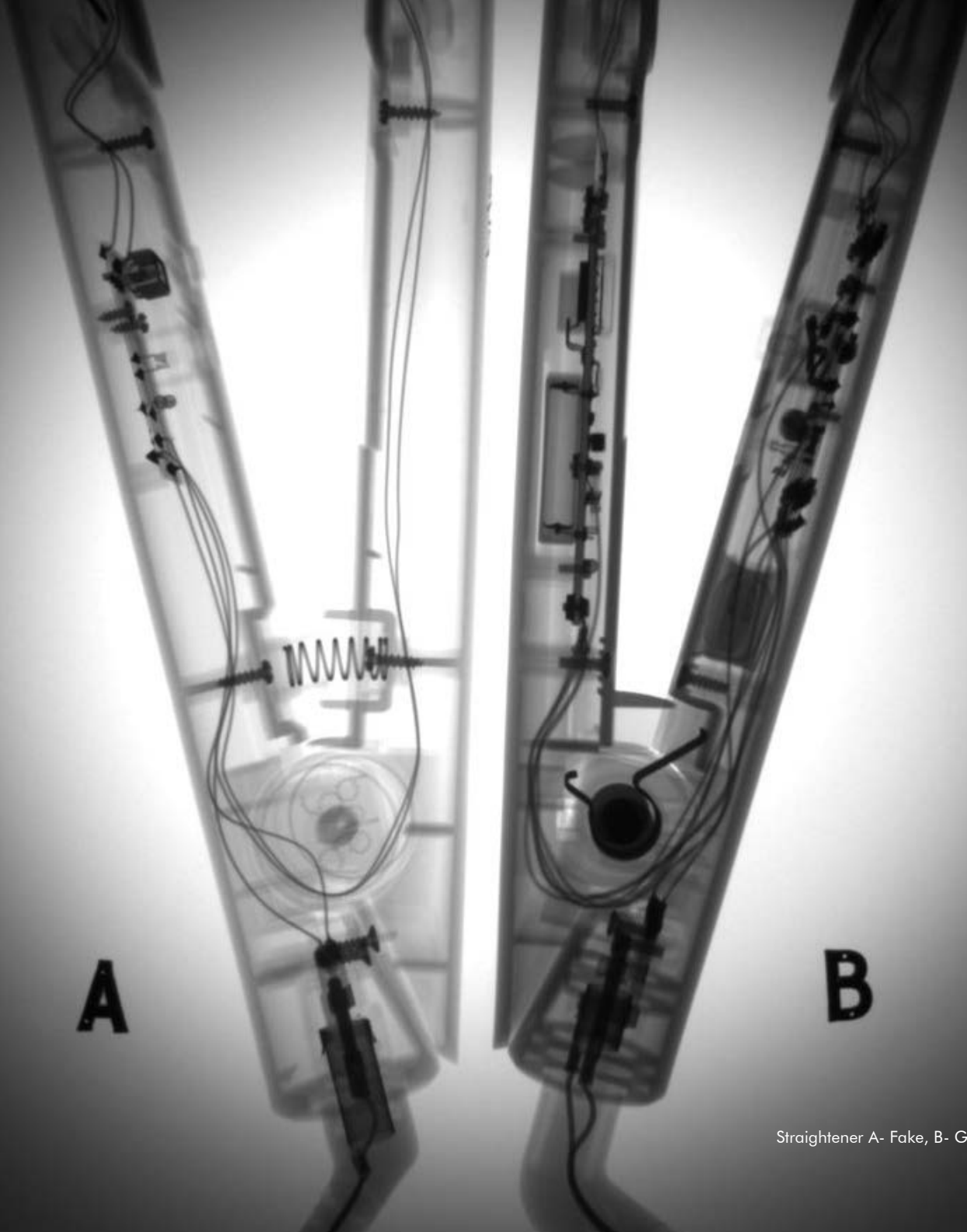
### 18 Million Britons fall victim to counterfeit electrical goods online

The aim of the campaign was to raise consumer awareness around the safety and veracity of shopping on online platforms, where an increasing number of counterfeit and substandard copies of electrical items are sold.

We found that some of the most popular e-commerce sites are being misused by ruthless traders. In fact, our research revealed that one in three UK residents - approximately 18 million people - have mistakenly purchased a counterfeit electrical item online. These consumers were led to believe that the product they were buying was genuine, only to discover a fake delivered to their homes.

Millennials are most likely to fall victim to counterfeit scams, with around half of 25-34-year-olds unintentionally buying fake electrical goods online. In contrast, less than 10% of those aged 55 plus received a counterfeit item after shopping on e-commerce websites.

Potentially dangerous electrical goods for sale were found by Electrical Safety First across a range of e-commerce sites, including Amazon, Amazon Marketplace, eBay and Fruugo. The type of products causing particular concern included recalled tumble dryers, kettles, TV streaming boxes, travel adaptors and hair straighteners. These items were investigated by our technical experts, who identified a variety of safety flaws, including a serious lack of protection from electric shock and the potential to cause a fire. We also found that an overwhelming number of those surveyed as part of our research (92%), believe e-commerce platforms regulate and monitor third party sellers to protect buyers from purchasing counterfeit and unsafe products.



**A**

**B**

Straightener A- Fake, B- Genuine

It seems clear that people are often unable to differentiate between platforms, being unaware of the difference between (for example) Amazon and Amazon Marketplace. In previous research undertaken by Electrical Safety First, it appears evident that many consumers do not realise that they are not necessarily buying from an established business or manufacturers but from (essentially unverified) third parties.

We believe that online sites must work harder to protect consumers from the dangers of counterfeit goods. Our research shows one in seven people have suffered damage or loss as a result of a fake electrical item they had purchased online. Exposing the flaws of seller registration on online platforms, Electrical Safety First also discovered how easy it is to set up trading platforms on e-commerce sites. To demonstrate this, we created our own seller profile named 'Dangerous Electrical Ltd', which was successfully verified after using a fake name, passport number and date of birth.

## World Counterfeit Day Campaign



Dodgy Electricals Ltd  
Sponsored · 🌐

Deal Of The Week

DODGYELECTRICALS.CO.UK  
**30% Off GHD Stylers**

Like Page

Shop Now



Dodgy Electricals Ltd  
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Deal Of The Week

DODGYELECTRICALS.CO.UK  
**20% Off Phone Chargers**

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Shop Now



Dodgy Electricals Ltd  
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Deal Of The Week

DODGYELECTRICALS.CO.UK  
**Half Price Nutribullet**

Like Page

Shop Now

## Don't kill your phone with a dodgy charger

Not only can counterfeit chargers be dangerous, but they could cause irreversible damage to your phone too.

### The facts

- 1.8 million phone chargers are bought online each year and counterfeiters can cost as little as 50p to buy.
- Our tests found that 50% of chargers bought from online trading/auction sites used poor components and none met the UK standard safety requirements.
- Because Apple chargers have 80+ components, the average fake has less than half this amount.



### Using a counterfeit charger is risky business



**Weak battery power**  
Fake chargers often pump out significantly less power than genuine ones, meaning it could take up to twice as long to charge your phone battery.

**Explosion (yes, really)**  
Fake chargers can cause devices to overheat and even explode, totalling your phone – and possibly causing you serious injury in the process.



**Frying your phone**  
The poor quality components that are often used in fake chargers can lead to electrocution, frying your phone's inner workings and leaving you pretty frazzled too.

### How to identify a fake

- 

**Check you can plug it in properly**  
Don't just cram it into the socket – if the charger won't easily plug in, it could be because the pins are the wrong size, length or distance apart. And that's never desirable.
- 

**Look for 3 important markings**  
Chargers should carry the manufacturer's brand name or logo, model and batch number, a CE safety mark, and an output voltage and current rating that matches your mobile.
- 

**Read the instructions carefully**  
They should give you the full conditions and limitations of use, how to operate the charger and basic electrical safety guidance. If there are no instructions at all, steer clear!

The saving you make by buying a substandard charger isn't worth it.

## Don't kill your phone with a dodgy charger

Visit Electrical Safety First for more information about dodgy mobile chargers.

www.electricalsafetyfirst.org.uk/mobile-chargers



This campaign received excellent media coverage, including six national papers and 23 radio interviews, reaching in excess of 4 million people.

It is not the first time, however, that Electrical Safety First has raised concerns about the issue of counterfeit goods sold online. Last year, the charity published a report revealing that the majority of counterfeit or lookalike Apple chargers sold online have the potential to deliver lethal electric shock and/or cause a fire.<sup>36</sup> The Charity tested 50 chargers purchased in the UK and 98% failed one or more safety tests.

Electrical Safety First has called on e-commerce websites to strengthen their efforts in preventing the sale of counterfeit and substandard goods and has worked with the All Party Parliamentary Group (APPG) on Home Electrical Safety to progress this.

## Media engagement/expert opinion

In addition to the provision of comment and feature articles – frequently covering the impact of counterfeits, the 'right to repair' and related issues - in a range of publications, both specialist and consumer, we liaise closely with major TV consumer protection programmes. Much of our work with them involves supporting the identification and investigation of counterfeit electrical products.

Most recently, this has involved identifying fake Dyson hairdryers, which were a perfect example of the increasing sophistication of counterfeits and counterfeiters. For example, the price point for the fake hairdryer was not so dramatically discounted from the real product. This close proximity made the fraud

36 <https://www.electricalsafetyfirst.org.uk/media-centre/press-releases/2017/12/ninety-eight-per-cent-of-fake-or-lookalike-iphone-chargers-put-consumers-at-risk-of-lethal-electric-shock-and-fire/>



more difficult to detect. And the packaging was near perfect. Two obvious 'fails', however, were displayed by the moulded packaging for the product's plug, which was the wrong shape; and the length of the cable was different from the original. Additionally, the fake had a weight disparity, being lighter than the real item. But to determine the composition of the interior of the product required a series of X-rays and internal examination. This not only illustrates how difficult it can be for consumers to identify a fake but also why there is an increasing reliance on test houses to determine the provenance of an item.

## Partnership and liaison activities

Electrical Safety First understands that electrical safety in the modern world 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, manufacturers and retailers. And we undertake political campaigns, engaging with government departments, politicians and influencers, to highlight safety concerns and encourage effective legislation.

## Parliamentary activity

Electrical Safety First acts as the secretariat for the APPG for Home Electrical Safety. The APPG focuses on threats to consumers and it has already investigated the lack of action taken by both government and industry in relation to the recall of dangerous electrical products. (An issue addressed by government through the launch of the Office for Product Safety and Standards, in January 2018).

This year, the main work undertaken by Electrical Safety First, on behalf of the APPG, was a consultation which considered online sales of electrical products. The group had previously met with major online retailers to determine the methods currently used to protect consumers from counterfeit goods sold online, as this was felt to be an increasing concern. The APPG concluded that more needed to be done in relation to consumer protection but wanted to gather further information on the issue.

The consultation involved contacting various stakeholders (including industry and fire and rescue services) to determine their views on the practice and problems associated with such online sales. Feedback from this engagement process has been consolidated into an internal APPG report, which will be reviewed by the group this summer. As with previous investigations, it is hoped this will result in recommendations for decisive action and that it will help inform the on-going dialogue around the role and responsibilities of online retailers. The APPG has been instrumental in driving forward positive change in the UK product safety regime and Electrical Safety First's contribution helps ensure this valuable work continues.

## Drop-in days for politicians

Events were established at key locations, including Westminster, the Scottish Parliament and the Welsh Assembly, as well as party conferences. These drop-in events, which were established to provide politicians with easy access to electrical safety information to help keep their constituents safe, included dedicated events on the dangers of counterfeits and substandard goods.

## Parliamentary debates and questions

Electrical Safety First also highlights the dangers of electrical counterfeits and substandard goods by supporting MPs speaking on the subject via parliamentary questions and debates. This year, we assisted with 13 questions focusing on these subjects in the UK Parliament alone. MP's queries covered issues ranging from the impact of fulfilment houses selling fake and substandard electrical items, to enhancing the safety checks at ports and borders to prevent such goods entering the UK market.

