



# IP CRIME REPORT 2013/14

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# Foreword



The 2014 IP Crime Report reflects a busy year; there has been new legislation to cover Designs, exciting new partnerships to tackle online IP Crime and initiatives to raise consumer awareness of the risks posed by counterfeit products.

However, IP criminality continues to evolve as criminals find new ways to exploit opportunities and enforcement agencies find smarter ways to catch them. The National Crime Agency recognises the threat IP Crime poses to UK economic growth and maintains it as a priority for its new Economic Crime Command.

This year's IP Crime report contains many examples of the new tools and techniques being adopted to address IP Crime, including: deregistering domain names, the removal of payment services from sites selling counterfeit/infringing products, working with advertising companies to reduce advertising as a revenue source on such sites, and court blocking orders against Internet Service Providers (ISPs) and mainstream criminal prosecutions. The IPO Intelligence hub is pivotal in providing intelligence and coordination between different agencies and the industry, however there is still work to be done. Current estimates place the cost of IP criminality in terms of lost profits and taxes to the UK economy to be in the region of £1.3 billion per year.

I am extremely grateful to the Trading Standards authorities throughout the UK for completing this year's IPO's IP crime survey. The results presented in Chapter 3, give, for the first time, a complete picture of the important work they do. It also demonstrates the ongoing commitment of Trading Standards, during a period of significant reduction in their resources, to continue to protect consumers, with over 80% conducting various investigations into counterfeiting of one type or another.

I am also grateful for the support of the IP Crime Group members and I thank them for their contributions this year, as well as the IPO for their project management and coordination to produce this report. Their input provides a broad picture of the current situation allowing clear direction for the IP Crime Strategy in 2015.

Effective partnerships across all sectors have never been more relevant in ensuring IP criminality is reduced, and with that in mind, below are a few of the key areas that highlight the work that has taken place:

- The International Intellectual Property Enforcement Summit in June brought together senior decision-makers from across the world to discuss ways to tackle IP Crime as well as the appropriate structures needed to deal with future threats such as 3D printing, cloud computing and mobile technology.
- ACG members and Trading Standards worked together to protect consumers under Operation Watch and by tackling the increased use of Facebook and social media as a platform for counterfeit goods they were able to protect over 650 traders that had been targeted for IP crime.
- The cutting edge collaborative work of the Police Intellectual Property Crime Unit (PIPCU) with Europol, US Authorities, Nominet, Industry and Brand Protection organisations under Operation Atlantic, which successfully suspended over 2500 websites that were selling counterfeit goods across Europe and the USA.

We are going in the right direction and are focused on investing in educational programmes to increase consumer awareness of IP threats, and how businesses can protect their rights effectively. In addition, the work undertaken by IP attachés has strengthened international relationships and increased understanding of IP crime across borders while invigorating new opportunities across trade and industry.

Over the next year the IP Crime Group will work with the new IP Minister, Baroness Neville-Rolfe, on a five-year strategy. The IP Crime group will play a key part in developing the strategic direction for – and will continue to use innovative ways to tackle the tangible threat Intellectual Property Crime presents to the economic stability of the UK. The IP Crime Group is committed to making the UK an attractive choice for trade and investment.

**Giles York**

**Association of Chief Police Officers IP Crime Lead & Sussex Police Chief Constable**

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# Executive Summary

IP crime is widespread and can be found everywhere from the internet to markets, often with a strong link to organised crime. It's big business, with 10% of global trade estimated to be in counterfeit goods. In 2013 more than \$174 million worth of counterfeit and illicit trade goods were seized by law enforcement officers during INTERPOL facilitated actions across the globe.

The items being counterfeited remain the same, but they are finding new routes to market and the link between IP crime and other forms of criminality is growing, and more resources than ever are being invested to tackle these issues. It is priority for the UK Government, enforcement authorities and private industry and, as the report shows, collaboration between these groups is yielding results locally, nationally and internationally.

The report is produced by the UK Intellectual Property Office (IPO) on behalf of the UK IP Crime Group – a cohort of representatives from private industry, law enforcement agencies and government departments. The IP Crime Group was founded by the Intellectual Property Office in 2004 and it aims to ensure that suitable efforts are being put in place to fully understand the scope and impact of IP crime and how it can be minimised. The IP Crime Group is currently chaired by Sussex Chief Constable Giles York, who is also responsible for IP crime at a UK national level for the Association of Chief Police Officers (ACPO).

The annual IP Crime Report provides an overview of the preceding year in IP crime and the action taken to tackle it. It brings together case studies, survey data and analysis from all of the IP Crime Group members to help us better understand the nature of IP crime today, and how it has changed. It also considers the current drivers and characteristics of IP crime, consumer behavior and the role of organised crime and the collaborative and individual actions being done to tackle it.

## THE INTERNET AS A CATALYST OF IP CRIME

One of the key features in this year's report is the continuing trend that the internet is a major facilitator of IP crime, and it utilizes new and emerging platforms such as social media to offer for sale counterfeit goods and infringing material.

In previous years, the monitoring of IP crime online has been based around auction sites and website, but this year the findings indicate there has been a shift to social media and that this is now a lead location for investigating IP crime, particularly for Trading Standards. In 2013/14:

- Sale of counterfeit goods via social media rose 15%
- Sale of counterfeit goods via online auction sites rose 2%
- 69% of local authorities investigating IP crime used social media to do so
- 65% of local authorities investigated auction sites and 61% on other websites

Its borderless nature creates an open platform for offering and accessing counterfeit goods. Social media and auction sites play an increasing role in enabling counterfeiting and copyright infringement.

Reports from industry highlight this trend and the action being taken to tackle it. For example:

- 72 million instances of infringing digital material have been removed by the UK Music industry (BPI)
- Over 1.6 million links to infringing books taken down by the Publishers Association (PA)
- Over 650,000 items seized by brands representatives
- The UK film industry (FACT) received over 5,000 pieces of intelligence concerning film related piracy.

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## COLLABORATION MEANS WE CAN BETTER TACKLE IP CRIME AND ITS LINK TO ORGANISED CRIME

Partnership work is essential in tackling these issues. There is significant evidence that IP crime is linked to organised crime, including human trafficking, illegal drugs and money laundering, making the coordination of enforcement activities, strategically and tactically, vitally important.

Extensive national and international activity and collaboration has already delivered results. In 2013/14:

- \$174 million of counterfeit items seized during INTERPOL related activities globally in 2013
- UK Customs officials detained more than 21,000 consignments of 'IP infringing' goods at UK borders
- The Police IP Crime Unit has already investigated more than \$29 million worth of IP crime and has suspended 2,359 domain names.

These successes are enabled by a multi-agency, joined-up approach to working. This includes legislation, clear strategies, education campaigns and international collaboration, as well as how an increasing number of agencies are working together. This includes collaboration between organisations both in the UK and in Europe, such as the Police, Trading Standards, HMRC, IPO, Border Force, EUROPOL and INTERPOL.

There are new resources to tackle IP Crime, including in the National Crime Agency and the Police Intellectual Property Crime Unit (PIPCU) and the Proceeds of Crime Centre (POCC). Operation Poise continues to provide a framework on tackling IP crime that other organisations are now utilising. This includes an umbrella EEC campaign, relating to the threat from Intellectual Property crime to the UK. All of these are new initiatives designed to bolster the effectiveness and strength of activities tackling IP crime.

Existing projects to deal with infringement are now gathering pace including; work undertaken by the National Markets Group, Nominet's Dispute Resolution Service, Interpol and Europol's Operation Opson, London Trading Standards Authorities self-storage initiative Operation Lauderdale, the Rugby World Cup 2015 rights protection programme, IP Protect Expo and WIPO's World IP day.

The legal landscape has also changed and will allow all of these organisations to focus on some of the key areas of potential harm. The introduction of the Consumer Rights Bill 2014 has brought enhanced focus on securing the rights of consumers, the falsified medicines directive, the Serious Organised Crime strategy, a review of Nominet domain registration policy, and reforms to the IP Enterprise Court all serve to strengthen and make it tougher for counterfeiting and breach of copyright to occur.

Consumers also have a role to play. The law of supply and demand relates just as well to the world of counterfeiting as it does in the world of legitimate business; awareness campaigns are key to increasing consumer understanding of the harm caused by purchasing counterfeit items or illegally downloading music and film. The aim is to educate consumers enough that they reduce the demand.

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## NATIONAL AND REGIONAL IP CRIME TRENDS

Trading Standards, based within local authorities, have a duty to protect consumers and across the country are the first lines of defense in tackling counterfeit goods in communities. Their day-to-day work is a key indicator of the scale of IP crime. Each year, the Trading Standards IP Crime Survey, run by the IPO, provides valuable insight into trends in IP crime.

- This year the top 5 counterfeit items across the UK are clothing, tobacco, alcohol, footwear and DVDs;
- Over the past 5 years there have been reductions in investigations into DVDs, CDs, Software and MP3 files, with increased investigations into cigarettes and tobacco and alcohol;
- Other products including clothing, watches and jewellery and toys have remained static;
- However, there are regional variations, indicating problem hotspots across the country;
- Cigarettes and tobacco are one of the most counterfeited products, ranking 1 or 2 in nearly every region of the UK;
- Counterfeit alcohol is a significant problem in every region;
- Ordinary shops are where you'll most likely find a counterfeit product, however markets, auction sites and social media also feature highly;
- There is also a link between IP crime offences in every region, as well as links to organised crime, drug dealing and money laundering.

Over 90% of Trading Standards Authorities are working alongside the Police, over 80% alongside other Trading Standards Authorities and over 60% with HMRC and across the UK have partnered with at least 100 other organisations and brands to tackle IP Crime in the past year.

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# Report of evidence

## INTRODUCTION

This report provides a situational perspective of intellectual property (IP) crime and the work being done to tackle it in the UK, during the fiscal year 2013/14. The evidence has been collated from the day-to-day work of members of the IP Crime Group, sector reports, studies and surveys and news reports. This report does not attempt to determine the total value of IP crime or assess the total scale or impact, rather its purpose is to bring qualitative information together in one place. This report focuses on developments across the industry with regard to IP crime reduction, including: changes in legislation, proactive steps by enforcement agencies, the enacting of education programmes and the results of surveys, such as the IPO's survey of Trading Standards Authorities.

## WHAT IS IP CRIME?

IP crime is the wilful use of someone else's trade mark or copyrighted work (usually in the course of a business), without the proper authorisation to do so. The legislation governing this can be found in the Trade Marks Act 1994 (TMA) and the Copyright Designs and Patents Act 1988 (CDPA), as well as more recent Acts such as the Fraud Act 2006 and the Video Recording Act 2010.

Using someone else's IP usually falls into two categories – trade mark infringement or copyright infringement. Trade mark infringement or **counterfeiting** is where a person produces a product, such as a handbag or a car part and claims that is made by the genuine manufacturer, or the owner of the trade mark. For it to be counterfeit, the unauthorised trade mark must be present on the product. A counterfeit product is often referred to as a 'fake'.

**Copyright infringement**, often referred to as 'piracy' is where a person takes the copyrighted work such as the text from a novel or a music CD and makes it available for others to use. For example, taking the latest CD album and making copies of it for sale, or allowing it to be downloaded over the internet without the permission of the copyright owner. Counterfeiting and piracy are criminal offences with a maximum sentence of up to ten years in prison.

Counterfeit products are often found on sale in the types of places where you would find the genuine product, i.e. the high street, online, markets, etc. As a general rule though, they are not seen for sale in well known establishments due to safeguards which exist in the supply chains of these stores and their awareness of the adverse effect such products would have on their business. Due to this, the internet is the favoured choice for IP criminals.

Criminals who sell counterfeit goods are invariably aware of the consequences of their actions and therefore try to ensure that they do not raise suspicions of law enforcement or any member of the public. Where goods are on show in areas such as markets they are rarely advertised as counterfeit or fake, however in closed environments such as those offered by Facebook and online forums the criminals are much more open about the products they are selling, potentially because they see it as lower in terms of being caught. This has the effect of taking the criminality 'underground' and out of the public domain. It is very much like the trade in illegal drugs – you'll find them if you know where to go.

Pirated material, however, such as digital music files, copied CDs and software, is seen as much more publicly acceptable to use or enjoy. This is possibly because many consumers listen to music, watch films and read books on electronic devices, which enable file sharing and easy downloads. Much of the infringement in this field is committed online through streaming, peer-to-peer file sharing and on social media.

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## WHAT IS THE UK IP CRIME GROUP?

The IP Crime Group is a cohort of representatives from the private sector, law enforcement agencies and government departments, all of whom have an individual role in tackling IP crime in the UK.

The UK IP Crime Group was founded by the Intellectual Property Office in 2004 and is currently chaired by Sussex Chief Constable Giles York, who is also responsible for IP crime at a UK national level for the Association of Chief Police Officers (ACPO).

Membership includes policy makers as well as those who are responsible for border security, those who investigate cases of IP crime in communities, and those who represent brands where intellectual property is being infringed.

The group meets every two months to:

- Discuss strategic policy issues in relation to IP crime;
- Identify strategic priorities for collaborative action;
- Identify and distribute good practice;
- Raise awareness of IP crime;
- Discuss production of this annual report.



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# Chapter 1 – What is the scale of IP crime in the UK?

## INTRODUCTION

The economic model of supply and demand is as relevant in the world of IP crime as it is for legitimate business. Where there is a consumer base willing to purchase a fake or capable of being deceived into purchasing fakes there will be a desire by criminals to exploit this opportunity and supply those goods. Suffice to say that in every sector the risk of a branded product being copied and sold as the real product is a continual threat of significant proportion.

The manufacture, importation/transport and availability of counterfeit goods remains at a high level in the UK; it is estimated to cost the economy at least £1.3 billion per year in lost profits and taxes<sup>1</sup>. Nearly every product sector faces daily challenges to protect the value of their brand against the influx of cheaper fakes – from food and batteries, to makeup and car parts there is a fake in every city market and many city streets. The IPO's survey of Trading Standards (detailed in Chapter 3) gives detailed information on the types of goods being investigated by Trading Standards. More than eight out of ten authorities in the UK investigated counterfeit clothing, cigarettes and tobacco in 2013-14; seven out of ten authorities investigated counterfeit alcohol; while approximately six out of ten authorities investigating counterfeit footwear and pirate DVDs.

It is difficult to give a precise figure on the scale or effect of counterfeiting. One of the reasons is that there is no statutory recording of offences by UK enforcement agencies; however there are a growing number of studies that seek to provide insight into consumer attitudes. A study by the Office for Harmonization in the Internal Market (OHIM) titled *European Citizens and Intellectual Property: Perception, Awareness and Behaviour*,<sup>2</sup> polled 26,500 European consumers on their attitudes to intellectual property. It found that 19% of UK citizens surveyed said it was acceptable to purchase counterfeit products when the cost of the original was too high. Ultimately therefore, before considering the percentage of people who are deceived into purchasing counterfeit goods (e.g. in cases where they believe they are purchasing the genuine product) it must be remembered that nearly 1 in 5 people in the UK are open to knowingly purchasing fakes.

Each year the European Commission (EC) publishes a report detailing the number of detention cases made across the EU. The latest version of this report, entitled "Report on EU customs enforcement of intellectual property rights – 2013"<sup>3</sup> shows that in 2013 the UK was responsible for the largest number of detention cases reported by any single EU member state and resulted in the interception of 3.3 million articles suspected of being counterfeit. This equates to roughly four counterfeit products for every 18-year-old living in the UK. According to the same report, China remains the most prominent source country from which counterfeit products are entering the EU. In 2013 19.2 million articles were detained with a value of over €500 million. Other source countries include Hong Kong, United Arab Emirates, Turkey and India.

In the financial year 2013/14 the combined work of HMRC and UK Border Force resulted in over 26,000 cases of counterfeit goods being detected and detained at UK borders. Of these, 24,017 cases occurred in postal traffic and 1,989 cases in air and sea cargo, fast parcel and vehicle traffic.

The range of counterfeit items is staggering. In the six months leading to Christmas 2013 UK Border Force seized more than 91,000 counterfeit products at Heathrow ranging from Louis Vuitton bags, Dr Dre headphones and Estee Lauder cosmetics to Rolex and Bvlgari watches. More than 30,000 items detained at Southampton docks included 580 Louis Vuitton bags, 400 Louis Vuitton branded belts, over 22,000 various branded sunglasses and 2000 items of fake jewellery – with the total value of goods estimated at £4.1 million. At a Central England location Border Force officers detained various counterfeit products including Shure Microphones, Callaway X-Hot Drivers, Armani Watches, Xbox Headphones, Ugg Boots and Martin Guitar D45.<sup>4</sup>

It is important to be aware that criminals do not limit themselves to replicating genuine products closely because it is the brand, rather than the specific product, that holds the ticket to any profit they are seeking. Many of the brands above may not actually produce versions of the product being sold, but because the brand is so strong criminals use it as a badge of authenticity. It is not just brands that lose out because of

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1 <https://www.gov.uk/government/news/border-force-protects-uk-public-from-fake-goods-this-christmas>

2 [https://oami.europa.eu/tunnel-web/secure/webdav/guest/document\\_library/observatory/documents/IPContributionStudy/25-11-2013/european\\_public\\_opinion\\_study\\_web.pdf](https://oami.europa.eu/tunnel-web/secure/webdav/guest/document_library/observatory/documents/IPContributionStudy/25-11-2013/european_public_opinion_study_web.pdf)

3 [http://ec.europa.eu/taxation\\_customs/resources/documents/customs/customs\\_controls/counterfeit\\_piracy/statistics/2014\\_ipr\\_statistics\\_en.pdf](http://ec.europa.eu/taxation_customs/resources/documents/customs/customs_controls/counterfeit_piracy/statistics/2014_ipr_statistics_en.pdf)

4 <https://www.gov.uk/government/news/border-force-protects-uk-public-from-fake-goods-this-christmas>

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counterfeit products, the artists that create films, music and literature often see their works offered for free, or for a lower amount on the internet, often within hours of them being released, or in some cases, even before they have been officially released. According to the British Recorded Music Industry around 4 million people in the UK regularly engage in file sharing<sup>5</sup>. An OFCOM study, funded by the Intellectual Property Office, found that 17% of internet users downloaded or streamed at least one item of infringing content during the year<sup>6</sup> which was roughly a third of all consumers of online content. Similarly, a third of all consumers of online films infringed at least once, while a quarter of music consumers infringed.

Another study by MarkMonitor that records visits to illegal file sharing sites discovered that more than 10,000 suspicious sites offering illegal downloads or counterfeit goods received over 53 billion hits in 12 months, and that only related to 22 specific brands. That is the same as every living person visiting the sites seven times in one year.<sup>7</sup>

Some industry figures estimate the loss to the music industry because of global copyright infringement to be more than £7 billion.<sup>8</sup>

## THE ONLINE ENVIRONMENT

The internet plays a large part in facilitating IP crime. This is largely because the internet is a borderless digital superstructure that is utilised by almost 40% of the world's population. It is estimated that there are roughly 2.8 billion people with access to the internet, while 90% of the UK population (57 million) has access. The internet is generally uncensored and unrestricted, meaning that it is an open shop to anyone wanting to access virtually anything – legal or not.

Whether the internet is used as a shop window for the sale of counterfeit goods or is used to access copyright infringing material there are, fortunately, a number of interventions available to enforcement agencies and brand holders to tackle this threat. These can include: deregistering the domain name so it is no longer available, removing payment services so that there is no longer a way for consumers to pay for counterfeit/infringing products, working with advertising companies to stop advertising on illegal websites (thus removing income), court blocking orders compelling Internet Service Providers (ISPs) to stop their customers gaining access to illegal websites, and arresting and charging those who are responsible. In addition, some organisations who investigate infringing websites use software to identify illegal content. Website links are then sent to search engines such as Google who are able to remove the URL from their indexes, thus ensuring the content is no longer available through search results. During 2013-14 the Publishers Association removed 1.6 million links to infringing e-books and the BPI removed 72 million links to infringing material.

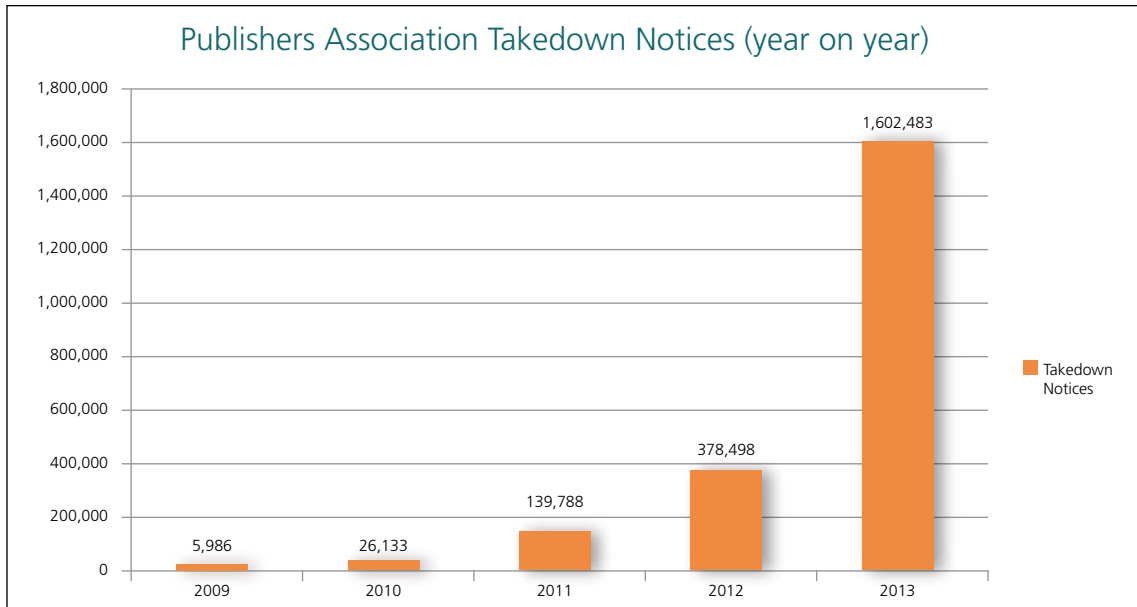
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5 [https://www.bpi.co.uk/assets/files/BPI\\_Digital\\_Music\\_Nation\\_2013.PDF](https://www.bpi.co.uk/assets/files/BPI_Digital_Music_Nation_2013.PDF)

6 <http://stakeholders.ofcom.org.uk/market-data-research/other/telecoms-research/high-volume-infringers/>

7 <https://www.markmonitor.com/>

8 <https://www.gov.uk/government/news/new-education-programme-launched-to-combat-online-piracy>



BPI Seizure Figures								
	2013					2014		
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Total
<b>CDs</b>	8,789	46,354	15,638	24,350	95,131	6,847	2,322	9,169
<b>Digital Tracks</b>	2,221,092	3,942,455	5,491,803	1,524,686	13,180,036	619,982	674,676	1,294,658
<b>Music DVDs</b>	16,046	10,740	40,946	11,420	79,152	1,286	154	1,440

In December 2013 the UK's Police Intellectual Property Crime Unit (PIPCU) collaborated with Europol and the U.S Homeland Security Investigations (HSI) and National Intellectual Property Rights (IPR) Coordination Center as part of the project 'In Our Sites – Transatlantic 3'. On behalf of the UK, PIPCU suspended 90 websites, while Europol Member States, Belgium, Denmark, France, Hungary, Romania and Spain suspended a further 303. The US IPR Center accounted for 297 domain name seizures in the US.

In addition, between September 2013 and April 2014 more than 2,500 websites selling designer counterfeit goods were suspended as part of the unit's Operation Ashiko. The operation saw PIPCU working in collaboration with a large number of well known brands, brand protection organisations, and the co.uk website registry Nominet.

The suspended websites purported to sell designer goods including UGG boots, GHD hair straighteners, Abercrombie, Hollister and Jack Wills clothing, Gucci products and Thomas Sabo jewellery. However, online shoppers were left short changed as the items they received were in fact poor quality and sometimes dangerous (due, for example, to faulty electronics). In some cases the items were never even delivered. The websites were estimated to generate tens of millions of pounds for organised crime groups.

The Anti Counterfeiting Group (ACG) reports that the use of social media platforms such as Facebook and Twitter to advertise and trade in counterfeit goods has increased greatly over the last three years with thousands of items being made available on a daily basis. Facebook traders openly publish albums on their pages which contain images of available counterfeit merchandise including, clothing, footwear, jewellery, handbags, purses, music, games, films etc., and will engage in private and open messaging on their Facebook page in order to sell these infringing products.

As with legitimate online enterprises, these Facebook traders use a host of payment methods including

credit / debit card, Paypal, Postal Order and cash. This type of social network allows traders and their customers to recommend a trader to other friends and contacts; as a result many traders have in excess of 1000 'friends' to whom they can ply their trade.

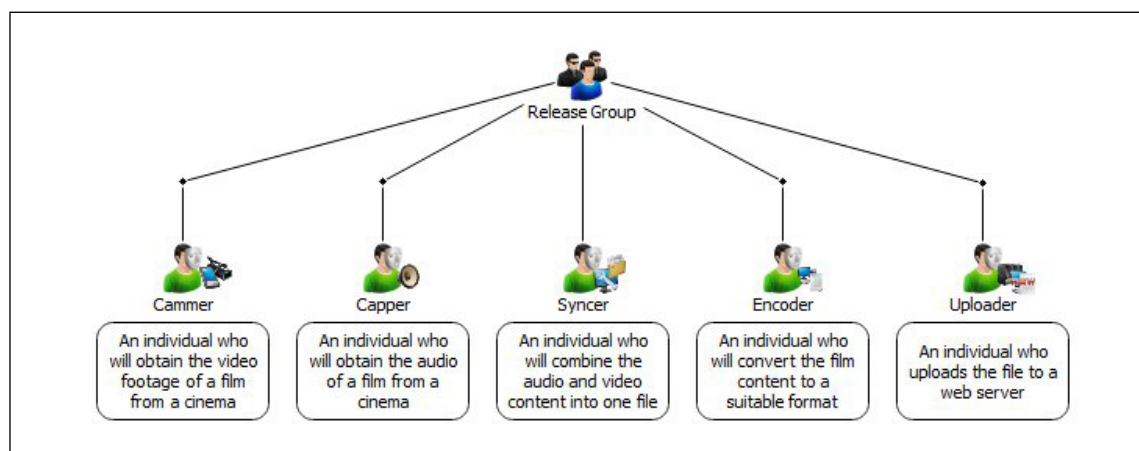
In December 2013, in order to reduce the impact of this criminal activity, ACG and 17 of its members (all well-known high street brands) instigated a Facebook initiative named Operation WATCH, which consisted of two phases:

1. Intelligence collection (brands and Trading Standards) relating to scale and scope of product counterfeiting on Facebook – this established some 30,000 individual listings and hundreds of traders selling counterfeit goods on Facebook.
2. Following the intelligence collection phase, ACG and its members carried out administrative takedowns of traders on Facebook – this three day action resulted in 650 traders and 2500 listings being made subject to takedown action, i.e. the removal of infringing images and profiles from Facebook.

Hailed as a success by enforcement, government and industry sectors, Operation WATCH gained tremendous momentum and a whole range of activities to tackle counterfeiting on Social media are planned throughout 2014 / 2015.

## CAMMERS AND RELEASE GROUPS

While the internet is used to facilitate illegal businesses profiteering out of IP crime, it is also used to host films that have been illegally recorded by 'cammers' in cinemas. This is not always done for financial reward, but as a badge of honour in release groups.



In 2013, a warrant was conducted in Derbyshire at the home address of a suspected encoder. He was a member of a release group that was highly active in 2012. The police seized his computer equipment, which was forensically examined by the Federation Against Copyright Theft (FACT). The resulting forensic evidence confirmed that the individual was involved in encoding films and illegally uploading FACT member content online for onward distribution. It was also evident that the use of File Transfer Protocol (FTP) servers was prevalent among the release group community this encoder was involved with. Evidence showed that he had the IP address and login details for 10 FTP servers. The FTP servers appeared to be used to store and share infringing film content within a close-knit community.

## DEVELOPING AND EMERGING TECHNOLOGY

The development of new technologies can have both a positive and negative impact on IP rights. Take for example the MP3 players that came to the market back in the late 1990's. While they opened up a whole new market for musicians, they also allowed illegal copying and sharing of music to grow.

The International Intellectual Property Enforcement Summit<sup>9</sup>, held in June 2014, discussed the threat of

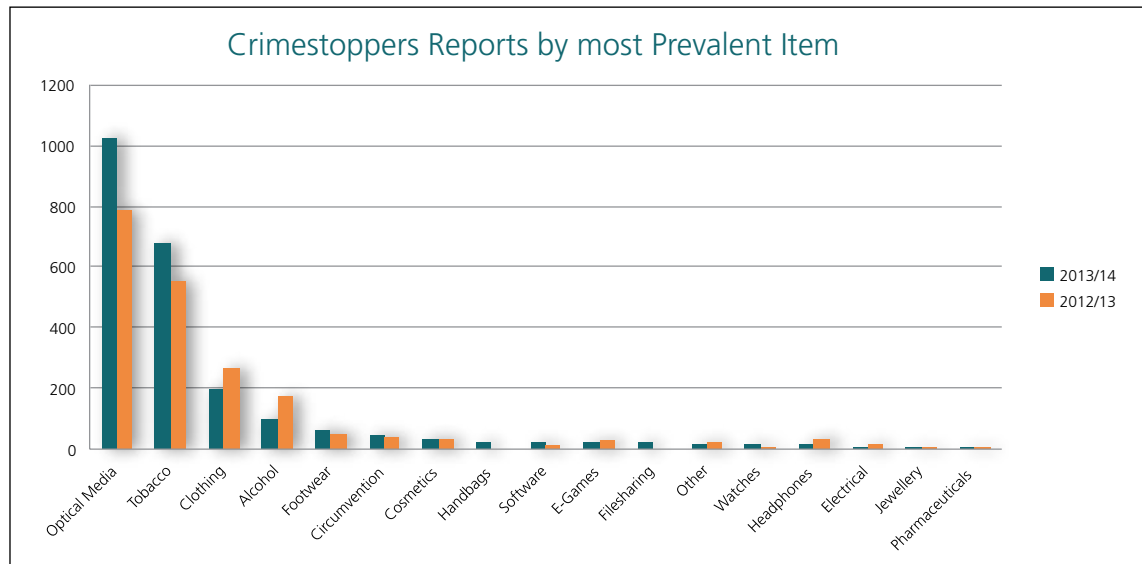
<sup>9</sup> Further detailed information about the summit is contained within chapter 2

emerging technologies. The summit brought together senior decision makers from around the world to London to discuss how to tackle IP Crime. Included in discussions were issues such as 3D printing, cloud computing and mobile technology. It is not possible to accurately assess every future threat, however with appropriate structures in place, such as the IP Crime Group, the UK will be well placed to deal with any threats as they arise.

## REPORTS FROM THE PUBLIC ABOUT IP CRIME

The Intellectual Property Office, an executive agency of the Department for Business, Innovation and Skills, has an Intelligence Hub which coordinates and exchanges criminal intelligence between intellectual property enforcement agencies and the private sector in the UK and overseas.

During 2013/14 the hub received 2,423 reports from Crimestoppers – an independent charity helping law enforcement to locate criminals and solve crimes. This is an increase of approximately 25% from the previous year and shows a growing awareness of IP crime within the public domain.