## Working groups and initiatives

Electrical Safety First has been involved with a range of groups and organisations established to promote product safety and compliance. We were, for example, previously members of the government's Working Group on Product Recalls and Safety, which helped establish the Office for Product Safety and Standards.

Currently, we are members of the Electrotechnical Market Surveillance (EMS) Group, which is an industry-led body focusing on a broad range of electrical equipment used in electrical installations for the domestic, commercial and industrial sectors. Its objective is to ensure all the products, from switches to cables, are safe, compliant and genuine. We also continue to support the Anti-Counterfeiting Working Group and the National Consumer Federation. And Electrical Safety First has worked closely with FACT, which aims to protect both physical and intellectual content.

Our engagement with FACT has included research into various areas, including illicit streaming devices (commonly referred to as Kodi boxes) an on-going issue.

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



**MP's queries covered issues ranging from the impact of fulfilment houses selling fake and substandard electrical items, to enhancing the safety checks at ports and borders to prevent such goods entering the UK market."**

## EU Engagement

### European goods package

Last year, we visited Brussels to meet with senior civil servants and MEPs from IMCO (the Internal Market and Consumer Protection Committee), who oversee the development of legislation in this area. Electrical Safety First was then invited to make a presentation on its work on the sale of counterfeit goods to the Memorandum of Understanding Group, which is run by the EU Commission. We have maintained communication with the group but, given the ambiguity around Brexit, we have not been able to progress the relationship as much as we have wanted.

The charity had originally lobbied politicians and representatives of the European Commission in relation to the EU 'Goods Package' – a bundle of legislation aiming to reboot consumer rights for the internet age. This includes informing consumers about who exactly they are purchasing a service or an item from – the online marketplace itself or a private person. The package also deals with 'dual quality of products'; i.e. inconsistencies in genuine branded products where items marketed as the same brand in different countries differ in composition or characteristics.

During the transition period of Brexit, the UK will 'mirror' any legislation created by the EU, including the EU 'Goods Package', which has recently been passed into EU law. Electrical Safety First has lobbied for a greater legal responsibility for online sellers and the APPG is also promoting this issue in the UK.

## European Committee for Electrotechnical Standardization CENELEC

CENELEC acts as a platform for experts to develop European standards. Standards are essential in addressing a rising tide of counterfeits, offering a primary mode of identification for the genuine article. Electrical Safety First engages with CENELEC via its membership of several BSI Committees. We lobbied for continued membership of CENELEC – a contentious issue given Brexit. This membership includes voting rights. Without the ability to vote, the UK would simply be observers, rather than influencers on this key committee. This has now been resolved and full voting rights have been maintained.

### International speaking engagements

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

### Community engagement

As part of its engagement with community groups, Electrical Safety First established its Fire Safety Fund, which makes awards biennially. These awards are offered to various organisations to help them undertake campaigns and activities designed to reduce the number of electrical fires in UK homes. Applications are received from a variety of organisations, including regional fire and rescue services, Trading Standards Officers, local authorities and charities. Last year, 19 organisations received funding of up to £5k for regional initiatives. Here are some examples:

## Citizens Advice Derbyshire Districts

This organisation operates within a highly rural area, across the High Peak and Derbyshire Dales. Residents face various barriers in accessing help and advice due to the rural location, reduced local services, health issues and poverty. The 'Flashpoint – Electrical Safety' campaign, run with Electrical Safety First funding, aims to engage with these hard-to-reach communities to provide advice on a range of electrical safety issues, including the dangers of substandard and counterfeit electrical products. Activities will include pop-up advice sessions, mobile library partnerships and social media networks.

## Dangerpoint Ltd, Flintshire

This community safety organisation is using Electrical Safety First funding to subsidise school visits to the Dangerpoint site during the UK's National Electrical Safety Week. Pupils from five schools in this area of North Wales are educated about various electrical hazards in life-like scenarios, including the need to avoid counterfeit items and particularly mobile phone accessories and leads. This is considered especially relevant as: *'Children from the most disadvantaged families are far more likely to be killed or seriously injured due to accidents. And children from the most deprived areas have hospital admission rates 45% higher than children from the least deprived areas.'*<sup>37</sup>

Chester University students will undertake follow-up research after the school visit, to determine the effectiveness of this approach; and a video will be produced in support of this activity.

## Work with Trading Standards

Electrical Safety First undertakes regular engagement with Trading Standards throughout the UK. This includes providing presentations and training in relation to identifying fake and substandard electrical items. We attend the CTSI annual conference to engage with as many Trading Standards practitioners as we can, to raise awareness of electrical safety issues and to provide face-to-face training/advice. And we continue to make available our 'Plug Checker' – which provides Trading Standards Officers with the tools and confidence to seize potentially fake and sub-standard products during their market surveillance operations. Over 10 thousand of these have now been requested and distributed.



Electrical Safety First's inventive plug checker

37 Public Health England - <https://publichealthmatters.blog.gov.uk/2017/02/28/preventing-accidents-in-children-under-five/>

In addition, we liaise with Trading Standards directly when we identify an unsafe product and we help, when required, both in removing such products from the market and any related enforcement activities.

## Supporting enforcement - product testing and screening

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

Our product safety screening programme allows us to identify and communicate potential product safety issues and make a visible contribution to both market surveillance and standards development.

Our research outcomes are detailed in reports that also provide key information to help consumers make sensible buying decisions in relation to product safety. A summary of findings and recommendations are published on our website and in our e-magazine, Switched On. We follow up all identified failures, liaising with the retailers and manufacturers concerned, and we ensure that the relevant authorities are informed of our actions at all times.

The research we undertake or commission also informs our consumer campaigns and highlights key areas relating to consumer and product safety. Consequently, we work closely with major TV consumer protection programmes, providing expert comment and analysis in relation to counterfeit and substandard electrical goods.



Left: Fake Mop Right: Original Mop



**A summary of findings and recommendations are published on our website and in our e-magazine, Switched On.”**

## Industry Trust

Throughout 2018 the Industry Trust for IP Awareness has continued to evidence the scale of film, TV and sport infringement and track the associated risks, using that insight to inform messages that promote the value of copyright and creativity and educate both stakeholders and consumers; informing internal strategies and influencing behaviours by encouraging purchase over piracy. We also share, co-create and amplify activity in partnership with other content providers and rights holders to benefit the creative sector at large.

The Trust has conducted a range of insight projects across the year which have evidenced an upward trend, fuelled in large part by the proliferation of devices – from smartphones to tablets, laptops and set-top boxes – alongside more traditional methods. Currently, just over a third of UK adults say they access pirate content, a return to peak levels recorded for the industry. The rise has been seen across all methods of infringement; more than one in five people use IPTV to infringe, almost a third of the UK population downloads and streams pirated content, and one in four now infringe via disc. Crossover is also being seen, with a growing trend for infringers using multiple methods to access content.

Against this backdrop of increased piracy, the Industry Trust has also evidenced a number of risks that infringers are susceptible to, including a higher likelihood of being a victim of fraud, hacking or receiving a virus. For IPTV infringers alone the statistics are resounding; one in ten



**Currently, just over a third of UK adults say they access pirate content, a return to peak levels recorded for the industry.”**

become a victim of fraud, and for the two thirds of IPTV users who pay for an illegal streaming service, this rises to one in four.

Educating the UK public through a range of campaigns which communicate the illegality and risks of copyright infringement, many of which link to personal harm the Trust works with partners such as Crimestoppers, Yahoo and IntoFilm, proving the value of taking a collaborative approach to the multi-faceted threat from piracy. By sharing insights and access to media estate, the Industry Trust continues to ensure the industry, enforcement agencies and government officials have the full facts to hand when seeking to understand the changing state of piracy in the UK.

### *Risky business*

1 in 4

IPTV infringers have been affected by viruses and malware

1 in 10

IPTV infringers have been a victim of fraud

1 in 20

IPTV infringers have had their personal details stolen

Risks experienced through using IPTVs to illegally stream content

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

Now in its ninth year, the *Moment's Worth Paying For* campaign inspires viewers to respect the value of creative content by demonstrating that film, TV and video have an entertainment value worth paying for, complementing the Trust's strategy to target infringers with positive messaging and directing audiences to FindAnyFilm as an intuitive path to purchase.



**The campaign worked particularly well with 11-15 year-olds; persuading almost three quarters to believe we should pay for films and TV, and put almost two thirds off of piracy after being exposed to the ad."**

Collaborating with rights holders, exhibitors and media partners, the campaign debuted seven trailers across the year around titles targeted to audiences with high levels of infringers. Utilising exclusive and bespoke content, *Jurassic World: Fallen Kingdom*, *Oceans 8* and *Peter Rabbit* all featured in the 2018 campaign, reaching a total audience of 13 times greater than the population of the UK.

Tracking from the *Jurassic World: Fallen Kingdom* trailer confirmed the campaign execution motivated half of infringers to want to go to the cinema and over a third to reconsider infringement. The campaign worked particularly well with 11-15 year-olds; persuading almost three quarters to believe we should pay for films and TV, and put almost two thirds off of piracy after being exposed to the ad.



## illuminating illegality and raising awareness of risks

From our insight and experience we know that there are tougher messages that can resonate with audiences. This was tested in the second phase of the Crimestoppers activity, which focussed on communicating the illegality and risks of infringement including malware, viruses and hacking, following the successful pilot campaign in 2017. Leveraging the Crimestoppers brand, the campaign was co-created and funded with the IPO, Sky, Premier League and MPAA, and run as a targeted pay per click and display campaign with purposely blunt and simplified messaging demonstrating the risks that infringers experience.

In testing, these messages really resonated with audiences, putting almost two thirds of non-infringers off of piracy, and making 41 per cent of infringers reconsider their behaviour. The results of the campaign also form a credible case study to demonstrate the need to address search as a conduit to infringement.

“

**This was tested in the second phase of the Crimestoppers activity, which focussed on communicating the illegality and risks of infringement including malware, viruses and hacking, following the successful pilot campaign in 2017.”**



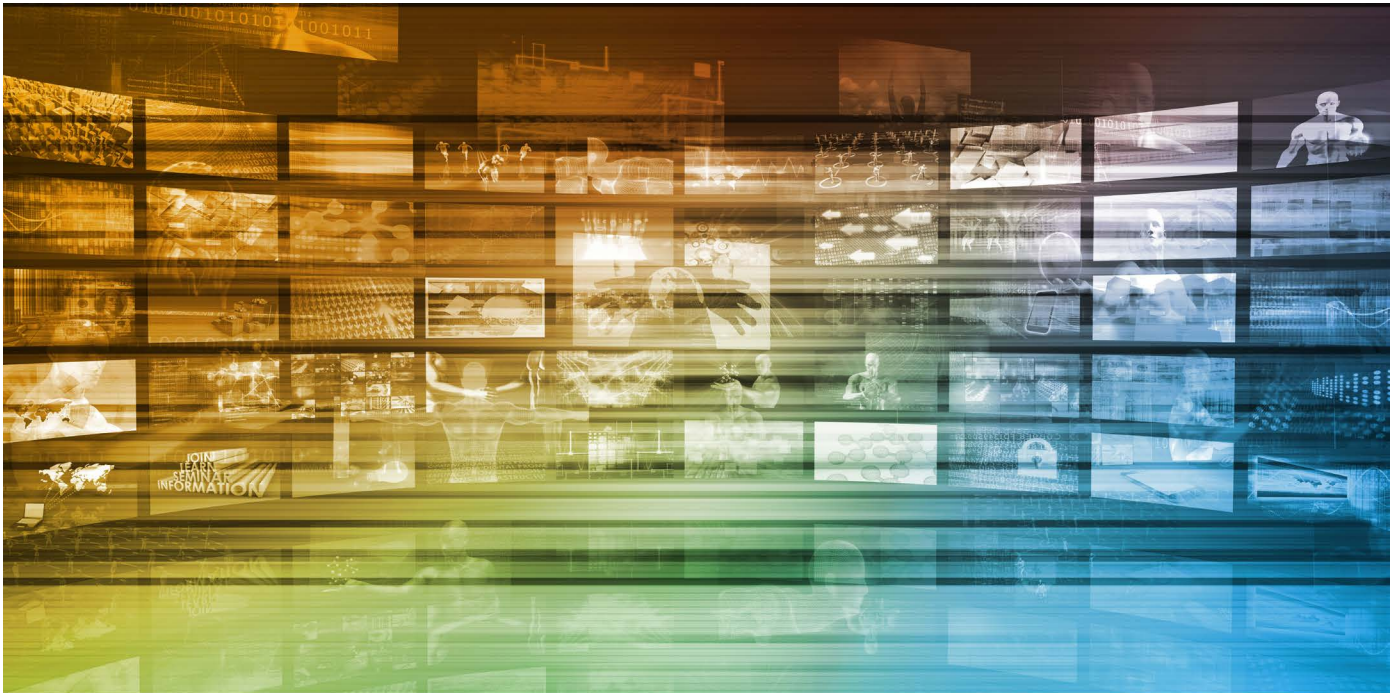


## Search for Legal Sources - FindAnyFilm

Underpinning all of the Trust's consumer education activity, FindAnyFilm is the first and only UK search engine for legal sources of content across all formats. With Industry Trust insight indicating the need for a single call to action, and one in ten infringers aged 11+ saying they can't tell what's legal and what's not, FindAnyFilm has been embraced by commercial and editorial partners across both educational and enforcement initiatives. The site is currently in the process of being refreshed and upgraded to ensure FindAnyFilm continues to provide an innovative and intuitive route to purchase, making it easy to choose the right way to access content and disrupt the journey into infringement.