	Optical Media	Tobacco	Clothing	Alcohol	Footwear	Circumvention	Cosmetics	Handbags	Software
2012-2013	787	554	265	174	48	42	36	0	14
2013-2014	1024	680	195	102	64	47	33	22	22
% (+/-)	30%	23%	-26%	-41%	33%	12%	-8%	N/A	57%

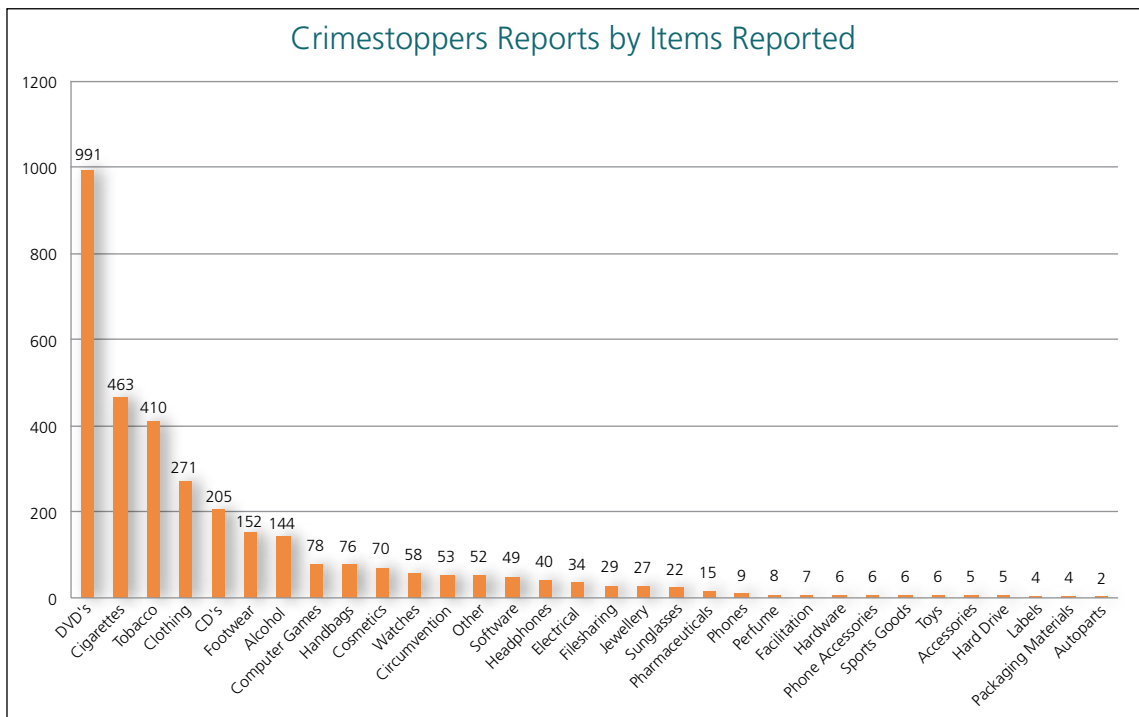
	E-Games	File Sharing	Other	Watches	Headphones	Electrical	Jewellery	Pharmaceuticals
2012-2013	29	0	24	8	34	19	8	4
2013-2014	21	21	20	19	17	8	10	7
% (+/-)	-28%	N/A	-17%	138%	-50%	-58%	25%	75%

The chart and figures above show a comparison between the number of reports received by the IPO Intelligence Hub from Crimestoppers between 2012/13 and 2013/14, in relation to the most prevalent item mentioned in each report.

This year's figures remain consistent with those of the previous year in that optical media, tobacco, clothing and alcohol are again the top four most commonly reported items in Crimestoppers reports.

Optical media continues to be the most frequently reported category of counterfeit items and has risen from 787 reports in DATE to 1024 reports in 2014. The incidence of tobacco, footwear, circumvention, software, watches, jewellery and pharmaceutical counterfeits have also increased this year, along with handbags, which, in previous IP Crime reports, was recorded within the accessories category<sup>10</sup>. Despite remaining high, the number of counterfeiting reports on clothing and alcohol has decreased along with cosmetics, e-games, headphones and electrical items.

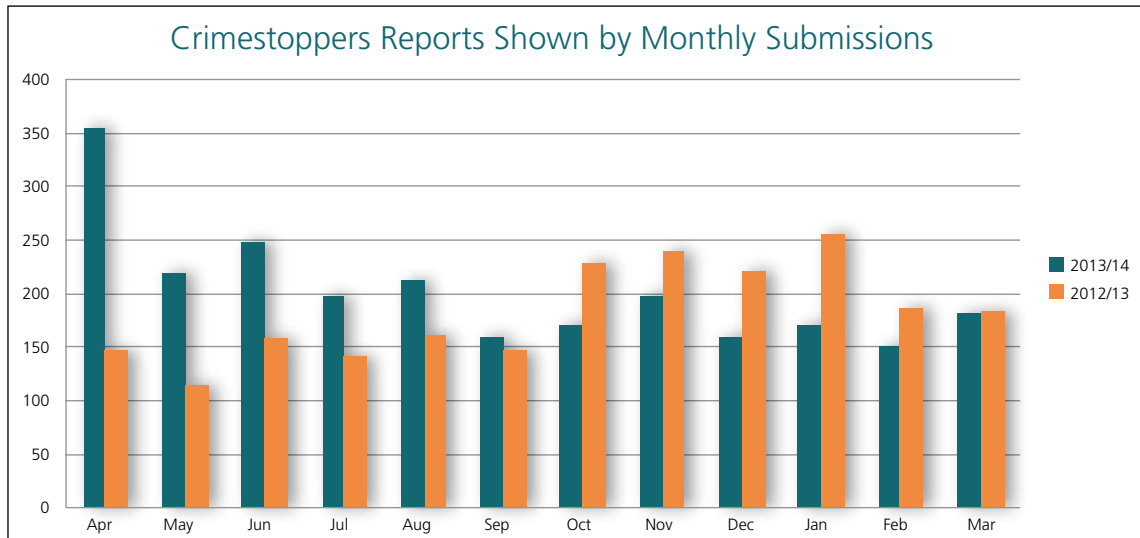
Owing to the prevalence of new and more diverse counterfeit items being reported, more categories, such as 'file sharing' have been added to this year's IP Crime Report.



As a result of changes in the national IP landscape (see Chapter 2) and the increasing variety of counterfeit products reported, the IPO Intelligence Hub has changed the way in which it records data in order to produce a more complete overall picture of IP crime within the UK. The above chart shows the number of intelligence submissions from Crimestoppers between April 2013 and March 2014 in relation to the number of logs that refer to the sale of an item from each category.<sup>11</sup>

<sup>10</sup> Handbags, which used to fall under the 'Accessories' category, are now accepted as being a large enough threat to have their own category, while Optical Media has been separated into DVD's and CD's.

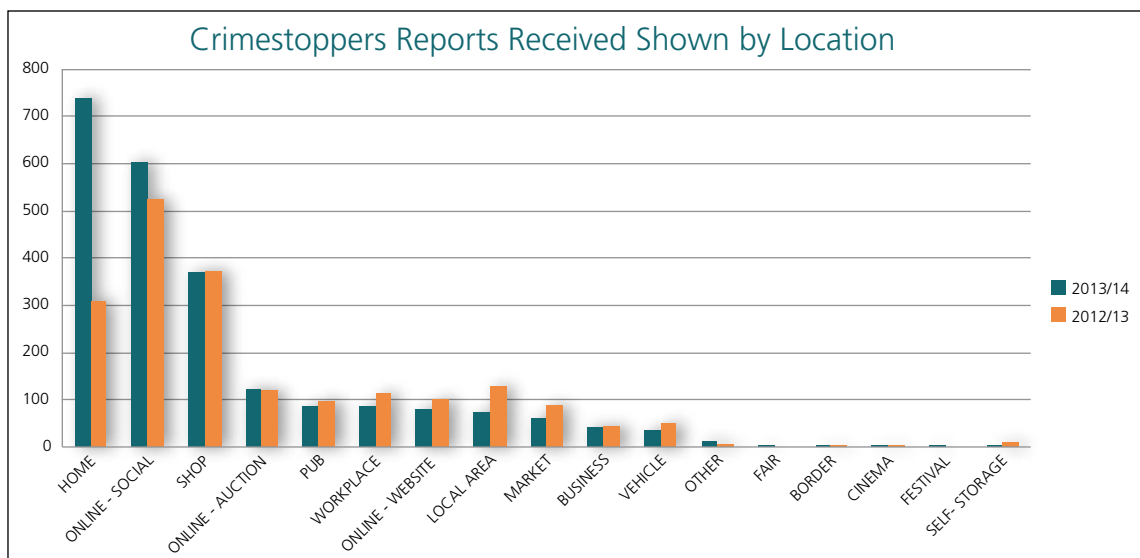
<sup>11</sup> This captures the sale of multiple categories of item within each report, where as previously it was only possible to show intelligence submissions by most prevalent item in each report.



	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
<b>2012-2013</b>	147	114	157	142	162	147	229	240	221	255	187	183
<b>2013-2014</b>	355	250	249	198	213	159	171	197	160	170	150	181
<b>% (+/-)</b>	141%	119%	59%	39%	31%	8%	-25%	-18%	-28%	-33%	-20%	-1%

The chart above shows a comparison of the monthly breakdown of Intelligence submissions received from Crimestoppers relating to IP crime for 2013/14 and 2012/13.

From April to September 2013-2014, Crimestoppers submissions increased each month from the previous year, though the monthly percentage increase fell from 141% in April to 8% in September. The following six months from October to March the opposite happened and submissions were all less than those of the previous year, though there were no substantial decreases.



	Home	"Online Social"	Shop	"Online Auction"	Pub	Workplace	"Online Website"	"Local Area"	Market
2012-2013	309	523	373	121	96	114	99	129	88
2013-2014	739	604	368	124	84	84	78	73	58
% (+/-)	139%	15%	-1%	2%	-13%	-26%	-21%	-43%	-34%

	Business	Vehicle	Other	Fair	Border	Cinema	Festival	Self Storage
2012-2013	43	50	6	0	2	1	0	9
2013-2014	42	34	11	2	2	1	1	1
% (+/-)	-2%	-32%	83%	N/A	0%	0%	N/A	-89%

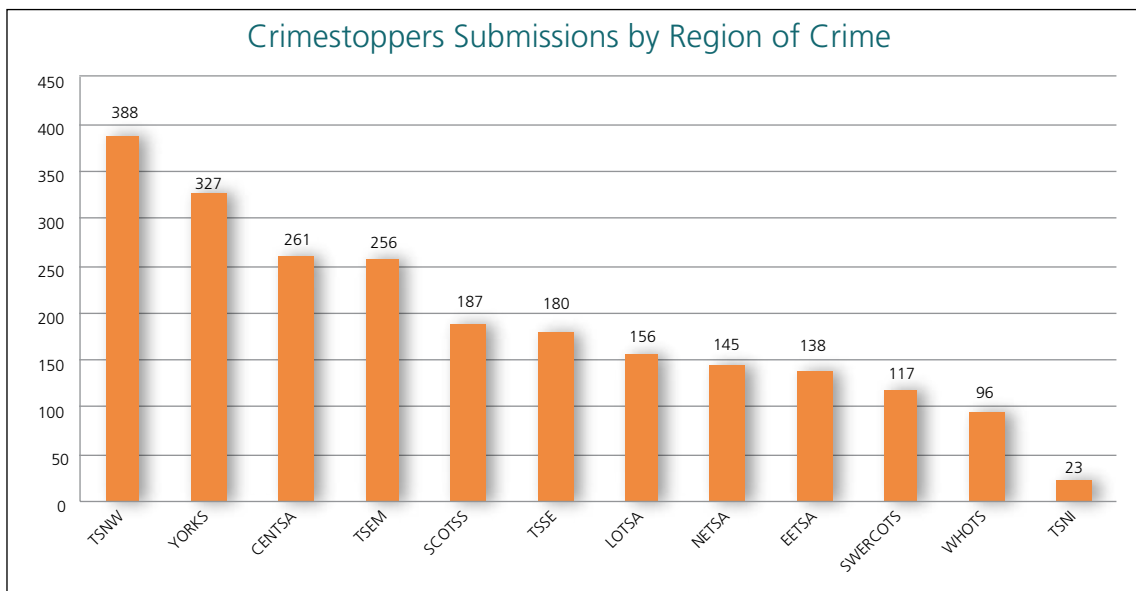
Online social media (particularly Facebook) continues to increase as a marketplace for counterfeit goods and counterfeit goods for sale increased from the previous year by 15%. However, the largest increase and most common location reported for the sale of counterfeit goods for 2013/14 is the 'home' with 739 reported incidents (a 139% increase from the previous year). The prevalence of counterfeiting via online auctions, such as eBay, has also increased though only by 2% and interestingly website submissions have decreased. Many of the remaining locations such as pub, workplace, local area, market, vehicle, business and self storage have had fewer submissions which indicate the marketplace is moving from the physical sale of goods to the online marketplace.

Further analysis of the number of reports covering sales of counterfeit goods at 'home' reveals links with other forms of criminality such as anti-social behaviour, and the sale of drugs. The large increase in these reports show that it is an issue not only for consumers, but for concerned members of the public in relation to other criminality associated with IP in the community.

The increase in counterfeiting via online social media is a result of the change in the IP landscape in which wholesalers are becoming increasingly more accessible online for individual traders to buy and sell from. It is likely that many of the reports relating to the sale of counterfeit goods from the home are also traded online.

Reports of counterfeit items relating to shops have only seen a 1% decrease in 2013/14 showing that consumer concerns of IP infringing goods availability in shops remain high. However, reports of physical goods at all other locations have decreased, indicating a move of counterfeit items from the physical marketplace to the online environment.





The chart above shows Crimestopper intelligence reports of crime by region. The highest numbers of submissions are from Trading Standards North West (TSNW) with 388, followed by Yorkshire (YORKS) with 327, Central England (CENTSA) with 261 and East Midlands (TSEM) with 256. London (LOTSA) is seventh in the list with 156 submissions.

## ACCESS TO COUNTERFEIT AND COPYRIGHT INFRINGING MATERIAL

Although the information above shows that some members of the public contacted Crimestoppers out of concern from what they had discovered, there is also a section of the population who have entirely different views.

A survey by Price Waterhouse Cooper (PWC)<sup>12</sup> sampled 1,073 UK consumers on their attitudes and familiarity with counterfeit goods. While 90% of respondents believed that counterfeiting is morally wrong, 18% said they sometimes buy fake alcohol and 16% fake medicines. In addition, 92% of respondents believe that fakes were very easy/easy to purchase in the UK.

## WORK BY TRADING STANDARDS

Trading Standards play a critical role in protecting consumers from the threat of counterfeit products in communities. As an example of the prevalence of IP crime in communities a monthly breakdown of some of the most significant operations and seizures in 2013 by Southwark Trading Standards – which prioritises anti-counterfeiting work in order to protect consumers and allow honest enterprises to thrive – is listed below:

- April 2013 – a market stall at Elephant & Castle was visited and over 700 counterfeit Nike and UGG items of footwear seized. The trader was prosecuted, pleaded not guilty but was convicted and a forfeiture of all the goods was granted.
- April 2013 – Southwark trading standards carried out a joint raid with the police on a suspected drug dealer. As a result large amount of counterfeit clothing and tobacco were seized. The prosecution is pending a court hearing.
- April 2013 – Southwark trading standards visited a number of mobile phone shops in Rye Lane, Peckham. Among them was one premise that was suspected of supplying all the other shops. As a result over 3,000 counterfeit mobile phone accessories were seized.