“

**With Industry Trust insight indicating the need for a single call to action, and one in ten infringers aged 11+ saying they can't tell what's legal and what's not, FindAnyFilm has been embraced by commercial and editorial partners across both educational and enforcement initiatives.”**



# Intellectual Property Office (IPO)

## IPO enforcement social media awareness campaigns

### Scam You! A partnership with Police Scotland and Get Safe Online



Working with Police Scotland, the IPO produced a series of short films in the form of a game show. The short clips highlighted the links between buying counterfeit goods online and cybercrime such as identity theft. The films featured real-life cases investigated by Police Scotland.

### #buyreal: counterfeit car parts awareness campaign

This was launched at the end of July 2018 in collaboration with car manufacturers, aftermarket parts producers, independent garages, law enforcement and online platforms to raise awareness about the dangers of counterfeit car parts.



The IPO also worked with the Independent Garages and Automotive Aftermarket Association to produce a poster that is being displayed in garages across the UK.



## #buyreal airport awareness campaign

The IPO continued its engagement days at regional airports during the summer at Bristol and Cardiff International airports. The events drew passengers' attention to the dangers of buying fake goods whilst abroad and the often-hidden consequences of using such products.



#buyreal at Bristol International Airport

## Fake poppy awareness campaign in partnership with Royal British Legion (RBL) and Crimestoppers

IPO and RBL have teamed up with the PIPCU to crack down on the rogue traders making money from fake Remembrance Day goods. The awareness campaign was launched on the 26th October, the same day as genuine RBL poppies went on sale. The warning applied to poppy merchandise such as scarves, jewellery, poppy pins and larger poppy brooches, but not the traditional paper poppies. The campaign has received national attention, featuring in many of the national newspapers, many of which then undertook their own investigations into the illegal sellers of these products. In terms of engagement

with the public, online and at point of sale, this campaign was one of the most successful awareness campaigns undertaken by the IPO and it demonstrates how effective collaborative working can be.



Did you know that fake poppy merchandise is being sold?

Support the Armed Forces community with @PoppyLegion, not criminals & #buyreal poppy merchandise!

See advice from @The\_IPO: [socsi.in/CWPd5](https://socsi.in/CWPd5) & report sellers of fakes to @Crimestoppers: [socsi.in/HmMfT](https://socsi.in/HmMfT)



11:43 am · 26 Oct 2018

Fake poppy merchandise Twitter post

## Festive season awareness activities #buyreal campaign

Various awareness activities in partnership with law enforcement organisations to highlight the dangers of buying fake goods and promoting 'respect for IP'. These regular small-scale campaigns are designed to ensure that enforcement messages have a continuing presence on social media.



#buyreal

Intellectual Property Office

**BLACK  
FRIDAY**

Black Friday is upon us, don't fall foul of a fake

#BUYREAL

Intellectual Property Office



#BuyReal

Drink safe this #Burnsnight  
Use the 4Ps to recognise #fakealcohol  
Place, Price, Product & Packaging

#BuyReal

Are you REALLY  
going to buy your  
loved one a fake this  
VALENTINE'S DAY?



## IPO Campaign and Education Hub

The Campaigns and Education Team engages with teachers and educators throughout the UK to inform and educate about Intellectual Property (IP), encouraging young innovators and creators to develop 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.

Our primary engagement with our target audience is online via our website [www.crackingideas.com](http://www.crackingideas.com).

The website hosts a comprehensive range of resources, lesson plans, interactive tools and videos. These resources are linked to the school's curriculum in key courses and are designed for both students, teachers and lecturers.

We use these education tools to empower students to be more creative and innovative, equip research institutions with the tools to make effective decisions about their IP and help to manage the positive link between IP, regulations and competition law.

The website also includes news and competitions from partners including, the Industry Trust for IP Awareness, UK Music and the Authors' Licensing and Collecting Society.

Alongside our website we also promote all resources using our social media channels such as Twitter, Facebook, LinkedIn and our YouTube channel.

## 2018/2019

Downloads of resources and lesson plans from Cracking Ideas between 2018/19 total 5,100 whilst new registrations on the Cracking Ideas website have reached 795.

## Campaigns

### Music Inc



*Music Inc* is a downloadable game which gives gamers an insight into the modern music industry as well as educating them on aspects of copyright. *Music Inc* was developed in partnership with UK Music and Aardman Animations. Since the app launched in 2014 it has been downloaded 2,710,901 times.

## Karaoke Shower



Aimed at young adults and teenagers, the Karaoke Shower is a booth where people can sing their hearts out and learn about the importance of copyright, the value of the UK music industry, and are encouraged to share their experience online after they have finished their performance. This is then used to promote our messages around respect for IP on our social media channels. The Karaoke Shower is taken to different locations and events around the UK and more recently overseas.

## Cracking Ideas

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



## Nancy & the Meerkats



Nancy & the Meerkats present a range of themed activities, together with lesson plans to support and develop students understanding of copyright, trade marks and the importance of respecting intellectual property.

The radio series aimed at the under 12s tells the story of pop pup Nancy and her backing band the Meerkats, trying to make it big in the music industry. As she

battles her nemesis Kitty Perry, Nancy must overcome a surprisingly diverse range of IP issues.

As well as the radio broadcasts, you can also read Nancy's journals, which as well as adding to the pop story, introduce all kinds of great inventions and open the door to discussion of IP.

## Business Battle



*Business Battle* is an educational activity to support teachers in teaching business studies through a game of cooperative and competitive play. It allows teachers to mix up their lessons and provide students with an alternative experience covering the major elements within KS4 Business Studies. The activity demonstrates interplay between companies within a simulated marketplace, highlighting the importance of producing, protecting and marketing products successfully, whilst posing bonus questions taken from across the rest of the curriculum. The activity can be played through an entire lesson or for shorter periods of time to support teachers and provide students with a new and exciting way of learning. Since the game has been launched it has been played 366 times.

## Inspiring Innovation



# Inspiring innovation

Intellectual property  
in product design

This new resource has been produced by the Design and Technology Association. The resources, lesson plans and activities are aimed at KS4 students in order for them to better understand the role of Intellectual Property and how to protect their ideas/innovation and make sure they're rewarded.

## Creating Movie Magic



Creating Movie Magic empowers teachers, film club leaders and youth group workers to explain the importance of copyright to young people, encourage a respect for the filmmaking process, open a debate about the value of intellectual property and involve them in activities which encourage their own creative talents.

There are resources available for students aged 7-11 and 11-14 enabling them to discover the world of special effects.

## Further and Higher Education



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

Our Future Innovators Toolkit (FIT) has been downloaded 125 times between 2018/19. It provides support for teachers in further education. An IP related Enterprise

and Employability challenge was approved for inclusion in the Welsh Baccalaureate qualification.

IP Tutor, which provides a brief overview of IP for students has been visited over 7,056 times. IP Tutor plus provides guidance for lecturers at university and is supported by CIPA and CITMA and validated by the Chartered Society of Designers. Since its launch in September 2017 IP Tutor Plus has been downloaded 582 times. IP for Research has trained 297 researchers and PhD students through workshops and quick guides.

## IP in Practice



## Intellectual Property in Practice

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



Since April 2019 courses run under the IP in Practice branding are being offered without charge and we hope this will encourage law enforcement officers, brand managers and other professionals that have an interest in enforcing IP rights to participate. Courses are offered providing introduction and masterclass levels of IP training, alongside our long-established copyright, designs and criminal law & private prosecutions courses. A new course offering an IP 'update' will also be available from Autumn 2019.

Any Trading Standards authorities, other law enforcers and brand representatives that are interested in running a course in their region can request more information via [ipip@ipo.gov.uk](mailto:ipip@ipo.gov.uk)

## 2018/19 Course Attendance Data

16 June 2018 - Design Law course: Trading Standards North West Region supported, with 27 delegates attending the course.

19 June 2018 - Intellectual Property Masterclass: delivered at BPI Headquarters, London, 10 delegates attended the course.

19 July 2018 - Practical Enforcement and Problem-Solving Course: held in Wrexham, with 24 delegates attending the course. This was a new approach, with more interactive elements and the feedback was very good, the problem-solving elements provided more interaction.

6 October 2018 - Criminal IP Law and Private Prosecution: held at BPI Headquarters, London. 14 delegates attended the course.

All courses received very positive feedback.

## CTSI DCATS IP Examinations

These courses were delivered for Trading Standards candidates intending to take the CTSI DCATS IP Examination in November 2018. The courses were delivered on a regional basis, with courses in Warwick, Preston and Scotland. 43 delegates in total attended the courses. All the courses consisted of 4 days substantive training and a revision day – 15 days training in total.

**BE A  
SWITCHED-ON  
BUYER!**

**REPORT  
IT NOW.**

Buying counterfeit electricals online?  
Know the risks. Spot the signs.  
**#SHOCKINGFAKES**

 **CITY OF LONDON  
POLICE**  
www.cityoflondon.gov.uk

 **ActionFraud**  
National Fraud & Cyber Crime Reporting Centre  
0300 123 2040

 **BaByliss**

## Police Intellectual Property Crime Unit (PIPCU)

PIPCU currently have secondees from the Motion Picture Association of America (MPAA), Springer Nature, Sky and Entura.

PIPCU have worked with Europol on several ongoing investigations such as Operation Delaware (a worldwide streaming investigation) and Operation Blenheim (this operation targets an OCG based in Manchester around the sale of counterfeit footwear).

PIPCU work closely with Border Force, Trading Standards, other police forces and the private sector for example, BPI, FACT, Premier League, MPAA, PA, IPO and IFPI to name a few.

### International

Multiple meetings between PIPCU and enforcement authorities have been held in Poland, Germany, the USA, France, Holland, Spain, Denmark, Belgium and Sweden. PIPCU is also a member of the US Intellectual Property Rights Coordination Centre (IPRCC). And, through the international reach of our operations, PIPCU has worked in Spain to support Spanish and Danish national police forces.

### Campaigns

A PIPCU campaign on March 2018 was posted before an Anthony Joshua boxing event across print and social media achieving a circulation rate of over 59 million. An additional release was distributed in September 2018 ahead of important boxing, golf and Formula 1 events and these achieved a circulation rate of over 464 million.