<sup>12</sup> [http://www.pwc.co.uk/en\\_UK/uk/assets/pdf/anti-counterfeiting-consumer-survey-october-2013.pdf](http://www.pwc.co.uk/en_UK/uk/assets/pdf/anti-counterfeiting-consumer-survey-october-2013.pdf)

- May 2013 – counterfeit Dr Dre headphones were seized in Camberwell. As a result of Southwark’s investigations the supplier was identified, and, after working with Tower Hamlets trading standards, over 1000 counterfeit headphones were subsequently seized.
- June 2013 – working with the Federation Against Copyright Theft (FACT) and the police Southwark trading standards raided a DVD factory operating from a flat in Peckham. One person was arrested and over 50,000 counterfeit DVDs were seized.
- June 2013 – working with DHL and colleagues in Wandsworth, Southwark trading standards intercepted multiple consignments of counterfeit goods, destined for addresses in Southwark.
- July 2013 – Southwark trading standards managed to secure a forfeiture order on over 250kg of loose tobacco, seized from a flat in Peckham along with counterfeit packaging. £7,000 cash seized from the flat under POCA powers was also successfully forfeited.
- October 2013 – working with police officers targeting the trade in stolen phones, Southwark trading standards seized over 300 counterfeit mobile phone accessories. During the search officers looking in boxes of suspected counterfeit headphones discovered brand new iPhones and iPads, which had been obtained by fraudulent means (credit card fraud and identity theft).
- November 2013 – as part of a food fraud investigation, Southwark officers seized over 600 counterfeit DVDs from a butcher’s shop
- January 2014 – working with benefit fraud officers, Southwark officers seized over 12,000 counterfeit cigarettes from a flat.
- February 2014 – working with the police, who were investigating a suspected drugs dealer, Southwark seized over 50,000 counterfeit cigarettes.

The above information is just a small fraction of work by one authority – there are over 200 authorities in the UK covering an area of over 94,000 square miles. This illustrates the scale of the problem, particularly as many of these cases fall under the category of ‘serious organised crime’.

## PROCEEDS OF CRIME ACT

The Proceeds of Crime Act 2002 legislation provides enforcement agencies with the ability to confiscate the assets of criminals where they have been obtained using the proceeds of crime. While data for the total amount of confiscated money is not available, two cases noted below highlight the significant sums of money that can be confiscated in IP crime cases.

**Case 1:** In November 2013 Bernard O’Toole<sup>13</sup> from Liverpool was caught with 38,000 counterfeit items after being stopped by police for driving while using his mobile phone. The counterfeit goods included Ralph Lauren tracksuits, plus badges and labels required to make counterfeit UGG boots. In addition a significant manufacturing operation was found at O’Toole’s house including sewing machines, presses and packaging materials.

At Chester Crown Court O’Toole was handed a confiscation order of £76,720.55 under the Proceeds of Crime Act 2002. If the amount is not paid he faces a 12-month prison term.

**Case 2:** In January 2014, Nigel Thomas of Llanelli was ordered to pay £71,000 for his part in a “sophisticated” DVD piracy operation. He made over £100,000 from copying films, games and music.

## JUDICIAL DISPOSALS

Where education, awareness and warnings are not successful, or the nature of the offence is too serious, it is ultimately down to the UK law enforcement authorities and those willing to take private criminal prosecutions to bring criminals to justice through the court system in England and Wales.

According to the Ministry Of Justice 467 people were found guilty of offences under the Trade Mark Act (TMA) and 99 under the Copyright Designs and Patents Act (CDPA) during 2013/14, compared with 506 and 92 the previous year. The number of people cautioned for TMA offences was 14, compared to 16 the

<sup>13</sup> [http://www.warrington.gov.uk/news/article/1156/ralph\\_lauren\\_counterfeiter\\_ordered\\_to\\_pay\\_%C2%A376\\_000](http://www.warrington.gov.uk/news/article/1156/ralph_lauren_counterfeiter_ordered_to_pay_%C2%A376_000)

previous year. In addition, 14 people were cautioned for CDPA offences in 2013-14 compared to 16 the previous year. This means that around 28 people per month are being cautioned or sentenced for IP crime offences.

Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>TMA Cautioned</b>	18	59	120	194	187	187	201	118	66	55	38	39
<b>CDPA Cautioned</b>	13	55	171	202	247	177	180	79	45	41	16	14
<b>TMA Found Guilty</b>	329	399	503	749	920	884	913	801	662	487	506	467
<b>CDPA Found Guilty</b>	71	84	100	160	249	362	478	563	366	97	92	99

Source: Ministry Of Justice (Data where IP offence was primary offence)

Below are some examples from Southwark Trading Standards, showing some of the cases behind these figures:

- **Case 1:** Caroline Eruohwo-Adogbeji (34) of Old Kent Road, SE1 was sentenced to 263 days default sentence for failing to pay the remaining £38,000 of a £107,000 proceeds of crime confiscation order. The order was granted last January following a two year-long investigation into the sale of counterfeit GHD hair straighteners on eBay. Ms Eruohwo-Adogbeji will be released if the outstanding balance is paid.
- **Case 2:** Maxine Stonebridge (55) was ordered to pay a £50,709 proceeds of crime confiscation order at a Crown Court hearing. The East Street trader was caught selling counterfeit goods back in 2009 and was convicted for trade mark offences in February 2011. She was then ordered to pay a £45,000 confiscation order but failed to do so. Ms Stonebridge subsequently applied for a Certificate of Inadequacy but this was dismissed and she had to pay the order, plus interest, or face an 18-month imprisonment default sentence.
- **Case 3:** A reggae music internet trader was sentenced to eight months in jail after pleading guilty to making, possessing and distributing music in breach of copyright and trade marks laws. Dwayne Murray, 30, of Camberwell, known locally as Pepsi Murray, had traded as the Reggae Doctor on his website for over five years. Over 4,000 copies of CD's, 2,200 copies of DVDs and 3,300 counterfeit inlay sleeves were seized during a raid by trading standards, local Police and industry investigators at his residence in July 2010. The raid followed test purchases made by investigators from the British Recorded Music Industry (BPI). The counterfeit music retailed for approximately £3 each, via download or hard copies sent through the post. The haul also included four multi-burning towers, a laptop computer and a computer tower unit, holding thousands of music files. The items were subject to a forfeiture and destruction order.
- **Case 4:** A trader in Rye Lane's indoor market was sentenced to eight weeks in prison, suspended for 18 months, and given a Community Order of 200 hours of unpaid work, after pleading guilty to offences relating to the supply of counterfeit DVDs. Mr Riccardo Mansfield (30), from Peckham, pleaded guilty to offences under the Trade Marks Act 1994, Copyright, Patents and Designs Act 1988 and the Video Recordings Act 1984. Mr Mansfield was also ordered to pay £1,600 contribution towards the Council's prosecution costs. The case followed visits in September and November 2012 when a total of 217 pirate DVD's were seized from RM Games. The DVDs consisted of copies of the latest blockbuster movies, still only on show at the cinema at the time. Also some pornographic movies were found that should only have been available from licensed sex shops. The court ordered their forfeiture and destruction. Trading standards had been tipped off by a keen eyed Police Community Support Officer (PCSO) who had seen the DVDs being sold despite the fact that Mr Mansfield had previous convictions for similar offences committed in 2009.

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- **Case 5:** A stallholder must pay back £50,000 for selling fake goods. Michael Missing (70), of Ingatestone, Essex, was ordered to pay back £50,000 following a Crown Court hearing. Mr Missing was found selling counterfeit Ralph Lauren polo shirts and other branded items in East Street Market in October 2010. He had subsequently pleaded guilty to trade mark offences. Following this the Council launched an investigation into his assets and financial affairs under the Proceeds of Crime Act. The court then determined how much criminal benefit had been made and how much was available to be paid back. The sum of £50,000 was agreed and Mr Missing was given 28 days to pay or face 18 months imprisonment as a default sentence. He was also fined £1,750 and ordered to pay £3,000 towards the council's prosecution costs.

## HARM CAUSED BY IP CRIME

### INTRODUCTION

IP crime was once seen as victimless – depriving the brand-holder at most, but there is no doubt that behind the scenes lurks a sophisticated and diverse network of organised criminals seeking to make significant sums of money. Evidence and intelligence shows that criminals involved in IP crime are also likely to be engaged in other types of criminality such as people trafficking, drug smuggling and violence. Criminals are not interested in harm caused to legitimate businesses or to the consumer. With IP crime, consumer rights are often compromised, with the most vulnerable in society being the hardest hit. In extreme cases whole communities can be undermined when criminal elements take control of local markets resulting in degeneration, closure of retail establishments, less investment and higher unemployment.

Harm caused by counterfeiting and copyright infringement falls within four key areas: 1) harm to the economy, 2) harm to consumers, 3) harm to communities and 4) the link to serious organised crime.

### ECONOMIC HARM

With the volume of counterfeit goods and copyright infringing material available it is not surprising that this negatively impacts the UK economy. This includes lost jobs, lost taxes or the impact on businesses that are unable to compete with cheap fakes.

Autodata, one of the leading suppliers of technical information not only across the UK but globally, is a key example of the vulnerability associated with counterfeiting. They have valuable contractual arrangements to supply data to third parties and employ over 200 staff at their Maidenhead office. These contracts are the mainstay of Autodata's business so it has an obligation to ensure that the illegal supply of counterfeit software containing licensed information is acted upon quickly.

It is difficult to measure the losses to Autodata as many of the counterfeit sellers caught do not deal in Autodata alone. However, given that a legitimate subscription costs around £750 per year while counterfeit software only costs in the region of £50 to £100, for every business using counterfeit Autodata software, there is a potential that this costs Autodata £600 each time in lost sales.

Every time a counterfeit item is either produced in the UK or enters the UK there is a high likelihood that it will not have been declared and appropriate taxes will not have been paid. A case in Northern Ireland in July 2013 is a good example of this – almost 2,500 litres of illicit alcohol were discovered in an alcohol bottling plant in County Armagh. The alcohol, along with counterfeit duty stamps and bottles were thought to have cost the UK economy £26,450 in lost duty and taxes.<sup>14</sup>

### CONSUMERS

When consumers go to their local supermarket, outdoor market, DIY store or shop on the internet to buy a recognised electrical, medicinal, makeup, household or food brand name product most people trust that the item is safe for use. However, many counterfeit products based on popular brands are manufactured to meet the most basic visual inspection of the consumer's eye, while using ingredients or components of poor quality, or that are not designed for the purpose of the counterfeit good they are being used in.

<sup>14</sup> <http://www.mynewsdesk.com/uk/hm-revenue-customs-hmrc/pressreleases/counterfeit-alcohol-raises-concern-890058>

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At a market in Manchester, IP infringement was prolific and so ingrained into the traders that coercive action in the light of the failure of the market operators to deal with the issues was the only solution. Trading Standards from both Manchester and Salford had grave concerns around the types of goods being sold, particularly counterfeit spirits, often made using dangerous ingredients, being made accessible to vulnerable members of the community. The police had similar concerns, compounded by disproportionate levels of drug crime, while members of the public made numerous complaints about the aggressive and intimidating behaviour of the counterfeit sellers and other overt criminality concentrating in the area.

There was no alternative but to close the market down completely. Traders who had previously occupied the surrounding shops had been forced out of business owing to the domination of the area by criminals, leading to boarded-up shops and a general decline in amenity. Once the area was no longer known for its criminality, new business began to occupy the shops.

## FAKE CIGARETTES AND TOBACCO



The negative health effects of smoking cigarettes are well known, including the risk of cancer and other life limiting illnesses. It is therefore a concern when millions of illegal cigarettes enter the UK every year. The Local Government Association<sup>15</sup> has stated that some counterfeit cigarettes contain “asbestos, mould, dust, dead flies, rat droppings and human excrement. Many also contain much higher levels of toxic ingredients such as tar, nicotine, carbon monoxide, lead, cadmium (sic) and arsenic than genuine brand-name cigarettes”. However, packets of fake cigarettes can be purchased for as little as £3 in some parts of the country, which is almost 50% cheaper than most genuine cigarette brands.

Worryingly, in a survey by London Councils some 40% of smokers admitted buying fakes.<sup>16</sup>

Apart from the health effects, there is also the benefit to organised crime groups. There is evidence to show that these groups smuggle counterfeit cigarettes and tobacco into the marketplace through unrestricted outlets. In one case, an individual who led a gang which tried to smuggle more than 13 million counterfeit cigarettes into the UK was ordered to pay £30,000 within six months or face 14 months in prison. He was jailed for six-and-a-half years at Maidstone Crown Court for trying to smuggle the cigarettes into Dover and Newhaven. The group used HGVs disguised to look as though they were carrying frozen food. An estimated £2.7m of excise duty and VAT had not been paid on the cigarettes.<sup>17</sup>

## ELECTRONIC EQUIPMENT



When purchasing an electrical appliance it is generally assumed that it has been quality assurance tested and is safe to use. Unfortunately, however, many electronic items especially those sold online, can be counterfeit.

Almost 80,000 potentially dangerous mobile phone chargers and counterfeit toys were uncovered by trading standards officers, led by Ealing Council, in raids over three days. More than 60 officers from trading standards teams across 12 London Trading Standards Authorities (LoTSA), as well as Home Counties, Home Office Immigration Enforcement Officers, Metropolitan Police, and HM Revenue and Customs (HMRC) were involved.

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15 LGA Press Release August 2014

16 [http://www.local.gov.uk/media-releases/-/journal\\_content/56/10180/6464176/NEWS](http://www.local.gov.uk/media-releases/-/journal_content/56/10180/6464176/NEWS)

17 <http://www.bbc.co.uk/news/uk-scotland-south-scotland-22064749>

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During the raid, two hidden rooms containing thousands of counterfeit items were found, along with £10,000 in a secret cabinet. Around £600,000 worth of stock was also seized from a business, along with £40,000 in cash from another that was suspected of money laundering. One vehicle entering the site was searched and found to contain hundreds of counterfeit mobile phone chargers and front screens for iPhones.

Deaths from faulty counterfeit items also occur. Apple Inc was so concerned after the death of a person using a fake Apple iPhone charger that they began a swap scheme, initially in the USA, and then in Australia, Canada and the UK. The exchange scheme allowed users who bought a third party charging adapter for their iPhone to trade it in for the official Apple version for a fee of \$10-\$15 depending on the country. However, the scheme was disbanded after only a few months as the cost of providing this service was borne by Apple and ultimately cost the company a large sum of money. This is a good example of the knock-on impact counterfeit goods can have on legitimate businesses.<sup>18</sup>

The risk is not just with counterfeit phone chargers. According to the British Electrotechnical and Allied Manufacturers Association (BEAMA) around £50 million worth of counterfeit electrical installation products are brought into the UK annually with 90% originating from China<sup>19</sup>. To date, BEAMA has been responsible for raids on over 250 factories in China and has destroyed 15 million counterfeit products.

## CAR PARTS

It is possible to find a wide range of brand name car parts, such as 'BMW' products, parts and accessories online that have nothing to do with BMW. These are low-cost, low-quality counterfeits. The problem is that it is often next to impossible for a regular consumer to distinguish genuine BMW parts and products from copies until the car is driven and by then it might be too late.



Members of the IP Crime Group, through their investigative work to tackle IP Crime, often see instances where products may represent significant harm to those who buy them. Where the genuine product has a function that relies on proper construction or a critical component, fakes can be very dangerous. BMW Automobiles has carried out tests on counterfeit car parts with alarming results. They found that counterfeit wheel rims and tires did not meet the minimum legal safety requirements, let alone BMW's own high standards of safety. This can be seen in the images above.

## AIRCRAFT PARTS

While the above data shows relatively common counterfeit goods, this is not exclusively the case. Modern day counterfeiting goes much further than a bottle of alcohol or a pair of sports shoes. ESCO, the UK's Electronic Systems Community, reports that following an investigation in 2011, the U.S. Senate Armed Services Committee found that 1,800 cases of suspected counterfeit components had been identified in equipment including: the Boeing C-17 and Lockheed Martin C-130J transport planes, the Boeing CH-46 Sea Knight helicopter and the Theatre High-Altitude Area Defence (THAAD) missile defence system. This is further evidence that where there is money to be made, there are criminals willing to risk exploiting the opportunity. ESCO assesses that there is a threat to the UK in this area and is working to share best practice and increase robustness in electronic supply chains.

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<sup>18</sup> <https://www.apple.com/uk/support/usbadapter-takeback/>

<sup>19</sup> Counterfeiting and non-compliance booklet 2014



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## HEALTHCARE PRODUCTS

In the illegal drugs trade each person in the supply chain who passes the drug on, either to another supplier or to a user, wants to make as much money as they can. Illegal drugs are usually sold by weight, so adding weight can increase the value – this is known as ‘bulking’. In drugs like cocaine, traces of many other ingredients are often found, such as flour, talc, and household chemicals, etc. The same is often true for counterfeit healthcare products like toothpaste – which, providing the look, smell and taste meet the consumer’s satisfaction, can be similarly bulked out with a range of ingredients.

Health watchdogs seized counterfeit condoms, which were found to be lubricated with industrial hand cleaner (typically used by mechanics to remove engine oil)<sup>20</sup> by the Medicines and Healthcare products Regulatory Agency (MHRA) while working with Trading Standards. This kind of finding naturally raises concerns about other elements of the product; in this case, the likelihood that it would not be effective at controlling the spread of STIs or preventing pregnancy.

## PRESCRIPTION DRUGS AND MEDICINES



Counterfeit drugs and medicines pose a threat to the UK consumer, as well as to the economy in lost revenue. In a 2013 PWC<sup>21</sup> survey, 16% of respondents stated that they sometimes purchase counterfeit medicines for a number of reasons: because they are too embarrassed to see their GP, the genuine medicine is unavailable or not licensed in the UK, or because it costs less than a genuine product.

On an international scale, The International Police Agency (INTERPOL) stated that a global effort is required to combat the threat of fake drugs and announced a deal with the pharmaceutical industry to crack down on fake drugs. As part of the agreement, twenty-nine of the world’s biggest drug companies will provide 4.5m euros (\$5.9m; £3.9m) over the next three years to help the response to the problem.

Christopher Viehbacher, the chief executive of French drug maker Sanofi, said: “In the case of drug counterfeiting, it can mean the difference between life and death for a patient. It is estimated that 10% of medicines are fake and these figures can go up to 50%, particularly in some poorer countries.”<sup>22</sup>

## ALCOHOL AND FOOD FRAUD

Many people do not realise alcohol can be counterfeit. However, there is a worrying trade in counterfeit alcohol which when drunk, has the potential to be fatal.

Genuine alcohol is made using ethanol – a substance that is safe to drink in moderation. However, criminals commonly use cheaper substitutes such as methanol and isopropanol (the chemicals used in cleaning fluids, nail polish remover, and car screen wash). The effect of ingesting such chemicals can range from sickness, abdominal pain and drowsiness to temporary or permanent blindness, coma or even death. The devastating impact of counterfeit alcohol was seen in the Czech Republic in 2012 where 46 people died as a result of fake vodka laced with methanol that was sold to low-income families.<sup>23</sup>

Closer to home, in the UK a man was arrested after more than 37,000 gallons (169,000 litres) of illicit alcohol was seized in what was claimed to be the largest haul of its kind in Wales. HM Revenue and Customs (HMRC) officers said the counterfeit alcohol was worth about £300,000 in lost duty and taxes and there was enough to fill eight 40ft containers<sup>24</sup>. In another case, HM Revenue and Customs seized more than 13,000 litres of counterfeit alcohol at Cairnryan Port, enough fake vodka to fill 162 bathtubs. According to a report by PWC<sup>25</sup> some 15 million litres of illegally produced alcohol has been seized by HMRC since 2005 – enough to fill over six Olympic-size swimming pools.

20 <http://www.mirror.co.uk/news/uk-news/fake-condoms-chinese-counterfeiters-are-boot-legging-1453876>

21 [http://www.pwc.co.uk/en\\_UK/uk/assets/pdf/anti-counterfeiting-consumer-survey-october-2013.pdf](http://www.pwc.co.uk/en_UK/uk/assets/pdf/anti-counterfeiting-consumer-survey-october-2013.pdf)

22 <http://www.bbc.co.uk/news/business-21757035>

23 <https://www.drinkaware.co.uk/check-the-facts/effects-on-your-safety/the-dangers-of-fake-alcohol>

24 <http://www.bbc.co.uk/news/uk-wales-south-east-wales-26678351>

25 [http://www.pwc.co.uk/en\\_UK/uk/assets/pdf/anti-counterfeiting-consumer-survey-october-2013.pdf](http://www.pwc.co.uk/en_UK/uk/assets/pdf/anti-counterfeiting-consumer-survey-october-2013.pdf)

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The Welsh Heads of Trading Standards (WHoTS) Intellectual Property Group were successful in obtaining a £15,000 grant from the UK Intellectual Property Office to carry out a project relating to counterfeit, illicit and non-duty paid alcohol being sold within small independent retailers and wholesalers operating within the WHoTS region.

All twenty-two authorities within the WHoTS region were invited to participate in the project, which ran from September 2012 to March 2013. Each authority examined intelligence to establish which premises they would inspect. It was the authority's discretion as to the number of products examined.

Nineteen authorities participated in the project which resulted in 280 visits to small independent retailers and wholesalers whereby 13,244 bottles of alcohol were examined for compliance, with an average of 697 products examined per participating authority. Upon examination 11,623 products were found to be compliant accounting for 88% of all products examined, while 12% (1623) of all products examined were seized for non-compliance. Out of the 280 inspections carried out – in cases where non-compliant stock was identified it has resulted in 17 Trading Standards investigations and six referrals to HMRC. Trading Standards seized approximately £15,086 worth of counterfeit, illicit and non-duty paid alcohol during the course of the project.

Food fraud and counterfeit food is also a growing problem. The difference between fraud and counterfeit involves trade mark infringement. All cases of counterfeit involve fraud, but not all fraud is counterfeit. For example, a cheap vegetable oil that has been coloured and sold as high quality olive oil is defined as fraud because there is no trade mark infringement. However, if that olive oil was then sold in the bottles of a genuine supplier of olive oil then that would be counterfeit – similar to alcohol – because there would be a trade mark infringement.

A case of food counterfeiting involved a shopkeeper in South Wales who purchased cheap chocolate and wrapped it in the paper of a well-known brand and sold at an inflated price. On 1st November 2013 Newport magistrates heard how the Sweet66 candy store in Cwmbran had duped consumers into believing the chocolate he sold was Wonka-branded chocolate bars. He had used the brand wrapper but the chocolate itself had not been manufactured by the trade mark holder, Nestle. Due to this the chocolate did not meet a number of key consumer protection food labelling laws. The shopkeeper was fined £400 for criminal breaches and asked to also pay a contribution of £1000 towards the prosecution costs of the investigation.

Seizures of food fraud products often include jam, honey, rice and meat.

## COMMUNITIES

Trying to price match or sell goods cheaper than your competitor is an essential part of healthy business. Unfortunately, when legitimate retailers are forced to compete with illegitimate counterfeit retailers that undercut genuine prices, particularly over the long term, this can result in the inability of legitimate traders to stay in business.

## LINKS TO SERIOUS ORGANISED CRIME AND THE SERIOUS ORGANISED CRIME STRATEGY

There is significant evidence that organised criminals are involved in intellectual property crime and that some of those criminals are also involved in a range of other serious crimes, including human trafficking, selling illegal drugs and money laundering. The level of organisation within these groups should not be undermined. Criminals involved in ordering, manufacturing, transporting, reworking, marketing and selling counterfeit products or making money through making copyright infringing works available online are clearly able to engage in complex partnerships.

On October 7th 2013 the National Crime Agency (NCA) was created. It replaced the Serious Organised Crime Agency (SOCA) and other agencies involved in fighting serious crime in the UK. It is a 24/7 operational crime-fighting agency, employing around 4,800 officers with specialist capabilities to undertake and support operations, covering a broad range of complex areas.

The UK also has a Serious and Organised Crime Strategy, which sets out key government actions aimed at reducing organised crime. The main focus is to preventing people getting involved in organised crime and



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to strengthen the UK's protection and responses to it. It follows the same "4 Ps" structure of the CONTEST counter terrorism strategy: Pursue, Prevent, Protect and Prepare. The strategy commits to Pursue those engaged in organised crime; to Prevent people from engaging in serious and organised crime; to Protect individuals and businesses against serious and organised crime; and to Prepare so that the impact of serious and organised criminality is reduced when it does take place.

In a December 2013, an Organised Crime Group Mapping (OCGM) report, noted that 41 OCGs are linked to IPC, a near six-fold increase from the previous quarter aggregation. This can be attributed to improved reporting from partner agencies.

The sale of counterfeit goods and medicines has also become an important profit-machine for Asian crime syndicates, accounting for about one-third of the value of regional transnational organised crime flows, according to the UN Office on Drugs and Crime. Researchers estimate that China produces the vast majority of fake consumer products (some of which are counterfeits of legitimate UK-produced goods) and a large share of fraudulent medicines (often targeted at consumer markets in Africa and South East Asia). Other countries where IPC is known to be an issue affecting the UK include India (pharmaceuticals), Russia and Ukraine (digital IP copying) and Poland and the UAE (counterfeit tobacco).

According to the IPOs survey of Trading Standards some 25% of responding authorities said they had seen links between IP crime and organised crime.

## LINKS TO OTHER CRIMINALITY

In March 2014 as a result of an investigation between BMW and South Gloucestershire Trading Standards, a man was jailed for 20 months after he had sold over 20,000 counterfeit car accessories, 75% of which were BMW branded. This criminality is estimated to have netted the individual over £400,000 in income. Additionally to this, the individual was shown to have falsely claimed over £46,000 in benefits over a three-year period. This aspect is important because it illustrates a potential link between what is seemingly a small scale operation, and benefit fraud – an indictable criminal offence. The IPO's IP Crime Survey of Trading Standards identified benefit fraud as the main other criminality linked to IP crime, with some 57% of responding authorities identifying a link. Figures from the Department of work and pensions estimate that benefit fraud is thought to have cost taxpayers £1.2bn in 2012/13.



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## Chapter 2 – Action being taken to tackle IP crime

The membership of the IP Crime Group falls neatly within three distinct areas – private industry, government and enforcement agencies. Each area has a motivation for taking action against criminals behind the trade in counterfeit and copyright infringing material. For private industry, their livelihoods depend on being fairly recompensed for their creativity. For the government, it is important that the UK is a good place to do business and invest. It is also important that jobs are protected through a robust legal framework. For enforcement agencies, the damage serious and organised crime can do to communities means that IP crime must be a priority.

This chapter showcases the diverse amount of action being taken to tackle IP crime, from changes in legislation to seizures of counterfeit goods and the creation of educational programmes.

### SUB SECTION 1: CHANGES TO THE OPERATING LANDSCAPE

#### CONSUMER LAW REFORMS

The Consumer Rights Bill<sup>1</sup> was introduced into Parliament on 23 January 2014. The Bill forms part of the Government's wider consumer law reforms, which represent the most fundamental change to UK consumer rights in more than a generation, generating an estimated quantified net benefit to the UK economy of £4 billion over ten years.

The Bill streamlines key consumer rights covering contracts for goods, services, digital content and the law relating to unfair terms in consumer contracts in one place. In relation to enforcement, the Bill will simplify consumer law investigatory powers into a generic set, and clarify the law so that trading standards officers can operate across local authority boundaries more efficiently. In addition to consolidating these powers, safeguards have also been added to the Bill, such as the requirement for enforcers to give businesses 48 hours' written notice of routine visits, unless there are good reasons for them to be unannounced. To ensure the enforcers' ability to tackle rogue traders is not diminished, the Bill provides a number of exemptions to giving notice, for example, where there is reasonable suspicion of a breach or giving notice would defeat the purpose of the visit. The Bill also contains the power for enforcers to observe the carrying on of a business and to carry out test purchases, which can be exercised without giving notice.

In addition, the Bill will give public enforcers of consumer law greater flexibility to get the best outcome for consumers who have been the victims of a breach of consumer law. The Bill will amend the Enterprise Act to allow public enforcers to seek a range of enhanced consumer measures (ECMs) in the civil courts.

The ECMs will allow public enforcers to seek orders in the civil courts aimed at one or more of the following: redress for consumers who have suffered loss, reducing the chance of the business reoffending, and/or giving consumers more information about the breach of the law to enable them to exercise greater choice in the market. It is expected that once these measures are in place they could be used in around 250 to 300 cases a year. The Bill is not expected to become law until 2015.

#### NEW PROTECTIONS FOR REGISTERED DESIGNS

Following the Hargreaves Review of IP and Growth in 2010, the Government has introduced wide range of reforms to the IP legal framework to ensure it is fit for the digital age and can respond to the modern business environment.

As part of this the Government has introduced a new criminal sanction for the intentional copying of a UK or EU registered design, giving registered designs the same level of protection as trademarks and patents. The Government believes this criminal offence will help reduce the scale of unlawful design copying in the UK by helping to better punish and deter serious and deliberate infringement.

This change was introduced by the Intellectual Property Act, which completed its passage through Parliament in May 2014. The criminal sanction came into force on 1 October 2014.

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<sup>1</sup> <https://www.gov.uk/government/policies/providing-better-information-and-protection-for-consumers/supporting-pages/consumer-bill-of-rights>

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## THE FALSIFIED MEDICINES DIRECTIVE

The Falsified Medicines Directive 2011/62 EU was introduced specifically to combat the threat of falsified medicines penetrating supply chains across the EU.

The Falsified Medicines Directive 2011/62 EU deals with various issues concerning falsified medicines in the legal and illegal supply chains. The first tranche of the legislation was implemented in the UK in August 2013 and provides legislative provision in respect of:

- Extra obligations on wholesale dealers;
- Extending the existing licensing requirements to exporters of medicines exporting to non EEA countries (including importers that import medicinal products for that purpose);
- Providing new obligations, in particular, reporting any suspected falsified medicines;
- Requiring the registration of:
  - Brokers of finished medicines; and
  - Manufacturers, importers and distributors of active substances (ASs) imported into the European Economic Area (EEA) for use in the manufacture of authorised medicinal products.

Further provisions in respect of distance selling of medicines will be specified in an Implementing Act.

## SERIOUS ORGANISED CRIME STRATEGY

The UK Government has adopted a strategy for taking action where there are clear links between the sale of fakes and serious organised crime. The Serious and Organised Crime Strategy<sup>2</sup> sets out how the Government will take action at every opportunity to prevent people getting involved in organised crime as well as to strengthen our protection against it and responses to it, as mentioned in Chapter 1, this strategy follows the same structure of the counter terrorism strategy: Pursue, Prevent, Protect, and Prepare. The strategy commits to **Pursue** those engaged in organised crime; to **Prevent** people from engaging in serious and organised crime; to **Protect** individuals and businesses against serious and organised crime; and to **Prepare** so that the impact of serious and organised criminality is reduced when it does take place.

## NOMINET REGISTRATION POLICY REVIEW

Nominet, best known for its management of the .uk domain name space, launched a review in September 2013 of its registration policy for .uk domain names.