PIPCU has utilised market research specialists, IPSOS Mori to evaluate evidence from our campaign, *Shocking Fakes*. Analysis confirmed the positive impact of the campaign and demonstrates where further education is needed. *Shocking Fakes* was produced in partnership with BaByliss, Electrical Safety First, the Intellectual Property Office, the City of London Corporation's Trading Standards, UL and London Fire Brigade. It urged shoppers to buy electrical products from reputable sellers.





## 3b Action

### **Anti-Counterfeiting Group (ACG)**

#### **Collaboration**

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

It is our belief that we need to have a more holistic and collaborative, public-private approach as no single organisation can defeat counterfeiting alone. To achieve this objective, ACG is building strong alliances to help drive more effective levels of enforcement, awareness and protection. Our access to the relevant decision makers, lobby groups and governmental organisations throughout the world is second to none.

We work alongside key partners such as the National Markets Group, Trading Standards, the UK Anti Illicit Trade Group, Intellectual Property Office, Border Force, PIPCU, National Trading Standards e-Crime Centre, National Trading Standards Intelligence Team, National Crime Agency, HMRC, Government Agency Intelligence Networks and our sister anti-counterfeiting associations across the world and the EUIPO (EU Observatory on IP Infringements). We also work on a global front with Europol, Interpol, WCO, the European Commission and WIPO and we regularly support the OECD on essential studies and reports. Moreover, we have recently started collaborating with United Nations Interregional Crime and Justice Research Institute (UNICRI), which is developing a system to identify criminal sources and transport links.

## Intelligence Coordination

ACG's Intelligence Coordinator and our active membership enable us to take a leading role in intelligence led actions against some of the UK's most notorious markets and online traders.

These actions have generated hundreds of investigations and successful operations across the UK and, together with key partners, we have also developed an initiative to reduce the availability of fakes on social media.

Examples of this work, in the past year, have led to:

- Over 70 raid actions across the UK;
- The development of more than 50 ACG member and law enforcement investigations;
- Over 200,000 articles seized;
- 300 + intelligence reports disseminated;
- The registration of over 200 enforcement officers within ACG's dataset;
- Almost 50 anti-counterfeiting events;
- Training for 640 enforcement officers.

## Wider evidence-based approaches

Alongside operational partnerships, ACG's strategy is to build and use even wider ranges of information and intelligence. We develop policy and planning through the formation of increasingly compelling narratives, better understanding and closer cooperation. As part of this process, ACG works with policy makers and decision-takers to develop holistic and strategically-driven approaches to IP crime. The work includes initiatives such as:

- The New Deal Sector Roundtables aimed at improving the performance of e-platforms in combating infringing content online. The Platform Roundtables have introduced an operational work matrix to help drive best practice. ACG members have played an important part in highlighting issues.
- Contributing to a European Commission consultation to establish a worldwide counterfeit and piracy watch-list which identifies marketplaces, outside the EU, where counterfeiting, piracy or other forms of intellectual property abuse are common practice.
- Working with the Rights Alliance in the EU, which is an assembly of national associations which advises the Commission on variety of issues, including proposed changes in legislation and strategy.
- Briefings for ministers, the IPO and EU Commission. Here ACG provided advice and highlight issues that could challenge UK IP protection and enforcement following Brexit. Subjects discussed include; the Irish border problem, customs and enforcement cooperation, the Unified Patent Court and future treaties and agreements with countries outside the EU.
- Working alongside the Alliance for IP, ACG has provided opinions for the Department of Business, Energy and Industrial Strategy (BEIS) ministers and the Digital Single Market. Additionally, ACG regularly highlights challenges faced by members in areas such as Brexit and IP enforcement.
- ACG held roundtables for members and some of the world's major e-commerce platforms, including eBay, Facebook, Amazon and Alibaba to help understand more about the joint challenges being faced and what can be done together to mitigate the harms.

- Working with AIM (the European Brands Association) and other national anti-counterfeiting groups, ACG raised concerns about the potential danger of stakeholders being barred from accessing WHOIS data. Margot James, Minister for the Digital and Creative Industries, thanked ACG for highlighting the issue and pressed ICANN to develop an access model for users with a legitimate purpose.
- The ACG is also an active member of the PIPCU Partnership Group, which was set up to help advise and drive effective enforcement strategies and actions on the ground.
- ACG has also met with the HM Independent Inspector of Borders' team to discuss problems being faced by Border Force at key postal hubs. ACG provided data and information about how the hubs are currently being managed and as a result the Inspector expressed extreme interest in building greater partnerships and cooperation.
- A high priority for ACG has been to work with representatives from industry, law enforcement and government. The IP Crime Group offers an opportunity to help guide the national strategy to tackle IP crime. As part of the group ACG is able to highlight successes and issues to help drive best practice.
- Building and maintaining International alliances to assist enforcement is a key focus for ACG and the EU Observatory on IP Infringements. ACG is part of the Observatory's Working Groups on Enforcement, Economics and Statistics and we are an expert group on the subject of new technologies. ACG has also played a primary role in the Observatory's screening committee for the selection of EU experts. A number of ACG members have now been selected and are representing the UK.
- ACG is also a major contributor and provider of policy and strategy advice, information and data to the European Commission, the WCO, WIPO, Europol, Interpol, UNICRI, and OLAF. This work includes commentary on policies, strategies and potential regulatory changes.
- In all our roles, ACG's intelligence coordination provides the robust networks and access to ensure our research, views and lobbying activities are well targeted. Our intelligence coordination allows us to connect more effectively and it has strengthened our engagement with UK and international institutions and agencies. It allows us to focus our wider aims and to inform and influence national, local and European strategies, agendas and policies to tackle IP crime both in the UK and in source countries.

Counterfeiting and piracy are global issues that require multi-agency and multi-sector partnerships. Collaboration and information exchange are vital at every level. ACG believes that we will be unable to stem the scope and scale of this 21st Century crime wave, unless we gather and develop wider ranges of information and intelligence, to build compelling narratives, understanding and cooperation. Our enforcement resources are stretched to capacity with competing priorities. We need to ensure that these precious resources are properly supported. This can only be done through a structure that enables continuous information and intelligence exchange. A truly successful response to the challenge cannot be accomplished unless we are fully engaged at regional, national, European and global levels.

# Case Study

## FACT

### Three sellers of illicit streaming devices jailed for a total of 17 years

On 20th March 2019, the operators of a pirate streaming organisation were jailed for a total of 17 years for **Conspiracy to Defraud**; some of the longest sentences ever issued for piracy-related crimes.<sup>38</sup>



38 <https://www.bbc.co.uk/news/newsbeat-47650835> and <https://www.independent.co.uk/sport/football/premier-league/premier-league-online-live-stream-jailed-prison-fraud-ep1-a8832696.html>



**Steven King**, who masterminded the fraud, was sentenced to seven years and four months' imprisonment. **Paul Rolston** received a sentence of six years and four months, and **Daniel Malone**, a sentence of three years and three months. The jury at Warwick Crown Court delivered their guilty verdict after a four-week trial.

Trading under the names Dreambox (unincorporated), Dreambox TV Limited, and Digital Switchover Limited, via websites at dreamboxtv.co.uk and yourfootie.com, the three men had **provided illegal access to Premier League football to more than 1,000 pubs, clubs, and homes** throughout England and Wales. The fraudulent companies **earned in excess of £5 million** through their illegal activity.

The operation used a range of technologies to continue their fraud over the course of a decade. Most recently, the defendants engaged various third parties located in the UK and across Europe to create illegal broadcast streams, which they then sold on to their customers. Their suppliers included Terry O'Reilly, who was sentenced to four years' imprisonment in 2016 for a conspiracy to defraud the Premier League and its pay-tv providers. Over the course of the conspiracy, premium content from more than 20 broadcasters around the world was fraudulently obtained and supplied by the defendants.

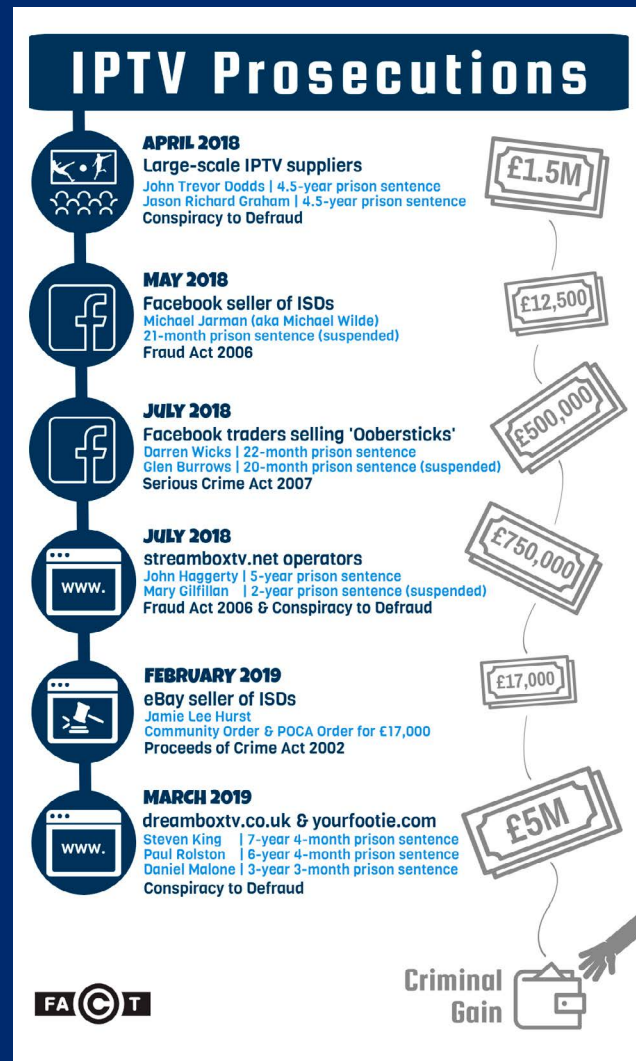
All of these methods enabled users to view pay-tv without the permission of, and without making any appropriate payment to, the relevant broadcasters and content owners.

In handing down the sentences, Judge Peter Cooke described the operation as a 'dishonest, dodgy business.' The defendants' serious attempts to frustrate broadcasters' efforts in investigating the fraud, which included the use of logo-blocking and watermarking techniques, was an aggravating feature in the length of sentences. The judge also condemned 'profoundly dishonest' publicans for profiting from the service themselves without paying the broadcasters.

This result gathered worldwide media interest. It was mentioned in a total of 51 articles in no less than 16 countries worldwide, reaching a potential worldwide audience of over 165 million people. A BBC News article (pictured) had the largest reach, with a potential 35 million readers. The advertising value equivalent for the press received is estimated at over £1.5 million.

## IPTV Prosecutions

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





## Intellectual Property Office (IPO)

### Emerging threat from organised tobacco crime

The IPO Intelligence Hub, working in support of TM Eye, have seen significant results in respect of targeting organised crime, making use of counterfeit products to facilitate the trade in illegal tobacco. Criminals make use of counterfeit pouches. These are imported into the UK and are then used in 'tobacco houses' where they are filled with illegally imported tobacco. This lucrative criminal enterprise falls squarely within the remit of 'illicit trade' it is linked to other types of criminality, such as slavery and sexual exploitation. The loss of revenue from tobacco taxation is significant, with organised gangs trading at such levels as to cost the UK millions a week in lost revenue.

The IPO continues to enjoy lasting and mature partnerships. Not least with Crimestoppers, the UK based crime fighting charity. The work undertaken with Crimestoppers has continued, and resulted in IPO CEO, Tim Moss, meeting the Crimestoppers CEO, Mark Hallas in November. The meeting, setting out the value of the intelligence, was followed by a visit to the Crimestoppers call handling centre. Tim took the opportunity to confirm a long-standing strategic partnership with Crimestoppers, confirming a financial contribution towards the cost of supplying intelligence on IP crime to the IPO. Making use of the IPO's excellent design and print services, the 2018 Crimestoppers rebrand was assisted by the IPO, ensuring that the Crimestoppers and IPO name are seen together across the UK.