The review was independently chaired by Lord Macdonald QC, former Director of Public Prosecutions. Nominet published Lord Macdonald's report in January 2014 alongside an announcement that the Board unanimously agreed to implement all recommended changes. In the main, these centred on preventing the registration of domain names that appear to signal or encourage serious sexual offences. The report's conclusions also confirmed that Nominet should play no role in policing website content. If domain names signal criminal content and they are brought to Nominet's attention, in keeping with current policy it will refer these cases to the police for further action. However, Nominet will make it clearer in its terms and conditions that the use of a .uk domain name for criminal purposes is not permitted and any account used in this way will be suspended or deregistered. Nominet's terms and conditions were subsequently updated in April 2014 to reflect the report's recommendations.

Changes to Nominet's Registrar Contract approved in January 2014 also make clear that Nominet's registrars are expected to comply with the lawful requests of UK Public Law Enforcement Agencies.

The revised terms and conditions published by Nominet expressly prohibit any .uk domains being used to carry out criminal activity. It means that Nominet can quickly suspend a domain name when alerted to its use for criminal activity by the police or other law enforcement agencies, such as National Crime Agency, Child Exploitation and Online Protection Centre (CEOP) or the Medicines and Healthcare Products Regulatory Agency (MHRA).

Under the new terms and conditions, law enforcement agencies will be able to provide Nominet with notification that specified domains are being used for criminal activity. Nominet will check each domain before taking action, ensuring that no administrative errors have caused those domains to be incorrectly

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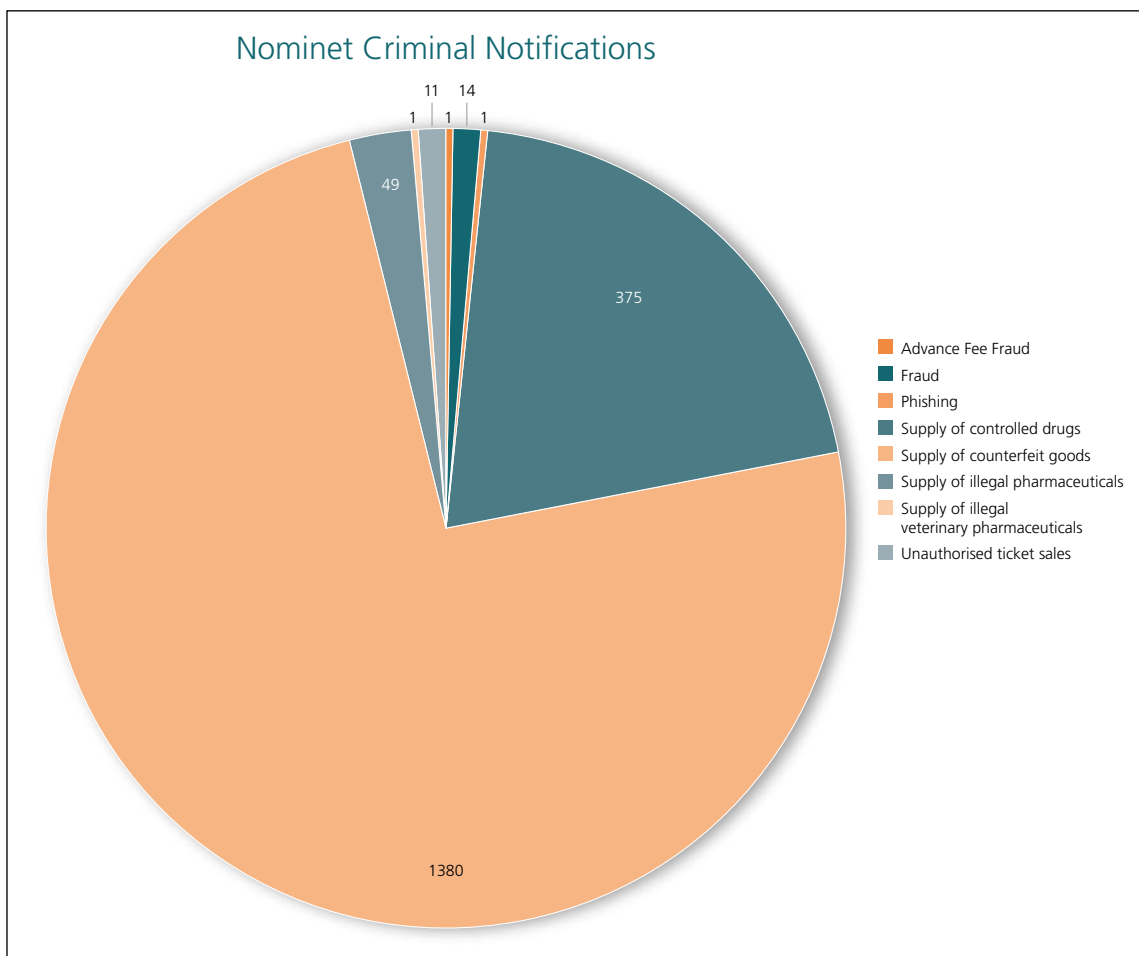
<sup>2</sup> <https://www.gov.uk/government/publications/serious-organised-crime-strategy>

flagged, e.g. that the domain name is currently in use, and that the domain name has not been transferred or cancelled between the origination of the request and the point of suspension.

Following this, Nominet will notify and work with its registrars in the usual way to suspend the domain names in question.

Between 6 April 2013 and 5 April 2014 Nominet received 1934 notifications from a range of public law enforcement agencies of which 1111 included some form of IP infringement.

Notifications of criminality relating to intellectual property are grouped into the following categories (frequently more than one) as seen in the chart below.



### INTELLECTUAL PROPERTY ENTERPRISE COURT (IPEC) REFORMS

The IP Enterprise Court has undergone a dramatic transformation since 2010. The reforms over the past few years have made it easier and cheaper to resolve IP disputes and they are helping businesses, especially SMEs, to access justice at a proportionate cost to what is at stake.

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The key reforms included:

- a small claims track for copyright, trade mark and unregistered design claims with a value of up to £10,000;
- a scale of recoverable costs capped at £50,000;
- a damages cap of £500,000;
- streamlined procedures and hearings with a time limit capped at two days;
- the renaming, in 2013, of the Patents County Court to the IP Enterprise Court in order to better reflect its jurisdiction, which covers all IP rights.

Following the Government's reforms, there has been a substantial increase in IPEC cases: from 89 cases in 2010, to 162 cases in 2012.

## SUB SECTION 2: NEW INITIATIVES

As criminals behind IP crime diversify, change and adapt so do IP Crime Group members in their efforts to find new ways of addressing the issue. This section highlights some major new initiatives over the past year.

### NATIONAL CRIME AGENCY (NCA)

On 7 October 2013 the National Crime Agency (NCA) was created, which replaced the Serious Organised Crime Agency (SOCA) and other agencies involved in fighting serious crime in the UK. The NCA is a 24/7 operational crime-fighting agency, employing around 4,800 officers with specialist capabilities involved with undertaking and supporting operations and covering a broad range of complex areas, including:

- preventing serious, organised and complex crime;
- strengthening UK borders;
- fighting fraud and cyber crime;
- protecting children and young people from sexual abuse and exploitation;
- responding to a broad range of complex and national threats and risks.

The Economic Crime Command (ECC) of the NCA leads a coordinated multi-agency response that aims to undermine criminal intention as well as educate and empower those who are most susceptible to attack. That means sharing intelligence and knowledge and working across all sectors and partners to disrupt and dismantle criminal intent wherever possible. The ECC also works with the Command's Civil Recovery and Tax (CRT) team to seize assets and rewards, as well as detain any financial enablers involved in IP crime

The mission of the NCA is to 'lead the UK's fight to cut serious and organised crime'. For the first time a single agency has the mandate and power to bring the full weight of law enforcement to bear in terms of reducing serious and organised crime in the UK. The NCA states, "We want the public to trust us, and criminals to fear us." NCA Intelligence-led operational activity looks to:

- prosecute and disrupt people engaged in serious and organised crime (Pursue);
- prevent people from becoming involved in serious and organised crime (Prevent);
- increase protection against serious and organised crime (Protect); and
- reduce the impact of serious and organised crime where it takes place (Prepare).

The NCA tackles serious and organised criminals in areas that have previously had a particularly fragmented response, such as Intellectual Property crime, through intelligence-led investigations, and will, for the first time, align its own and its partners' operational activity to ensure that efficient and effective activities are conducted to combat organised crime and serious crime.

### PROCEEDS OF CRIME CENTRE (POCC)

Money is central to virtually all organised crime. It is not only a reward of crime, but also a driver with proceeds funding future criminal activity.

The value of assets due to criminal activity including IP crime recovered in 2012/13 was £153m with a total in excess of £1.2bn since the enactment of the Proceeds of Crime Act 2002.

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The Proceeds of Crime Centre has a statutory function as Regulator under the Part 1 Section 3 Proceeds of Crime Act 2002 (PoCA) to train, accredit and monitor Financial Investigators. POCC runs and maintains the Financial Investigation Support System (FISS), which supports Financial Investigators. The POCC is also responsible for the Joint Assets Recovery Database (JARD), which contains all the financial data relating to asset recovery. These figures are submitted to the Home Office and HM Treasury, and are used to calculate incentivisation figures under the Asset Recovery Incentivisation Scheme. The Criminal Finances Team is comprised of Financial Investigators and staff with expertise in all aspects of financial crime including money laundering. The team carry out investigations, provide advice to partners, and provide financial investigation support to the Crown Prosecution Service and the HM Courts & Tribunals Service regarding the enforcement of Confiscation Orders.

The Proceeds of Crime Act 2002 provides the ability for financial investors to assess whether a person has benefitted from a criminal act. It allows financial investigators to apply to the Crown Court for investigative orders to obtain financial evidence in support of a prosecution. The Proceeds of Crime Act also caters for the recovery of any criminal benefit through a confiscation process, as well as enabling a compensation regime. There are various tools that can be used by financial investigators under this legislation including investigative orders, cash seizures, confiscation orders and civil recovery.

### POLICE INTELLECTUAL PROPERTY CRIME UNIT (PIPCU)

The Police Intellectual Property Crime Unit (PIPCU) launched in September 2013 is a specialist police unit dedicated to protecting UK industries that produce legitimate, high quality, physical goods and digital content from intellectual property crime, with a particular focus on online crime.

The unit is currently funded by The Intellectual Property Office and based at the Economic Crime Directorate (ECD) at the City of London Police, the national police lead for fraud.

PIPCU is a 21-person team consisting of detectives, police staff investigators, analysts, researchers, an education officer and a communications officer. The team also has the added skills and expertise from two secondees; a Senior Intelligence Officer from the Intellectual Property Office (IPO) and an Internet Investigator from the British Recorded Music Industry (BPI).

### CAMPAIGN POISE

The IPO created this framework to consider how enforcement activities could be targeted to disrupt the lifecycle of counterfeit and pirated goods, both directly and through the intermediaries criminals use to profit from the illegal trade.

The stages in this lifecycle are:

- Ordering
- Manufacture
- Shipping
- Importation
- Transport (in the destination country)
- Reworking
- Wholesale storage / warehouse
- Retail

Each stage is underpinned by money laundering. The framework was adopted by the Serious and Organised Crime Agency IP tasking group and detailed analysis of each stage was undertaken using 3-D mapping techniques using intelligence from industry, law enforcement and government. Operational progress has been made in a number of the stages.

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## ORDERING

Getting access to counterfeit goods has been facilitated by the Internet and efforts are being made to understand the various methods that criminals use. There is a whole range – some overt and straightforward, others taking care to hide the criminality and using different territories to move goods. How criminals deal with that stage of the lifecycle is an important part of Poise so that disruption tactics can be developed.

The international operation 'In Our Sites' co-ordinated in Europe by Europol and delivered in the UK by PIPCU demonstrated the use of Internet domains and payment services as necessary intermediaries by criminals and points of disruption for enforcement. This stage of Poise also seeks to understand how the most prolific traders in counterfeit begin the process by examining how they place orders for their goods.

During Operation Wainscoat, members of the South Eastern Regional Organised Crime Unit discovered the suspects were using social messaging as the medium for ordering their illegal goods.

## MANUFACTURE

IPR infringing goods are manufactured and distributed all over the world. Through engagement with UK Border Force, intelligence has been developed on numerous countries and suppliers. One nation willing to work with the UK to develop action against manufacture of counterfeit products is China. Following visits in 2013, a delegation of members of the IPO, NCA and City of London Police met with members of the Ministry of Public Security in China. Agreement was reached on the future sharing of operational activity. As a result, intelligence was developed by the IPO to further criminal enquiries in China; this has allowed police and trading standards officers to arrest offenders and seize considerable amounts of IPR offending goods. This prosecution is ongoing. The objective is to continue work with the Chinese authorities to stem the production and flow of IP infringing goods into the UK.

## SHIPPING

Interaction with the Border Force has allowed a greater understanding of shipping. Despite conflicting priorities, Border Force is able to seize huge quantities of IPR infringing goods each year. In 2014 whilst working with police in England on an ongoing inland investigation, members of the IPO Intelligence hub identified shipments en route to the UK suspect. Border Force was alerted and seized two further containers full of various types of counterfeit goods. Future work will focus on the intermediary services involved in the shipping process such as Freight Forwarders, Shipping Agents and the Shipping Insurance Industry.

## IMPORTATION

The challenge of stemming the trade in IPR infringing goods coming into the UK is the responsibility of the Border Force. 2013/14 has seen a greater collaboration between the Border Force and the IPO to support activity. Analysis into the services needed to secure the entry of goods into the UK and their subsequent distribution includes work with transportation companies, shipping agents and on postal packages and small parcels, the courier firms involved.

## TRANSPORT (IN THE DESTINATION COUNTRY)

Following a complaint to the UK IPO by a brand, intelligence was developed for action by the South East Regional Organised Crime Unit (SEROCU). Operation Wainscoat, (mentioned above) identified a criminal network in the UK being supplied by a British freight handling company. Following action against a courier company acting as part of the supply chain, resulting in seizure of cash and assets of over £75k, a company director was arrested. In September 2014, she pleaded guilty to IP offences and will be sentenced in November 2014.

## REWORKING

This is a very challenging area to investigate. The importation of goods and labelling separately can mean that they do not necessarily infringe IPR until they are reworked into a single commodity. A number of enforcement initiatives identified reworking across the UK that are subject to prosecutions. In one instance,



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35,000 empty counterfeit vodka bottles were seized at Dover. If filled, the trade on these bottles would have resulted in a loss to the Treasury in excise and VAT of almost £500,000. Analysis of this area will seek to establish how criminals setting up re-working facilities buy or rent the premises, how they pay for utilities, who they employ and how they source manpower, how they present themselves to different authorities, for example as legitimate companies and what professional enablers such as solicitors and accountants they may use.

## WHOLESALE STORAGE / WAREHOUSE

Significant steps in ensuring the integrity of the self storage industry have been made by a project coordinated by LOTSA and funded initially by IPO. It was found that some self-storage facilities were being misused to store counterfeit goods and as an actual point of selling. Discussions were held with the industry trade body and succeeded in agreement to a code of practice aimed at reducing such criminal use and making enforcement action easier when it is necessary.

Warehouses differ from self-storage in that they tend to be larger and have exclusive access rather than public. In various raids, including Operation Loft, substantial quantities of counterfeit goods have been seized such as wines and spirits. Poise seeks to examine how these facilities are operated and maintained through the intermediary services needed

## RETAIL

Traditionally the retail part of the supply chain is in open markets where Trading Standards are the lead enforcement agency. Considerable work has gone on through them and the National Markets Group to undermine the illegal trade, directly through enforcement at the point of sale, but increasingly through intermediaries, such as the market operators, landowners and ancillary suppliers. For example, in Brent and Harrow, Wembley market posed serious counterfeiting problems. The Trading Standards department found that the market operated on land belonging to a development company that was building a new shopping mall and pointed out the threat the illegal market posed. Subsequently the contract for the market to use the land was withdrawn and it closed.