IPO CEO Tim Moss and Crimestoppers CEO, Mark Hallas OBE

## Collaboration with Siracusa Institute

In 2018, the IPO were invited to participate in a project organised by the Siracusa International Institute for Criminal Justice and Human Rights. The Institute is an independent non-governmental and not-for-profit law and policy organisation, dedicated to advancing criminal justice, the rule of law and human rights worldwide. Established in 1972, the Siracusa International Institute for Criminal Justice and Human Rights has been involved in significant international work. It has consultative status with the United Nations and is a member of the UN Crime Prevention and Criminal Justice Programme Network. For more than 45 years, it has collaborated with a wide range of partners in Europe, the Middle East and North Africa to deliver technical assistance, training and research. During this period, the Institute has trained more than 53,000 judges, prosecutors, law enforcement officers and related practitioners from more than 170 countries.

Since 2016, the Institute has been committed to innovating in the fight against illicit trade. This work builds on the Institute's extensive experience in combating organised crime, corruption and related crime areas. Its illicit trade program, which has involved expert meetings, partnerships with national, regional and international stakeholders, research and the development of capacity-building activities, recognises that illicit trade cannot be addressed by national governments and individual businesses acting alone.

In November 2018, the Siracusa Institute launched a new collaborative initiative, the Mechanism for Combating Illicit Trade (M.CIT). M.CIT aims to counteract the harmful consequences of illicit trade by encouraging the adoption of systemic approaches to the problem by all stakeholders. The initiative will help shape, for the first time, international benchmarks and a methodology for tracking global action in the fight against illicit trade.

Huw Watkins, Head of Intelligence of the UK Intellectual Property Office, was invited to join the management committee, recognising the UK's involvement and position as a world leader in IP enforcement. The committee includes experts from law enforcement, customs and industry.



**This work builds on the Institute's extensive experience in combating organised crime, corruption and related crime areas."**

## National Markets Group for IP Protection (NMG)

**NATIONAL MARKETS GROUP**  
for IP Protection

### New/Ongoing Initiatives/Coordinated action

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

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

At the end of 2018 the NMG initiated the Real Deal online to raise consumer awareness regarding the sale of counterfeit and pirated goods on Facebook.

As an active focus group, the NMG run several key initiatives. These are seeing some real success in reducing the availability of counterfeit and pirated goods, whilst they also provide solid evidence to strengthen our claim that IP crime is often linked to organised crime. Three such initiatives are:

**Operation BIG BEN** – began in April 2017. This operation was designed to take action against market operators acting as intermediaries in the supply and sale of counterfeit and pirated goods. Utilising the EU IP Enforcement Directive, working in partnership with Trading Standards and industry members, this operation adopts an intelligence-led approach to influence market operators so that their trading environments are safer for the consumers and legitimate businesses.



Sample of counterfeit goods seized during Operation BIG BEN

This partnership approach has seen success at many locations across the UK, as evidenced by coordinated and collaborative actions and dialogue with the market operators at:

Bristol Sunday Market, Bristol,

Bescot Market, Walsall,

Eastgate Market, Skegness,

Nine Elms Market, Wandsworth,

Camden Town markets.

The Operation BIG BEN working group has started to engage with two of the most impactful markets for counterfeit goods; Wellesbourne Market, Warwickshire and Bovington Market, Hertfordshire. Here we aim to influence market operators to help de-criminalise the

markets in order to protect consumers and legitimate business in those areas.

2019 / 2020 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. We will use that information to influence change and conduct enforcement actions to meet the operations objectives.

“

**At the end of 2018 the NMG initiated the Real Deal online to raise consumer awareness regarding the sale of counterfeit and pirated goods on Facebook.”**



Sample of counterfeits seized during operation BEORMA

**Operation BELLE** – considers the impact of sales of counterfeit goods on Amazon marketplace and fulfilment houses.

This operation began in July 2018 after intelligence suggested that both the Amazon marketplace and its Fulfilment centres were regularly being used by counterfeiters. These criminals were based within and/or outside the UK.

The working group has already identified opportunities for intelligence collection and analysis between its public and private sector partners and it will be using the information to better engage with Amazon. Our aim is to influence Amazon so that it reviews its policies, removing any IP infringing products from its platform.

**Operation BEORMA** – a joint investigation by NMG and National Trading Standards and led by Central England Trading Standards Regional Investigation Unit, in conjunction with Birmingham Trading Standards, has seen a range of agencies sharing intelligence and resources. National Trading Standards Intelligence, National Trading Standards e-Crime teams, Intellectual Property Office, Border Force, Warwickshire Trading Standards, Hertfordshire Trading Standards, Anti-Counterfeiting Group and other private sector companies have all participated in this project.

This intelligence-led, multi-agency approach has resulted in 14 raid actions against active counterfeiters, tens of thousands of counterfeit goods seized as well as cash and vehicle seizures.

The aim of the operation is to identify and dismantle OCGs involved in the wholesale supply of counterfeit and pirated goods.



## Police Intellectual Property Crime Unit (PIPCU)

**Operation GREYS** – Four individuals were involved in obtaining a digital copy of the film Expendables 3 and released it onto the internet prior to the film’s release date.

Following a criminal case at Manchester Crown Court on Monday 18th March 2019, four suspects were sentenced for the offence of conspiracy to defraud the owners of copyright (MPAA & Lionsgate) for losses caused in excess of £7,000,000. Two suspects were sentenced for a total of seven and a half years imprisonment and two were given two-year suspended sentences.

**Operation BLENHEIM** – A raid by PIPCU uncovered nearly 3,000 pairs of branded shoes suspected to be counterfeit.

Joint action with Greater Manchester Police, Border Force, Trading Standards, Manchester Fire Service and Immigration Services saw two people charged.

A further 277,000 pairs of unbranded shoes were also found in the warehouse, along with thousands of brand labels. Approximately £20,000 in cash was seized along with the estimated counterfeit price of the footwear in the shop and lock up to be worth £3 million.

## Police Scotland

### Vistalworks – Empowering Consumer Choice Online

Vistalworks is a new enterprise. It opened its doors in February this year. Vistalworks is an independent, home-grown, Scottish software development specialist that develops anti-counterfeiting software for ordinary shoppers. Its software is designed to ‘help consumers actively avoid buying fakes, illicit and dangerous goods online.’ Police Scotland, together with Trading Standards Scotland and HMRC have teamed up with Vistalworks to help online consumers make informed purchase decisions when shopping online.

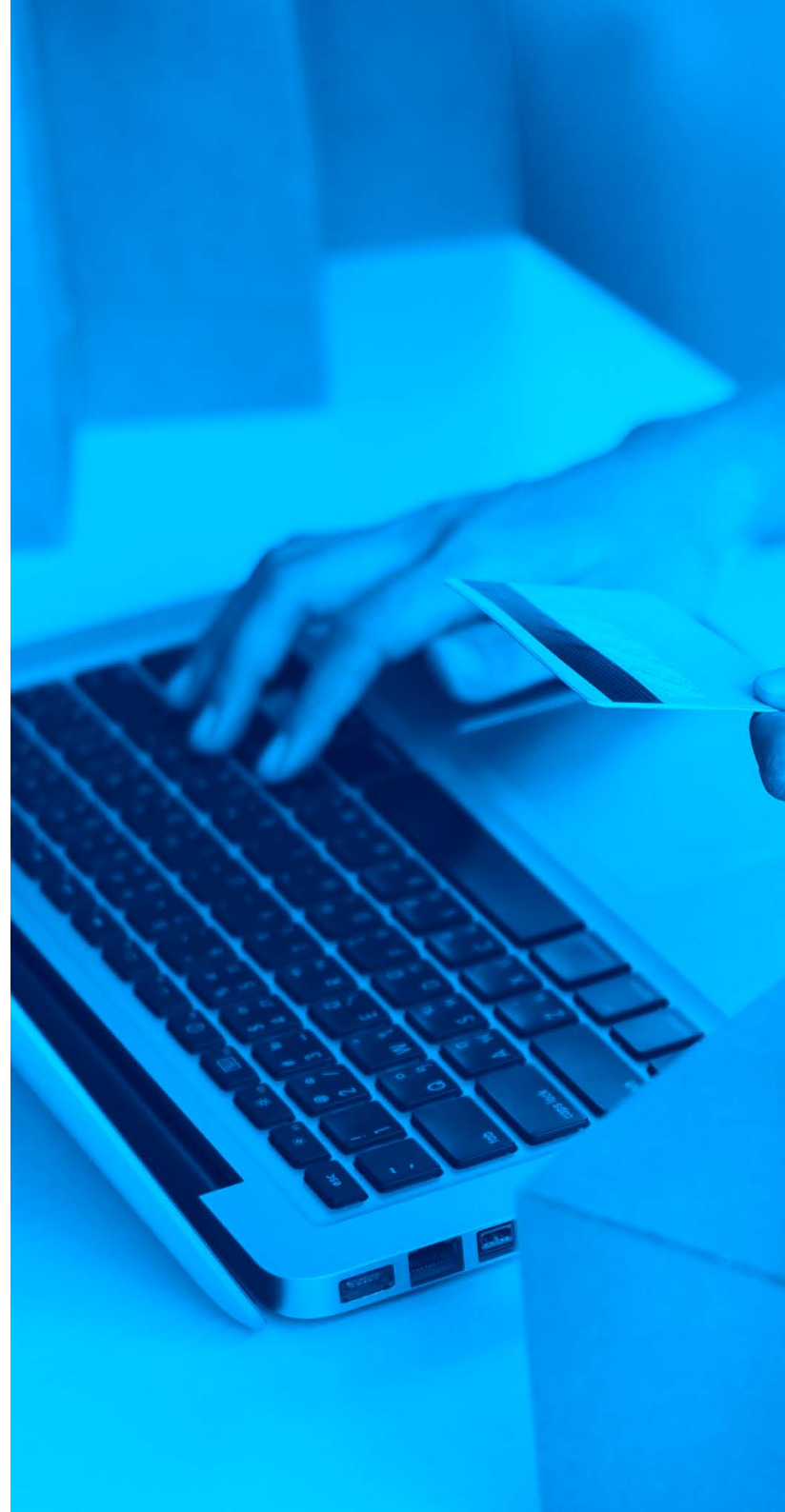
Our partnership offers an online solution to the problem of consumer deception and counterfeit fraud. Vistalworks products deliver the information needed to choose legitimate and safe goods at the point of purchase. By making this information easy to access, consumers will be less likely to purchase illicit goods, and, ultimately online deception will reduce.

Vistalworks use an algorithm to assess the risk of a specific item being illicit. From our point of view, the significant advance in Vistalwork’s products is their emphasis on communicating with consumers to ensure that they understand the implications of buying illicit goods, and the potential harms that they expose themselves to if they do this.

Our relationship with Vistalworks involves a synthesis of new and existing user research around online shopping habits and the messages. This will influence users who are on the brink of making a purchase. Crucially, Vistalworks both identify fraudulent online retailers and warn consumers of the damage counterfeit goods can do. These vary depending on the category of goods

involved, so warnings are product or sector specific. Vistalworks expect to have the greatest success in directing online consumers away from illicit goods.

The Vistalworks solution is being rolled out during the second half of 2019 and will be free to use by all citizens in Scotland as it becomes available. As well as direct marketing to consumers, Vistalworks is partnering with a range of public and private organisations in order to reach the maximum number of online consumers.