The industry funded 'Real Deal' scheme provides support and guidance for market operators to run fake free markets and in some significant cases they have become 'self-policing' and even proved to increase trade when counterfeiters no longer operate there.

Online retail has now become normal and consumers can buy directly from abroad or via intermediaries called 'facilitation houses'. The principles and interventions developed under the PIPCU where payments services and domain registration can be withdrawn are being used to disrupt this type of activity and are particularly useful where the illegal site operator is outside of UK jurisdiction.

Other online forums are developing into retail environments, for example, Facebook and work is being done with Trading Standards, Police and industry to understand this and develop ways of reducing criminality through that medium.

The concept of each of the stages has been recognised by OHIM as an effective method of tackling IP crime on a wider scale and most importantly recognises the different ways in which IP crime is a threat, whether that is to consumers by way of dangerous goods, to communities by way of criminalising localities or deterring legitimate businesses from operating, or through economic harm to rights holders, legitimate traders and Government revenues or through the involvement of serious and organised crime.

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## SCOTTISH ANTI-ILLCIT TRADE GROUP



Since the formation of Police Scotland on 1 April 2013, a significant amount of tangible progress has been made in relation to intellectual property crime. Across Scotland, 2013/14 has seen a significant positive shift in how key public, private and third sector relevant partners disrupt and tackle those involved in illicit trade, counterfeiting and piracy.

To take into account increases in the sale of illicit tobacco, alcohol and medicines, the Scottish Intellectual Property Crime Group changed its name and became the Scottish Anti Illicit Trade Group, membership of which mirrors the main Intellectual Property Crime Group in London and comprises statutory bodies including HMRC, DWP, Trading Standards Scotland and representatives from trade associations and industry brand protection units as well as Crimestoppers. On behalf of the Scottish Business Resilience Centre, the Group is chaired by a Police Scotland representative from Safer Communities Prevention & Intervention located within the new Scottish Crime Campus and provides key strategic coordination in tackling illicit trade across Scotland. Development of processes and

structures have focused activity, allowing key issues to be addressed as well as raising awareness of illicit trade, counterfeit and piracy throughout the year.

The strategic aim of the Scottish Anti Illicit Trade Group is to reduce the scale, impact and cost of Illicit Trade in Scotland and has three strategic objectives namely: PREVENTION – To strengthen collaborative approaches to prevention; INTELLIGENCE – To strengthen collaborative approaches to information and intelligence gathering and dissemination; and ENFORCEMENT – To strengthen collaborative approaches to investigating and prosecuting those involved in illicit trade in Scotland.

In 2013/14 three presentations on illicit trade were provided to the Scottish Serious Organised Crime Taskforce, which includes the Scottish Justice Minister, Police Scotland Chief Constable, Lord Advocate, and the Solicitor General, among others.

The greatest success came in the formation of a 'virtual' illicit trade hub. Launched by the Scottish Justice Minister and attracting media coverage from national TV and press, the hub aims to create a tangible multi-agency approach to prevention work, which includes gathering intelligence and then acting on this to conduct enforcement work – at which point any intelligence is passed on to the Intellectual Property Office.

In recognition of progress made by the Scottish Anti Illicit Trade Group, Jenny Mara MSP lodged a parliamentary motion<sup>3</sup> in which she requested that Parliament recognises the impact of illicit trade on businesses in Scotland, which includes bringing crime into communities; understands that such trade can be linked to serious organised crime; and supports and endorses what it sees as the outstanding work of the Scottish Anti Illicit Trade Group in taking the lead in the fight against such criminal activity. The Motion achieved cross party support from 27 MSP's.

Focusing on Prevention, Intelligence and Enforcement, some notable successes by the Scottish Anti Illicit Trade Group include:

*Prevention* – Introduction of 'The Real Deal' to several markets and car boots in Scotland. There were also several public events aimed at raising awareness of IP crime including a stand at the 'Girls Day Out' event where, over the course of a weekend, 19,000 attendees provided a captive audience to representatives from Police Scotland, MHRA, Estee Lauder and Hunter. National media coverage was achieved, which helped to raise awareness of IP crime.

*Intelligence* – Trading Standards Scotland have been able to develop and take ownership for Intelligence, which has seen a like for like increase in logs submitted via the MEMEX database and an increase in logs submitted from Scotland to the Intellectual Property Office, of 378%.

<sup>3</sup> (Motion S4M-08767: Jenny Marra, North East Scotland, Scottish Labour, Date Lodged: 14/01/2014)

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*Enforcement* – An increase in quality intelligence has resulted in the development of more detailed ‘problem profiles’, which in turn has increased effectiveness of enforcement activity. For example, in multi-agency operations, over £2.5 million in illicit, counterfeited and pirated goods were seized from the Barras Market area in Glasgow ahead of the 2014 Commonwealth Games; 26 individuals were arrested comprising of over 80 charges.. One male who was previously subject to a £20,000 POCA seizure subsequently had a further £30,000 of recently purchased tobacco seized and was subject to a £360,000 restraining order.

In the coming year, as testament to the progress achieved by the Scottish Anti Illicit Trade Group, Police Scotland have ratified tackling counterfeit and illicit trade as a strategic priority for the year 2014/2015.

## PRIME MINISTER’S ADVISOR ON INTELLECTUAL PROPERTY



Jenny Mara, MSP

In September 2013, the Prime Minister appointed Mike Weatherley MP as his special advisor on Intellectual Property, with particular focus on online copyright infringement.

Mr Weatherley, who has a background in the music and film industries, has met with a wide range of stakeholders from across the rights holder and anti-piracy communities and has lent his support to key enforcement policy initiatives.

Mr Weatherley has published discussion papers on ‘search engines’ and ‘illegal websites which profit from advertising’ which have been widely welcomed. These

independent reports are an important contribution to copyright enforcement policy discussions and highlight Mr Weatherley’s tireless efforts to ensure that the UK’s creative industries continue to thrive and prosper.

Mr Weatherley also founded ‘Rock the House’, a Parliamentary live music competition which aims to highlight IP rights of unsigned and up and coming musicians; and highlight the importance of live music venues to local communities.

## TECHNOLOGY STRATEGY BOARD FUNDING

The IPO ran a competition with the Technology Strategy Board (TSB) in 2012/2013 to seek solutions on how new technology can assist the growth of legitimate markets, while reducing the accessibility of infringing products online.

The two successful winners of Phases I and II were the University of Surrey for their proposal on the feasibility of comparative watermarking technology and whiteBULLET for their proposal to further develop their IP online risk assessment. In December 2013, further Phase III funding was made available for both providing they were able to meet the criteria set by the selection panel.

The panel considered that whiteBULLET’s technology was at a commercially advanced stage, and as a result did not award them phase II funding. Based on the principal that any further support was to help projects reach commercialisation it was felt they had already achieved this and so failed to meet the required criteria for further funding.

The University of Surrey’s proposal was based on further development of comparative watermarking technology. They were awarded funds to continue this work and seek industry partners to help commercialise their technology. It was felt as they had taken the steps and approached industry to gauge interest and had received some positive feedback further funding was appropriate for the award to be granted.

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## INTERNATIONAL IP ENFORCEMENT SUMMIT



The Summit brought together senior leaders from the global IP and enforcement community for two days of sharing knowledge, discussion, innovation and identifying future challenges. The event was a joint initiative developed with the European Commission and the Office for Harmonization in the Internal Market (OHIM) and was hosted by the UK Intellectual Property in Central Hall Westminster, London on 11-12 June 2014.

Over 300 delegates attended, including: senior UK and international politicians; representatives from national IP offices and institutions; multinational companies and brands; IP enforcement policy and operational professions including customs, Europol and Interpol; and UK and international press and media representatives.

The programme included presentations on IP in the online environment, customs and enforcement in Europe and across the world, and the coordination, tools and techniques to tackle IP infringement. The online environment formed a key element of the programme, along with the transportation and distribution of infringing goods and the work of customs. As well as characterising the nature of IP management, with its nuanced and balanced approaches to potentially divisive subjects, the summit crystallised the need for compromise and collaboration in challenging the acute issues facing the global international intellectual property system.

Twenty nine keynote speeches, nine breakout sessions, countless bilateral meetings and informal networking opportunities were packed into the two days in Westminster Hall. Speakers were drawn from business, government, enforcement and IP authorities across key markets, presenting their view of the international IP enforcement challenges and measures needed to tackle IP crime in an age of global trade and digital economies. Speakers included: The US Ambassador to the UK, Matthew Barzun, former US Senator Chris Dodd, chair of the Motion Picture Association of America, Paul Polman, CEO of Unilever, Rob Wainwright of Europol, Francis Gurry of WIPO, Kunio Mikuriya from WCO, Vince Cable, UK Secretary of State for Business, Innovation and Skills, and Mike Weatherly, the IP Advisor to the UK Prime Minister.

It was agreed that intellectual property is fundamental to the knowledge economy. Therefore, IP crime represents a serious threat to global economic development. The digital revolution provides opportunities for economic growth, but also for increasingly sophisticated criminal strategies.

Key highlights included:

- the need for increasing collaboration at an international level, with partnership being key to dealing with the challenges of today and tomorrow;
- to look at evolving business strategies; and
- educating consumers, IP users and law enforcement.

The summit provided a chance for representations from all sides of the debate to establish greater understanding, form new partnerships, share best practice and maximise the benefits of an effective enforcement regime. There was also space around the formal agenda for networking and relationship building. This was especially true at the Summit evening Dinner: Nearly 170 attended the dinner at the Science Museum, in the appropriate “Making the Modern World” gallery and heard Plácido Domingo give his view on the importance of IP from a creator’s perspective.

People were also listening beyond the hall via the live online streaming, with nearly 3,000 hits from 58 countries. This included activity on social media: the Twitter wall at the venue proved popular and during the summit there were close to two thousand tweets using the hashtag #IPSummit14, with a potential reach of nearly 12 million. Coverage in the conventional print media was positive and on message, and spread across several national papers and international news networks, as well as local and more specialist publications.

The summit website, hosted by the OHIM Observatory, offered additional materials and content. As

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well as hosting the programme for the summit, the website also contains all the legacy information, such as a highlights video and the Summit Report of Proceedings. The Report of Proceedings, published this September, gives an overview and sets out the key highlights from the event.

### SUBSECTION 3: COORDINATED ACTION

The coordination of enforcement activities, both strategically and tactically, is vitally important to tackle the issues of counterfeiting and piracy. This is especially important within the UK where the enforcement landscape is so diverse. The sharing of best practice, tools, techniques, intelligence and resources has proved to be effective. This method of working is increasingly being used due to the nature of IP crime and the transfer of goods online where there are no national borders.

#### UK IP CRIME STRATEGY 2011 – 2015<sup>4</sup>

A key tool used to coordinate activities within the UK is the UK IP Crime Strategy. Published in August 2011, this Government strategy paper set out five-year objectives, and was based upon the previous strategies from 2004 and 2006. The 2013 Taylor Wessing Global IP Index rated the UK as a top performer in the world for competitiveness in trade mark and copyright, reflecting the significant progress that has been made against the objectives of the IP Crime Strategy.

The IP Crime Strategy 2011 is a cross Government Strategy which sets out the framework for UK action for tackling IP crime, including roles and responsibilities in delivering it and some new area for action.

The UK IP Crime Strategy 2011 focuses on:

- developing cost-effective, evidence-led and credible measurements of IP crime and its impact
- engaging and co-ordinating resources concerned with IP crime
- seeking more efficient and effective means of working together and working more smartly
- building with industry better and more sophisticated preventive measures aimed not just at prosecution, but disrupting the means by which criminals commit and benefit from IP crime, leading to a reduction in harm
- integrated IP crime enforcement with other areas of criminality, contribution and benefitting from best practice and specifically engage with Organised Crime Mapping techniques
- continuing the excellent work at international levels to enhance legitimate trade and disrupt illegal conduct

#### UK IP CRIME STRATEGY UPDATE

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

The enforcement landscape has undergone significant change since the IP Crime Strategy was published. In 2013 the National Crime Agency became a legal entity, the National Trading Standards Board was formed, the European Directive on border detentions changed to 608/2013 and a new Customs database, COPIIS, was introduced and an IPO financed online IP police unit – PIPCU was launched. The National Fraud Intelligence Unit also acquired Action Fraud the portal for public reporting, whilst Consumer Direct migrated to the Citizens Advice Bureau.

The Government Agency Intelligence Network (GAIN) provides coverage across the UK and IP crime is discussed at each meeting. Likewise Regional Organised Crime Units (ROCU) have been formed across the UK in order to tackle cross-border serious and organised crime issues.

The adoption of Project Poise as a framework for dealing with counterfeiting and piracy in the UK and Europe has provided the means to join-up IP enforcement at both the local and global level. Progress to date has been achieved by developing relationships with source countries such as China where the IPO, police, NCA, HMRC and Border Force have seen considerable progress resulting in a number of joint investigations. Relationships with the United States IP Reporting Centre have also been developed. In addition, the UK is closely involved in Europol's IP work and supports Interpol in its far eastern work, while playing a prominent

<sup>4</sup> <http://www.ipo.gov.uk/ipcrimestrategy2011.pdf>



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role in operational activity like Opson, which is tackles counterfeit food.

IP Crime is part of the newly issued Home Office Strategy for Serious and Organised Crime placing IPO at the heart of collaboration, coordination and intelligence sharing between the public and private sector. To this end, IPO produces a monthly analysis for Border Force and HMRC, and which is adapted for inland intervention by Trading Standards and the police. The flow of intelligence has proven to be consistently good and further enhancements to include the harvest of intelligence from inland enforcement activity to promote better border interventions and upstream disruption opportunities is planned.

In Scotland, IPO attention to date has focused on the Barras market in Glasgow in the run-up to the Commonwealth Games. The Scottish Anti-Illicit Trade Group provided the nexus for exchange of intelligence across a wide range of agencies and the outcome was a detailed, accurate and purposeful intelligence assessment jointly badged between IPO and Trading Standards. The outcome is that for the first time, Barras market is fake-free. Illicit Trade is now a performance measure for Police Scotland and the flow of intelligence, which supports a wide range of interventions, continues.

There are still some areas of uncertainty about intelligence exchange within the UK, but solutions are actively being sought by all parties.

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

The most significant developments in the online IP arena have been the formation of the Police Intellectual Property Unit (PIPCU) within the City of London Police and the National Trading Standards Board (NTSB) e-crime unit.

In PIPCU, the techniques of disruption through intermediary facilitators and enablers are, for the first time, being conducted under one roof. The police, acting as gatekeeper have established a process by which evidence gathered by rights holders must meet the criteria that would allow them to pursue a criminal investigation with a view to prosecution. Through a progressive series of contact with site operators engaged in IP crime and using restorative justice principles, the site operators are given the opportunity to refrain from continuing to commit criminal IP offences. Some have complied; however, those who refuse are at risk of having their payment services and domain registration removed. For criminal site operators, the PIPCU produce an 'Infringing Website List (IWL)' which is available to the internet advertising industry so that companies have the opportunity to ensure their advertisements are not placed on these online sites. The number of sites affected is relatively small, and the initiatives by PIPCU have helped to ensure this by codifying the tactics often utilised by IP criminals.

At the same time other initiatives that form part of the UK framework of protecting IP from illegal use are being introduced. The Creative Content project is an agreement between rights holders and Internet Service Providers (ISPs) to notify subscribers of suspected IP infringement while introducing a comprehensive education and awareness campaign aimed at consumers. Other developments are also being considered such as Search Engine engagement to reduce the return of illegal IP sites.

NTSB e-crime has a consumer focus and the emergence of social media platforms such as Facebook as a marketplace where counterfeits are traded is a fast growing issue. In comparison to other marketplaces, online social media platforms such as Facebook prompt higher levels of consumer complaints, in comparison to other online marketplaces such as eBay and Amazon.