## Premier League

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

Over the last 12 months, the Premier League has continued to pursue a broad and multi-faceted approach to the enforcement of its IP rights, including by:

- Monitoring, disrupting and removing unauthorised online live streams and recorded clips of broadcasts of Premier League matches. In Season 2018/19 the Premier League removed or blocked over 210,000 live streams and over 360,000 clips of its matches that would otherwise have been available to view in the UK.
- Maintaining and enhancing a dynamic injunction requiring UK ISPs to block access to servers used to illegally stream broadcasts of Premier League matches.
- Successfully privately prosecuting three individuals responsible for a large-scale network supplying illicit streaming devices in the UK. All three were convicted for the common law offence of conspiracy to defraud and received jail sentences totalling 17 years, with the principal Defendant receiving a custodial sentence of over seven years.
- 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 2018/19 Season the Premier League conducted investigative visits to over 6,000 unique commercial premises.
- Working with Reddit to close its ‘soccerstreams’ thread, a forum that provided links and tips for accessing pirate content, and which boasted over 420,000 subscribers.

- Securing the removal of all Premier League content from Ronaldo7.net, a major pirate sports website which attracts approximately 8,000,000 global visits a month.
- Action to prevent the sale and distribution of counterfeit goods. This Season the Premier League has physically seized more than 111,000 counterfeit items and removed tens of thousands more from online marketplaces, ultimately preventing the sale of almost £4,000,000 worth of counterfeit goods.

### Key Stats

- Over **210,000** illegal live streams and over **360,000** clips blocked or removed from the internet.
- Three ISD sellers sentenced to a total of **17 years** in prison.
- Investigative visits conducted to over **6,000** commercial premises.
- Almost **£4,000,000** worth of counterfeit goods sales prevented.



**Successfully privately prosecuting three individuals responsible for a large-scale network supplying illicit streaming devices in the UK. All three were convicted for the common law offence of conspiracy to defraud and received jail sentences totalling 17 years.”**



## PRS for Music

### Stream-Ripping Piracy

PRS for Music's Rights Protection Unit (RPU) has been tackling stream-ripping piracy throughout 2018 as a direct response to the emerging threat of this method of piracy highlighted in research, published in July 2017, commissioned by PRS for Music and the Intellectual Property Office.<sup>39</sup>

The RPU has implemented a range of measures to fight stream-ripping piracy and has been successful in tackling mobile apps, specifically those hosted on the App Store, where a 100% success rate was achieved in removing apps and/or disabling the stream-ripping functionality within the apps.

To add to this achievement, a decline in download sites has been seen over the course of the year. The use of our Member Anti-Piracy System (MAPS), our collaborative working partnership with the Police Intellectual Property Crime Unit (PIPCU) and reporting of this type of streaming-ripping service to Soundcloud (a licensed service affected by stream-ripping piracy) has been instrumental in achieving this decline.

Stream-ripping browser plug-ins are another area where the RPU has achieved success, particularly in tackling plug-ins utilised in Google's Chrome browser. By reporting plug-ins made available in the Chrome web store, the RPU achieved 100% success in removing harmful plug-ins. In comparison to Mozilla Firefox, Google has been more efficient in dealing with notices from PRS for Music.

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<sup>39</sup> <https://www.prsformusic.com/what-we-do/influencing-policy/stream-ripping>

## Member Anti-Piracy System

Our Member Anti-Piracy System (MAPS), which launched three years ago, has reported over 5.6 million links to pirate sites, forcing over 1,100 sites to shut down. Using MAPS for this overwhelming disruption has been by far the most successful form of anti-piracy method employed by the RPU.

During 2018, the RPU implemented automatic-notice-sending which allows a better user experience and improves allocation of user resource dedicated to this area of protection. Efficiency is paramount to the success of MAPS, the more user friendly, the more music publishers and songwriters will use the tool to add more repertoire, meaning that a greater number of infringements can be detected and removed from pirate sites.

In addition, search results are now delisted from Bing, as well as Google, achieving over 405,000 live links delisted from both search engines.

### Operation Creative

PRS for Music continues to be an active partner of Operation Creative, a PIPCU led initiative. The RPU submitted referrals for 138 infringing sites, specifically referrer, direct download and stream-ripping sites. The more sites referred to Operation Creative, the more are added to the Infringing Website List allowing advertising agencies to make a greater impact on removing their advertising from pirate sites, denying the criminal operators of these sites access to revenue from a legitimate business sector.

## Investigation

The RPU conducted a criminal investigation into the operation of Streamza.com, a pirate website, and its UK registered owner. The online service used BitTorrent online storage and streaming functionality in its business model to deliver copyright content such as films, TV shows, music and eBooks. It was funded by various subscription payment models. The investigation was referred to PIPCU's enforcement team. This resulted in the owner receiving a formal caution and forced the service to shut down.



Image courtesy of Glencairn Crystal Ltd

## SnapDragon Monitoring

SnapDragon is an independent company offering brand protection to SMEs using innovative technology to find and eliminate fakes.

**How SnapDragon has helped Glencairn to protect its uniquely designed 'Glencairn Glass' around the world**

### Global expertise

Glencairn is the leading supplier of high quality, distinctive glassware and crystal to the Scottish whisky industry and has been so for over thirty years. It was founded by Raymond Davidson who, as a whisky connoisseur striving to deliver the perfect tasting experience, developed the tulip shaped, Glencairn whisky glass. Ever aware of the potential for infringement in a worldwide marketplace, the intellectual property surrounding the 'Glencairn Glass', including design rights, trade marks and copyright was widely registered – a move which has more than proved its worth in the years that followed. The firm's innovative approach, expertise and diligence around IP has led to its global success in manufacturing glasses, bottles, decanters and more for the world's premier brands.

## A victim of its own success

Such was the success of the firm's flagship 'Glencairn Glass', which quickly achieved a global reputation, a multitude of counterfeits and copy-cats emerged. From basic issues, where legitimate sellers were flouting brand guidelines, or merchandising companies 'simply copying' the glass, to counterfeits of dubious quality and heritage, Glencairn had to take action to protect its international reputation, its revenues and its customers.

Initially introduced by its legal counsel, Glencairn turned to SnapDragon for help to protect the iconic tulip shaped glass online, as Scott Davidson, MD explains:

*'We have worked hard to be one of the world's premier manufacturers of whisky glasses and the audacity of infringement is infuriating, both from a commercial point of view but also, as a family business, from an emotional perspective. Blood, sweat and tears have taken this company from the initial Glencairn Glass, designed by my father, to become the global success it now is. Quality and innovation are key. Infringement is something we will not, and do not, tolerate – and this is where SnapDragon came in.'*

## The solution – how SnapDragon solved the problem

- **Identifying and reporting copy-cat products in the market to protect revenues**

Briefed to identify and remove infringing products from the online marketplaces, SnapDragon was able to make an immediate and dramatic impact using its multilingual analysts and Swoop software. The quick and efficient identification and reporting of copy-cat products for removal was key in protecting Glencairn's reputation and revenues.

Hundreds of sellers were identified in the first few months, leading to the removal of thousands of links across the online marketplaces. Volumes per link varied from a single glass to quantities escalating to several thousand per listing. Online sales data was also collated, for use by Glencairn's legal teams for formal actions to be filed in various territories.

SnapDragon also worked with the firm to list its key products on the European Intellectual Property Office's Enforcement Database<sup>40</sup>:

This database has proved critical in alerting border officials to the physical movement of infringing goods through Europe.

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40 <https://euipo.europa.eu/ohimportal/en/web/observatory/enforcement-database>

- **Responsively protecting reputation and identifying key areas for brand strategy**

After the initial problems were addressed, and relevant data collated for use by Glencairn’s legal counsel, SnapDragon’s Swoop software has continued to deliver a sound ROI, by identifying lookalikes in new territories and on new marketplaces. As this evolves SnapDragon’s service continues to support opportunities for new IP filings.

- **Fast, efficient and effective – always**

SnapDragon’s expertise in the online IP landscape has enabled Glencairn to participate in several innovative programs implemented by the major platforms, such as the Alibaba Group. These, coupled with Swoop and the team’s ongoing diligence, continue to ensure the fast, efficient, and successful take-downs required for the continued protection of Glencairn worldwide.

Scott Davidson adds: *‘Of particular and additional relevance, Swoop enables Glencairn to keep a beady eye on how its distribution strategy is working around the world, in terms of consistency of branding and price. All of this combines to protect our customers, our reputation and our revenues and is a sound ROI, without question.’*

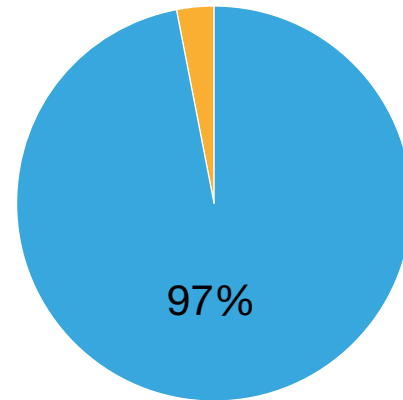
### **Some key stats from 2018/2019**

#### **Key Marketplaces:**

Amazon (UK, US, FR, IT, Netherlands, Japan, Germany) and eBay worldwide, Alibaba, AliExpress, DHGate, Taobao, 1688, Shopotom, JD.com, Rakuten

#### **Success Rate:**

Percentage of links successfully removed



#### **Territories monitored for infringements and to inform IP strategy:**



# IP Private Criminal Prosecutions – Case Studies

## TM Eye

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 carried out over 500 criminal investigations in 2018 and prosecuted 139 criminal cases as a 'private prosecutor'. There have been over 480 convictions since TM Eye began acting as a private prosecutor. All prosecutions instigated by TM Eye resulted in convictions. We are proud of our 100% conviction rate. 13% of those convicted received custodial sentences. All those convicted as a result of TM Eye investigations had their fingerprints, photograph and DNA taken for police indices and the convictions recorded on the Police National Computer (PNC) as a result of the Information Sharing Agreement with the Association of Chief Police Officers Criminal Records Office (ACRO) and other Police Services. Illicit goods valued at over £50 million were seized and destroyed by TM Eye in 2018.

## 2018 Results illicit luxury goods team

TM Eye's Illicit Luxury Goods Team continued its success in 2018 with over 120 private criminal prosecutions for criminals operating online and in the open markets. TM Eye brought major prosecutions against four companies engaged in the wholesale supply of vast numbers of fake electrical goods including Apple plugs, leads, batteries and component parts across Europe. The counterfeit batteries were extremely dangerous with a real risk of catching fire. The convictions stopped this criminality and the criminal supply chain.

TM Eye's Operation Mordor tackling OCGs in the Strangeways area of Manchester has now resulted in over 90 convictions and a significant reduction in the open sale of fake goods in that area. Manchester City Council have used the TM Eye's convictions to obtain closure orders for many premises. Moreover, and TM Eye's persistent test purchase operations, leading to convictions and raids with Greater Manchester Police, have closed a large number of remaining shops and warehouses where the sale of fake goods persisted. TM Eye now works closely with its partners in law enforcement to reduce offending and bring offenders to justice.

An example of a result of Operation Mordor as follows:

### **Prolific offender convicted by operation Mordor**



Mohammed Ali of Greenstead Avenue, Manchester, M8 appeared at Manchester Magistrates Court on 29th August 2018, charged with four offences of selling counterfeit goods contrary to Section 92 of The Trade Marks Act 1994. He pleaded guilty to all matters. He was sentenced to a 12-month Community Order which include 200 hours of unpaid work. He was also required to pay a victim's surcharge. A Forfeiture and Destruction Order was made by the court for all goods seized.

The case was brought by TM Eye as a private criminal prosecution on behalf of its clients Hugo Boss and another well-known luxury brand.

TM Eye had previously prosecuted Ali and had convicted him on 18th February 2018 for selling fake goods at 171 Great Ducie Street, Cheetham Hill, Manchester. He had been sentenced at that time to a 12-month Community Order to include 150 hours unpaid work and required to attend a 20-day rehabilitation course. He was in breach of this Community Order at the time of committing the new offences.



Mohammed Ali - arrested on 'counterfeit street'



TM Eye had identified that Ali was again committing criminal offences by selling fake goods from new premises at the rear of Great Ducie Street, in the area known as 'Counterfeit Street'. Ali sold a wide variety of counterfeit luxury brands Michael Kors, Adidas, Nike, North Face, Moncler, Chanel, Uggs and many others. The premises were covered in sheet metal, barbed wire and had a vacuum door system with large steel gates. Spotters operated from the roof with back-to-back radios and a guard operated the doors to prevent entry by law enforcement.



Undercover operatives from TM Eye's Dedicated Undercover Unit, supported by their surveillance team, carried out a series of covert test purchases having covertly secured entry to the premises. Hidden cameras evidenced the sales by Ali and this evidence was instrumental in securing the convictions.

TM Eye Director David McKelvey said, 'Ali is a prolific offender. He has been prosecuted by TM Eye twice this year and was in breach of his original sentence. Should Ali re-offend, we will prosecute him again and we hope

*that the court will seriously consider a custodial sentence to reflect the seriousness of the offending and the huge sums of criminal cash that is made from the trade in fake goods in the area known as 'Counterfeit Street'. This is organised crime at its highest level. Counterfeit goods worth millions of pounds causing huge damage to UK and European companies are sold daily from the criminal warehouses and shops in this area. It is the centre of the UK's illicit trade.*

*TM Eye has successfully convicted over 90 people to date through Operation Mordor and will continue to target those involved in this criminality. Further criminal cases from phase four of Operation Mordor will take place in the coming months.*

*The trade in illicit goods directly funds terrorism, drugs and gun crime. Those involved operate in a black market where no tax is paid and dangerous goods are openly traded. Phase Four of Operation Mordor has led to the prosecution of criminals engaged in the open sale of illicit tobacco and controlled drugs as well as luxury goods and our detectives working in partnership with Greater Manchester Police have seized large amounts of fake medicines, controlled drugs, tobacco, luxury goods and electrical goods.*

*Over 13% of TM Eye's convictions result in custodial sentences.'*

## 2018 Results illicit pharmaceutical team

In 2018 TM Eye's Illicit Pharmaceutical Team carried out 11 anti-counterfeiting operations in India resulting in 12 criminal prosecutions and the seizure of 325,680 counterfeit 'lifesaving' medicines with a value, if genuine, of US \$ 42,796,262. A working lithographic printing press was seized from a criminal factory producing vast amounts of fake labels and packaging material for numerous products. All those arrested are being prosecuted by TM Eye in India. In the UK, a major supplier of fake growth hormones and Class A drugs was arrested in Merseyside and awaits trial and a woman in Newcastle is being prosecuted by TM Eye for selling dangerous fake eye lenses.

An example of a TM Eye case tackling the sale of illicit medicines:



Sample of counterfeit medicines seized

Detectives from the TM Eye Illicit Pharmaceutical Team have smashed a global gang selling counterfeit anti-malaria tablets in Chennai, India.

According to the World Health Organisation (WHO) Malaria Report 2017, nearly half of the world's population is at risk of malaria. In 2016, 91 countries reported a total of 216 million cases of malaria, an increase of 5 million cases over the previous year. The global number of malaria deaths reached 445,000, about the same number of deaths reported in 2015.

Many of these deaths are caused by the unknowing use of counterfeit anti malaria drugs.

Africa continues to account for about 90% of malaria cases and deaths worldwide. Fifteen countries – all but one in Sub-Saharan Africa – carry 80% of the global malaria burden. Nigeria and Democratic Republic of Congo accounted for more than 35% of global malaria deaths in 2015. Those most at risk of death include young children and the elderly.

The TM Eye Illicit Pharmaceutical Team began an intelligence gathering operation on behalf of a client in 2018. India was identified as a source country for the unlawful manufacture and sale of anti-malaria tablets. Following information regarding an organised criminal network involved in the manufacture and sale of the anti-malaria drug, a covert operation (3069-RM-19) was mounted by the team working with detectives from TM Eye, India. Initial deployments and surveillance were undertaken in Delhi in the north of India. The operation progressed to Chennai, some 1,400 miles south, and identified a number of gang members including a middle tier principal known 'Sharavan' who claimed to be able to manufacture and supply large quantities of the fake drug.

Detectives from the Illicit Pharmaceutical Team travelled to Chennai and, working with the TM Eye India surveillance team kept 'Sharavan', under close surveillance. His home address was identified.

On Wednesday 24 April 2019, 'Sharavan' was seen leaving his home address carrying a large box. He was followed to the Sriperumbudur Entrance Arch on the Sriperumbudur - Chennai Highway, Chennai where he met another male. During the course of the meeting, Sharavan was arrested by the Indian police. In Sharavan's possession was a large box containing 2,000 boxes of counterfeit anti-malarial drugs.



TM Eye, assisted by the Indian police, searched the premises used by Sharavan, identified as part of the TM Eye surveillance operation. A further 1,000 boxes of the drug were recovered.

*TM Eye Director David McKelvey said, 'The work of TM Eye's Illicit Pharmaceutical Team is daily saving lives across the World. The team are dedicated professionals operating across the globe, often in highly dangerous and difficult conditions. They often deploy at short notice to support law enforcement across the globe.'*

*Our team in India are at the forefront of the fight against the manufacture and global supply of fake 'life saving' medicines in a trade that dwarfs the cocaine and heroin trades combined. It is extremely sophisticated and organised criminality estimated to be worth in excess of \$300 billion. There is little enforcement activity.*

*Our teams in India and the UK co-operate to identify and then catch and convict those involved. TM Eye has built a leading intelligence capability and we deploy cutting edge policing tactics to build evidential cases to prosecute the criminals involved.*

*These counterfeits were destined for sub-Saharan Africa and they would have put lives at risk. The counterfeit drugs either kill the victim outright or fail to impact on the malaria illness, causing death. If used, their active ingredient exists reduces the capability of a genuine anti-malaria drug to tackle the illness. This actually allows the disease to adapt to minimise the genuine drug's effectiveness.*

*Sharavan is now in custody and will be prosecuted. The rest of the gang remain under investigation.'*

## **Results for TM Eye's illicit tobacco team in 2018**

TM Eye set up its Illicit Tobacco Team at the end of 2018 to tackle the unlawful trade in counterfeit tobacco and cigarettes. By using similar tactics successfully deployed in the luxury goods sector the team achieved immediate success. The team now works in partnership with Japanese Tobacco International (JTI) to 'prevent and deter' offending and to 'catch and convict' those criminals involved. The team carried out 25 investigations in 2018, leading to the private criminal prosecution of nine offenders. They were all convicted. Three received custodial sentences. Counterfeit tobacco and cigarettes with a retail value of £17,535 were seized in these cases.

A further major investigation into an organised criminal network based in Birmingham resulted in three premises being searched with four significant seizures totalling over two metric tonnes of raw tobacco and 1,500,000 fake tobacco pouches and ancillary products. Five men are currently being prosecuted by TM Eye for Conspiracy to Manufacture and Supply Counterfeit tobacco. The Chinese based criminal gang are estimated to have manufactured fake tobacco pouches causing a loss to HM Revenue in excess of £5 million a week.

An example of the work of the Illicit Tobacco Team is as follows:

### Illicit tobacco factory raided

TM Eye smashed an organised criminal network involved in the wholesale production and supply of counterfeit tobacco pouches. Detectives from TM Eye's Illicit Tobacco Team working on behalf of Japanese Tobacco International (JTI) identified a residential house in the Sparkhill area of Birmingham.



Tobacco seized during raid

West Midlands Police and TM Eye detectives searched the three-storey premises on Friday 31st August 2018. An estimated 300,000 – 500,000 fake tobacco pouches together with ancillary material were discovered, along with approximately two tons of raw tobacco stored in black liners. A room within the premises had been adapted for the production of the tobacco pouches using the raw tobacco. Every other room in the premises contained numerous laundry bags, each containing approximately 1,000 completed counterfeit pouches

ready for sale. The value of each laundry bag has an estimated £20,000 lost revenue cost. TM Eye detectives believe that the stock held at the house was likely to be a week's supply and that a delivery of the raw tobacco had just taken place.



Tobacco seized during raid

Four Chinese nationals were discovered living in the house and were arrested for their involvement in the manufacture of the counterfeit tobacco pouches. Enquiries are in hand to establish whether they have entered the country legally or been trafficked into the UK by organised criminals and forced to work in poor conditions in this illegal 'factory'. Another man from the Wigan area was also arrested by police in relation to fraud act offences. All the suspects have been bailed for further enquiries. Her Majesty's Revenue and Customs (HMRC) have taken over the investigation.



Tobacco seized during raid

TM Eye Director David McKelvey said, 'This was an outstanding piece of work by our Illicit Tobacco Team working for JTI and resulted in the discovery and raid of a substantial counterfeit tobacco factory that was clearly involved in mass scale production and the wholesale supply of fake goods.

Illicit factories such as these not only damage the tobacco industry but also result in an increased risk to the consumer who purchase products made in poor conditions resulting in serious health issues. The raw tobacco used by the criminal gangs is often contaminated with dangerous chemicals and pollutants, including asbestos. The loss to the Government and HMRC by the activities of such criminal gangs is substantial. We estimate that this factory resulted in the loss of over £7.5 million in revenue from just the material found at the house during the search. The actual loss is likely far higher and the criminal profits vast.

TM Eye is now regularly prosecuting those involved in the sale of illicit tobacco and will continue to robustly enforce the law through the use of private criminal prosecutions for anyone selling fake goods".



Tobacco seized during raid

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**Every other room in the premises contained numerous laundry bags, each containing approximately 1,000 completed counterfeit pouches ready for sale. The value of each laundry bag has an estimated £20,000 lost revenue cost.”**

## TM Eye smash a crime gang manufacturing fake tobacco

TM Eye's Illicit Tobacco Team have disrupted a major organised criminal network engaged in the vast scale manufacturing and wholesale supply of fake tobacco pouches in the West Midlands area.

On Wednesday 30th January 2019, following a major, covert operational deployment of TM Eye detectives, working in partnership with officers from the West Midlands Regional Organised Crime Unit (ROCU), a disruption team raided a residential house in the Birmingham area. A working 'Fulfilment House' was discovered manufacturing huge numbers of counterfeit tobacco pouches. Approximately 300 kilos of raw tobacco and hundreds of thousands of fake tobacco pouches were recovered. Thousands of 'made up' Amber Leaf and Golden Virginia fake pouches were found ready for sale in large laundry bags.



Tobacco seized during raid

The occupant of the house had been arrested earlier having been seen supplying a large number of fake tobacco pouches to premises in the Kidderminster area. A search of his vehicle resulted in the recovery of further counterfeit pouches.

Following the arrest and the seizure at the fulfilment house, a further search was carried out at a local garage. The garage was found to contain an additional 130 kilos of raw tobacco, hundreds of thousands of fake tobacco pouches, outer sleeves and tax paid stamps together with thousands of 'made up' counterfeit pouches in laundry bags ready for sale. Two industrial sealing and production machines were also recovered.

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**Approximately 300 kilos of raw tobacco and hundreds of thousands of fake tobacco pouches were recovered.”**

The following day Thursday 31st January 2019, TM Eye served a criminal summons for conspiracy to supply and manufacture counterfeit Amber Leaf tobacco pouches on a Chinese national believed to be one of the principals involved in the criminal network. The details of two further suspects were obtained. Five men will appear at Manchester Magistrates Court for committal to the Crown Court.



The private criminal prosecution is being brought on behalf of TM Eye's client Japanese Tobacco International (JTI).

'This operation was a major success. The identities of many of those suspected of being involved have been recorded and evidence has been submitted to our solicitors for consideration of adding them to the current case of Conspiracy to Manufacture and Supply Counterfeit Amber Leaf Tobacco pouches, due to be heard at Manchester Magistrates Court on 23rd May 2019.'



## WRi Group

WRi provide a range of consultancy services to the private and public sector within the UK and internationally. Using a focused intelligence-led approach, we enable brand owners to better understand their operational strengths and weaknesses and we help develop robust strategies to reduce the impact of IP crime.

### **12-month prison sentence for Camden shop owner persistently supplying counterfeit goods**

The open sale of counterfeit goods in retail shops on Camden High Street places tourists and local shoppers at risk of buying inferior and often unsafe products. It also undermines legitimate traders and takes money from taxes out of the public purse.

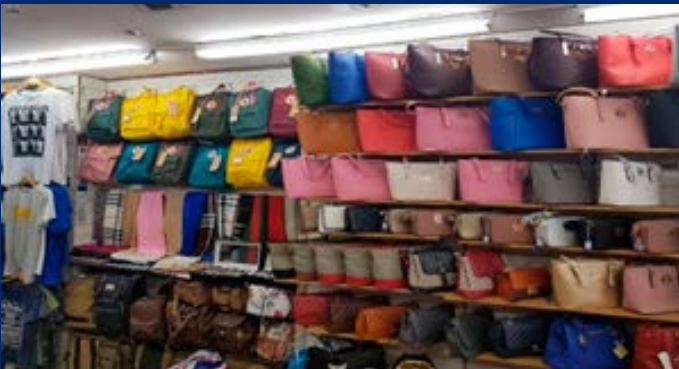
In July 2018, working in support of a number of global brands affected by the sale of such goods, WRi Group commenced an in-depth, 6-month investigation leading to a Private Criminal Prosecution (PCP) against a shop owner and limited company for trading in, and facilitating the sale of, trade mark and design infringing goods over a two-year period.

WRi Group and their clients view PCPs as a last resort only to be used after alternative options to change trader behaviour and reduce the availability of counterfeit goods have failed. On this occasion the shop owner and trader, Waleed Azam Azami, and his company, Worldwide Accessories Limited, had been subject to eight previous raid actions by Trading Standards and brand representatives. Asami had chosen not to heed advice and warnings, continuing to trade and allowing his premises to be used for the sale of counterfeit goods.



Due to the circumstances, Camden Trading Standards both supported the investigation and declared that it was in the public interest for a prosecution to be brought.

It was additionally accepted that Azami used 'sham' limited companies to facilitate his criminal activity and his offending warranted disqualification as a company Director.



Azami received a 12-month prison sentence suspended for 2 years, 250 hours unpaid work order and disqualification from being a company Director for 7 years. His company received a notional fine of £1,000 simply due to a lack of funds to pay anything greater.

The court ordered forfeiture and destruction of the seized items and costs were awarded.

Graham Mogg, Managing Director of WRi Group said *"Counterfeiting is not a victimless crime, as many of the goods on sale are of poor quality and potentially unsafe. This black-market trade undermines the UK economy and impacts on legitimate jobs"*

*To tackle this illicit trade, we must work in partnership and I would like to commend Camden Trading Standards for their professionalism and support throughout our investigation, as well as the brands for their high-level of co-operation."*

## 3c International

# Intellectual Property Office (IPO)

### International enforcement activity 2018-2019

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

In 2018/19 the IPO was active on the international stage, continuing discussions with colleagues in many governments over approaches to tackling online copyright infringement, and sharing experiences in tackling IP infringement in general. IPO staff also attended a number of conferences and seminars, including WIPO's *Respect for IP – Growing from the Tip of Africa* conference and the joint OECD/EUIPO Experts meeting, which discussed the institutional gaps that enable illicit trade in small parcels.



Joint OECD EUIPO Experts meeting 28 September 2018.

Capacity building continues to play an important part of our work. Over the past year we have supported EU-funded projects in Moldova and Serbia, sharing practical experiences of UK law enforcement in dealing with IP crime, alongside experts from Trading Standards, industry and trade bodies. At meetings of the EU Observatory on Infringements of IPRs we have shared the UK's experiences in tackling IPR infringement. We have also participated in the European Intellectual Property Prosecutors Network (EIPPN). This year we attended the Asia-Pacific Economic Cooperation (APEC) Intellectual Property Rights Experts' Group at its February 2019 meeting in Chile, participating in a workshop organised by Canada on its Project Chargeback initiative tackling online sales of counterfeit goods.

### Attaché Network

Also referred to as Intellectual Property (IP) attachés, the IP liaison officers work with local UK Department for International Trade (DIT) and Foreign and Commonwealth Office (FCO) leads to provide support for UK businesses seeking advice on local IP matters. We also raise awareness of IP through business outreach.

Between November 2012 (when the network was established) and March 2019:

- Attachés gave one-to-one direct support to nearly 2,000 UK businesses dealing with individual IP issues. In the last year alone, they dealt with IP cases worth over £115 million in potential lost revenue;
- Undertaken over 1,000 business outreach and education events, reaching over 31,000 UK exporters operating in overseas markets (China, India, Brazil, ASEAN and others);
- Over 33,000 businesses have benefited from interaction with our attachés thus far;



The attachés also help to influence policy making and decisions within host countries.

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

The 13th Session of WIPO's Advisory Committee on Enforcement took place 3-5 September 2018. 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. In previous sessions we have presented on a range of issues including the IP Crime Report, tackling online IP infringement, education awareness raising initiatives, the Intellectual Property Enterprise Court (IPEC), and website blocking injunctions. This session was particularly busy for the IPO of the UK as we had a number of participants in the discussions. We invited District Judge Alan Johns QC to share his experience of quantifying damages in copyright cases. Quantifying damages in IP cases is an area that attracts much discussion, as there are a variety of approaches adopted by countries to assess damages. The IPO of the UK presented on UK experiences in working with intermediaries to tackle IPR infringement, and moderated a panel discussion focused on awareness building activities and campaigns aimed at building respect amongst the general public, with a particular focus on young people. We also participated in the side exhibition, showcasing the Cracking Ideas website, which contains a comprehensive range of resources, lesson plans, interactive tools and videos for use in the education curriculum. Our continued support of WIPO's ACE, through such initiatives is a commitment in our IP Enforcement Strategy.



District Judge Alan Johns QC presenting on the quantification of damages in the UK at WIPO's ACE, 5 September 2018



UK side exhibition at WIPO's ACE, 3-5 September 2018

## China Judicial exchange

In August Mr Justice Birss of the High Court of England and Wales visited China and Hong Kong. This visit continues the IPO programme of judicial exchanges with China and Hong Kong, and follows on from his previous visits and those made by Mr Justice Carr and His Honour Judge Hacon. In Beijing he met senior and expert IP judges from the Supreme People's Court, Beijing High People's Court and the Beijing IP Court as well as retired judges, academics and lawyers' associations. In these meetings he discussed issues including the globalisation of IP law, copyright protection for live sports broadcasts, patent protection for pharmaceutical compounds, bad faith trade mark applications, interim injunctions, and standard essential patents (in particular his recent judgement in *Unwired Planet v Huawei*). In Hong Kong Mr Justice Birss met with senior judges from the Hong Kong courts and heard of plans to reform civil IP trials, and spoke at a public event about 3D trade marks (especially KitKat cases in Europe). He also hosted a breakfast with the Hong Kong Competition Association, covering competition law topics such as cost caps, expert evidence and his judgement in *Unwired Planet v Huawei*.



Mr Justice Birss and Deputy Chief Judge Wang Chang, IP Tribunal, Supreme People's Court, August 2018



Mr Justice Birss speaking to the China Initiative for International Law (CIIL) on Globalisation of IP Law, August 2018



Mr Justice Birss presenting on 3D trade marks in Europe at a seminar in Hong Kong, August 2018



Mr Justice Birss meeting with Mr Justice Johnson Lam (Vice President, Hong Kong Court of Appeal) and Mr Justice David Lok (Hong Kong High Court), Hong Kong August 2018

## Visit of Brazilian State Prosecutor

In December 2018 the IPO hosted a visit by Dr Richard Encinas, the Head of a specialist unit tackling organised crime over the internet, based within the Public Ministry of the State of São Paulo's Grupo de Atuação Especial de Combate ao Crime Organizado (Special Action Group to Combat Organised Crime). Piracy and counterfeiting has been identified as one of the largest sources of funding for organised crime, and Dr Encinas was interested in hearing about UK experiences in tackling these issues. During the visit he met with members of the UK IP Crime Group including the Private Prosecutors' Association, the Crown Prosecution Service, PIPCU and colleagues from private sector rights holder groups (including FACT, MPA, BPI and IFPI). We look forward to continuing to work with Dr Encinas and his team on these issues in the coming year.



Dr Richard Encinas, São Paulo State Prosecutor and Angelica Garcia UK IP attaché to Brazil, meeting with the Crown Prosecution Service December 2018

## Building enforcement capacity in SE Asia

2018 was an eventful year for UK enforcement engagements in SE Asia. We continued to deepen ties and develop enforcement capacity for officials in the priority markets of Vietnam, Indonesia, and Philippines. Through workshops and bilateral roundtables, we discussed current and emerging trends for IP crime and approaches to counter them, as well as leveraging technologies to increase effectiveness and reach. We also stepped up engagements with the ASEAN bloc through the ASEAN Working Group on IP Co-operation (AWGIPC) and its enforcement committee, the ASEAN Network of IPR Enforcement Experts (ANIEE) to enhance regional enforcement coordination and cooperation.



IPO Director for Enforcement, Dr Ros Lynch, speaking to ASEAN enforcement officials on UK online enforcement best practices and awareness building activities at EU Regional Workshop on Online IP Infringements in Manila.



IPO Deputy Director for International Policy, Mr Liam Hynes, attending the 57th AWGIPC meeting in Siem Reap to discuss UK-ASEAN collaborations and enforcement projects.



IPO of the UK enforcement expert, Mr Dave Lowe, sharing UK experience and approaches on coordinating inter-agency enforcement efforts and use of technological solutions to counter online and offline IP infringements to Vietnamese, Indonesian, Filipino, and Thai enforcement officials at the 3rd UK IP Enforcement Seminar, Bangkok.



UK Deputy High Commissioner to Singapore, Ms Alexandra McKenzie, and IPO Director for Innovation and Chief Economist, Ms Pippa Hall, at the 1st UK Regional Workshop on Innovation and IP Enforcement for ASEAN policy and enforcement officials. Held in Singapore, the workshop covered UK IP and innovation economic policies and the importance of an effective enforcement regime to promote investments and growth for innovation-driven economies.

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**We also stepped up engagements with the ASEAN bloc through the ASEAN Working Group on IP Co-operation (AWGIPC) and its enforcement committee, the ASEAN Network of IPR Enforcement Experts (ANIEE) to enhance regional enforcement coordination and cooperation.”**

# Case Study

## Case study – working with the IP attaché team in China

Since 2016 the IPO has initiated various projects in China under China's Prosperity Fund 'Rule-of-Law for Business' Programme. These were implemented by the China-Britain Business Council (CBBC). A key objective among the programmes supported is our desire to build and strengthen collaboration with China's internal e-commerce platforms, including Alibaba and JD.com and a range of second-tier platforms. UK based right owners, including Entertainment One (amongst other things, owner of the Peppa Pig brand), have benefited from the collaboration in both on- and off-line enforcement cases.

In a typical case last year, Entertainment One spotted an e-store on an Alibaba platform selling large volume of suspicious Peppa Pig DVDs. Following initial investigation conducted by the company, evidence of trade mark infringement was gathered and the case was reported to Guangzhou Public Security Bureau (Guangzhou PSB) for criminal investigation.

Through the established collaboration with Alibaba, Alibaba's Anti-Counterfeit Unit joined Guangzhou PSB, providing substantial data and online evidence fixation support throughout the process. Over 1,400 packages of pirated DVDs were confiscated on-site in the warehouse raid in August 2018, and the main suspects were held in criminal detention.



Counterfeits seized during raid

## **Police Intellectual Property Crime Unit (PIPCU)**

PIPCU continues to develop its international profile. We have attended multiple meetings with anti-counterfeiting authorities in Poland, Germany, the USA, France, Holland, Spain, Denmark, Belgium and Sweden.

PIPCU is also a member of the US Intellectual Property Rights Coordination Centre (IPRCC). And, through Operation Delware, we worked in Spain to support Spanish and Danish national police in an ongoing investigation into IPTV suppliers.



## IP Crime Group 2019

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