The UK Government has signed an MOU with Alibaba and Taobao, the largest China-based online marketplaces, which will enable the removal of counterfeit products from the platforms.

These significant developments are part of the progressive clarification of the menu of interventions that form a proportionate system of protection while enhancing consumer knowledge and awareness and access to material that benefits society.

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

As previously discussed, in 2013 the IPO ran a competition in partnership with the Technology Strategy Board, to seek innovative solutions to tackle online IP infringement. One of the successful projects,

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whiteBullet, is developing a system of assessing IP infringement online. This is an important step in developing criteria that standardise the assessment and measurement of online IP infringement and along with other commercial initiatives and will add to the evidenced-base for proportionate, effective intervention to reduce IP crime

PIPCU, in addition to generating the IWL, have worked with partners to introduce their own website banner directing visitors' attention to the site's criminality and provides information aimed at informing consumers about IP issues.

IPO is commissioning research into IP infringement through social media platforms so that there can be a more informed discussion on how to manage issues in these new environments.

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

The IPO has produced a schematic for all the enforcement agencies and private sector bodies engaged in IP enforcement and policy.

The IP crime Group continues to provide direct access to the various government agencies concerned with IP policy, with the bi-monthly input from government agencies proving to be a valuable asset for stakeholders.

#### **5. IPO to promote the pooling of information, tools and training on IP crime.**

As well as maintaining access to good practice in the UK, the IPO is closely involved in OHIM initiatives, particularly the identification and dissemination of information, tools and training. The UK has led workshops on knowledge building run by Europol and OHIM, and ensured the attendance of Trading Standards at these international forums for the first time.

The IP training for Trading Standards officers and industry representatives continue to provide effective training in IP crime law and practice. It is supported by the IPO, the Alliance for IP and PRS for Music.

#### **6. Improve dialogue between those who hold IP related intelligence to improve coordination.**

The PIPCU has created a focal point for industry to submit evidence suitable for police intervention. While this presents challenges in terms of the resources and capability of various rights holders (to meet standards which would support a criminal prosecution), the work undertaken by the unit covers an impressive range of commodities in both the physical and digital content areas, indicating that improved coordination is taking place.

The creation of the NCA has meant that the Serious Organised Crime Agency (SOCA) group that worked solely to the Operation Poise agenda has not immediately been reconvened by NCA, however but this and other structures are being reorganised. Work on Operation Poise has continued and a series of forums that have taken place at both the local and international level is delivering coordinated action

Local Trading Standards in the East Midlands, North West and elsewhere have formed IP groups identifying common problems and threats and are taking collective action supported by intelligence products from the IPO.

The GAIN networks have initiated IP operations in Wales, the Midlands and the South East.

HMRC and IPO have proposed a project for themselves, Trading Standards and Border Force to capitalise on the harvesting intelligence that will benefit individual agencies objectives on IP.

The National Fraud Intelligence Bureau is developing bespoke systems to collect intelligence on fraud and economic crime. IP is part of that remit and the key stakeholders include the IPO along with the other enforcement agencies concerned with IP crime, as well as rights holders and industry.

The NTSB has created a National Intelligence Hub and IP is one of their areas of business. The IPO has also migrated its data to MEMEX, the intelligence system used by Trading Standards, enabling direct access to IPO intelligence by the NTSB.

Discussions are also ongoing at a senior level across all stakeholder organisations to develop the structures reflecting the changing landscape in Trading Standards.

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

The IPO/OHIM Summit on IP enforcement has had an impressive reach through a variety of media channels and placed the subject of IP crime firmly on the agenda in the UK as well as Europe and further afield. The outcomes of the summit have provided clear direction for better and more effective coordination and this is being achieved in areas such as customs collaboration, relationships with key source countries and coordination across different institutions (such as OHIM, Europol, Interpol, DG Taxud).

The IP crime Report continues to form a valuable source of material for a range of strategic threat assessments on IP.

The IPO Intelligence has focused attention on projects requested by Trading Standards and the police. As a result, 21 problem profiles were commissioned to deal with IP issues across the UK which has resulted in operational activity.

The IPO and NTSB have continued to develop other projects aimed at reducing IP crime. For example, the Self Storage Project (further details below) and in the North West and project helping to reduce IP crime in the workplace.

The UK's participation by both the Government and industry in OHIM Working Groups is maximising the potential to share success and identify opportunities for tackling IP Crime. The UK framework of Poise created by IPO and adopted in the UK by NCA has now, been extended through OHIM as a framework for future IP enforcement initiatives.

## **8. Use IP attachés to encourage effective enforcement in other jurisdictions.**

In China the IP attaché has been instrumental in developing relationships that serve to support and protect UK business operating there as well as extending the reach of law enforcement to reduce the flow of counterfeit and pirated goods into the UK.

Great progress has been made on developing rights granting, and civil and administrative recourse and there have been exchange-visits by judges, police and administrators.

In India, the attaché has worked with industry and the police to create a bespoke training package for law enforcement officers to help create a more effective IP enforcement capability.

In South East Asia, relationship building has identified key priorities in Vietnam, Indonesia and Singapore. A development plan has been planned for Indonesia and the attaché has engaged with authorities across the region through Interpol and with support from the IPO Intelligence Hub.

In Brazil, attention has been paid to the legal framework of IP crime and active support has been given to the authorities – in the run up to the World Cup and for the upcoming Olympics.

The attachés have become an essential part of the IP communities in their respective countries and are a vital resource for UK businesses operating in their countries.

## **9. Support regional coordination of trading standards work.**

In 2013/14 the NTSB appointed 12 Regional Intelligence Officers, and the IPO hosts training days at various locations throughout the UK. This is essential since RIAs are the first point of contact for the dissemination of intelligence products such as the Ports Seizure analysis.

The TS Coordinator at IPO has attended and supported all the regional IP groups formed informally across Trading Standards and provided a range of intelligence products to meet their specific needs.

## **10. Develop common methodology for assessing scale and impact of IP crime.**

The IPO Economic Research team commissioned<sup>5</sup> a formal paper on the measurement criteria of IP criminality that, when completed, will provide credible measures of scale and harm.

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<sup>5</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/325020/IP\\_Measuring\\_Infringement.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/325020/IP_Measuring_Infringement.pdf)



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## **11. Improve evaluation of consumer awareness campaigns to help shape effective action.**

Part of the PIPCU objectives are to promote awareness campaigns on IP Issues and a specially employed office is working with IPO, DCMS and industry to coordinate these campaigns.

The Government Strategy for Serious and Organised Crime articulates action under the headings of Prevent – Protect – Prepare and Pursue. Through the coordinated work of IPO and NCA across the public and private sectors, contributions to ‘Prevent’ are a substantial part of the contribution on IP reduction.

## **PIPCU – PARTNERSHIP WORKING AND STAKEHOLDER ENGAGEMENT**

Since launching in September 2013, PIPCU has been building working relationships with industry and law enforcement partners across the globe to develop partnership working with a coordinated approach, as well as working with a wide range of rights holders, trade bodies and brands.

As discussed previously, in December 2013, PIPCU’s prevention and disruption team collaborated with Europol and the Homeland Security Investigations (HSI) National Intellectual Property Rights Center (IPR Center) as part of the project ‘In Our Sites – Transatlantic 3’. On behalf of the UK, PIPCU suspended 90 websites, with Europol Member States, Belgium, Denmark, France, Hungary, Romania and Spain suspending a further 303. The US IPR Center conducted 297 domain name seizures in the US.

At the beginning of 2014, PIPCU, along with the IPO and the National Crime Agency (NCA), travelled to Beijing and Shanghai to discuss future engagement and information sharing with China’s police and security authority, the Ministry of Public Security (MPS), the Shanghai Public Security Bureau (PSB) and the General Administration of China Customs. The visit was a great success, with better links developed between the UK and China as well as establishing a mutual agreement for exchanging and sharing intelligence. Since the visit, officials from the MPS have been to the UK and met with PIPCU, IPO and the NCA to share best practice and to discuss further future collaboration.

PIPCU is committed to keeping stakeholders engaged and informed of its work and latest developments. A bi-monthly newsletter has been developed, the PIPCU Update, to provide stakeholders with the latest news, insights and stats from the unit, which has been greatly received by the stakeholders.

In addition, PIPCU hosts quarterly meetings to foster closer working relationships with stakeholders. These sessions provide partners with information on the unit’s enforcement and disruption activity as well as education and prevention work. The meetings allow stakeholders to ask PIPCU questions regarding IP crime and to raise any queries they may have regarding IP issues facing the industry

PIPCU also launched its own dedicated twitter account, @CityPolicePIPCU, in May 2014. This social media platform allows the unit to engage with partners and existing stakeholders as well as with other law enforcement units, potential stakeholders, the media and public. PIPCU uses their Twitter account to provide real time updates on the unit’s activity as well as insights on collaboration with partners, information on how businesses can work with PIPCU, preventative advice and the latest industry news.

## **OPERATIONS**

PIPCU marked its launch in September 2013 with a raid on a Birmingham property, which saw hundreds of DVDs worth an estimated £40,000 seized and the arrest of two suspects. Since then the unit has executed warrants across the UK which has resulted in a significant number of arrests and is investigating in excess of £30,000,000 worth of Intellectual Property (IP) crime.

An example of one of the unit’s most successful operations saw a suspected organised criminal group, believed to be importing and selling a wide range of counterfeit fashion goods, dismantled in March 2014.

The investigation was launched by PIPCU following a referral from an international law enforcement partner and resulted in two men being arrested and one man being interviewed. The operation was a joint effort between the unit and the IPO and NCA, with support from Trading Standards and brand protection officers from the brands believed to be affected. The suspects’ homes were searched and a large number of fake goods believed to be worth hundreds of thousands of pounds were seized from their homes and two storage containers. The counterfeit items seized included UGG gloves, high end cosmetics, sunglasses, teeth whitening kits and e-cigarette refills.

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Another significant operation for the unit took place in May 2013 and involved detectives from PIPCU arresting a man and a woman following an investigation into a suspected counterfeit CD operation believed to be making tens of thousands of pounds. The pair were arrested on suspicion of selling illegally copied CDs including hits from US artist Beyonce and UK artists Paloma Faith, Paolo Nutini and Embrace.

## PREVENTION AND DISRUPTION

The work of PIPCU's Prevention and Disruption section has been highly successful. Between September 2013 and April 2014 more than 2,500 websites selling designer counterfeit goods were suspended as part of the unit's Operation Ashiko. The operation saw PIPCU working in collaboration with a large number of well known brands, brand protection organisations and co.uk website registry, Nominet.

The suspended websites purported to sell well-known designer goods including UGG boots, GHD hair straighteners, Abercrombie, Hollister and Jack Wills clothing, Gucci products and Thomas Sabo jewellery. However, online shoppers were left short changed as the items they received were in fact poor quality and sometimes dangerous counterfeit goods, or in some cases the items were never even delivered. The websites were estimated to be generating tens of millions of pounds for organised criminal gangs.

This operation was publicised in conjunction with World IP Day and received significant media interest especially in the national press, which successfully raised the profile of the unit. Press coverage included a live interview with DCI Andy Fyfe on BBC Radio London and features in the Guardian, the Times, the BBC website, as well as more than 20 pieces in the trade press.

Operation Creative is another successful element of the Prevention and Disruption section. Officially launched in April 2014, this ground-breaking initiative is designed to disrupt and prevent websites from providing unauthorised access to copyrighted content, in partnership with the creative and advertising industries.

It is a unique partnership between the City of London Police and the UK advertising industry, which is represented by the Internet Advertising Bureau UK (IAB UK), the Incorporated Society of British Advertisers (ISBA) and the Institute of Practitioners in Advertising (IPA), as well as rights holders represented by the Federation Against Copyright Theft (FACT), the British Recorded Music Industry (BPI), the International Federation of the Phonographic Industry (IFPI) and the Publishers Association (PA).

As part of Operation Creative, rights holders in the creative industries are asked to identify and report copyright infringing websites to PIPCU, and to provide a detailed package of evidence indicating how the site is involved in illegal copyright infringement. Officers from PIPCU then evaluate the websites and verify whether they are infringing copyright. In the event that a website is confirmed as providing copyright infringing content, the site owner is contacted by officers at PIPCU and offered the opportunity to engage with the police, to correct their behaviour, and to operate legitimately.

If website owners fail to comply and engage with the police, then a variety of other tactical options may be used including: contacting the domain registrar to seek suspension of the site, advert replacement and, as mentioned previously in this report, disrupting advertising revenue through the use of adding the site to an Infringing Website List (IWL).

The IWL, the first of its kind in the UK to be developed, is an online portal containing an up-to-date list of copyright infringing sites, identified and evidenced by the creative industries and verified by the City of London Police unit. It is available to the partners of Operation Creative and those involved in the sale and trading of digital advertising. The aim of the IWL is that advertisers, agencies and other intermediaries can voluntarily decide to cease advert placement on these illegal websites which in turn disrupts the sites advertising revenue.

Disrupting advertising is a vital part of Operation Creative, as advertising is a key generator of criminal profits for websites providing access to infringing content. A recent report by the Digital Citizens Alliance estimated that in 2013 alone piracy websites generated \$227million from advertising.

Operation Creative's success was evident within weeks of launch, as a major torrent sharing website voluntarily closed down and nearly 100 digital advertising organisations signed up to the IWL. The work of Operation Creative has been of interest to the media and between October 2013 and April 2014 it was reported in both the national and trade papers – resulting in more than 120 press articles and significantly raising the profile of the unit and its work.

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## THE NATIONAL TRADING STANDARDS BOARD

The NTSB's role is about tackling regional and national consumer detriment and has a total budget of £13 million. However, based on 2010 figures, over 90% of trading standards' work is still funded and delivered at the local level via local authority budgets.

The NTSB National Tasking Group (NTG) along with regional partners assesses and identifies level 2 and level 3 investigations and provides support to Local Trading Standards. A number of successful investigations across the country have been tasked to Regional Scambuster Teams and Local Authorities. The next stage in the development of the NTSB is to focus on building intelligence capability, unravelling links in the criminal supply chain, joining with partners and taking enforcement action higher up the supply chain.

Examples of the breadth of IP work undertaken by Trading Standards include:

- An investigation led by Staffordshire Trading Standards involving 20 Police Officers and representatives from FACT, achieved great success with over 40,000 suspected counterfeit items seized with an estimated retail value of £5m.
- Two operations have been supported for the last two years in Ealing. The multi-agency enforcement with the mutual support of 12 other Local Authorities has targeted significant areas of illegal trading standards activity in high profile trading estates. The enforcement included intellectual property offending. Non-compliance rates have improved from 70% to 40%.
- In the North East Region, two key operations which incorporated a number of Facebook traders resulted in goods valued at £12K being seized. Another operation led by Gloucester Trading Standards, resulted in two arrests with counterfeit DVDs and vehicle service record books valued at £21K recovered.
- Plymouth Trading Standards and the South West Scambusters Team conducted Proceeds of Crime Act investigations which involved the distribution of counterfeit clothing and the importation of razor blades and toothbrushes.
- In the North West an operation using Proceeds of Crime Act involved the import and sale of counterfeit/unsafe goods. Warrants were executed, goods seized and a number of arrests were made. During the operation evidence was gathered to enable prosecution of offenders for importation of counterfeit goods.
- In Wales Trading Standards and police executed a search warrant on an eBay trader and seized a large quantity of garments, printing apparatus and a computer. 23,000 financial transactions were identified, which equates to figures in the region of £230k.

## HER MAJESTY'S REVENUE AND CUSTOMS (HMRC) AND BORDER FORCE

Her Majesty's Revenue and Customs (HMRC) and Border Force continue to work closely together to tackle the threats posed by cross border movements of IP infringing goods. In the financial year 2013/14, their successes included over 26,000 cases in which IP infringing goods were detained. Of these, 24,017 cases were detected and detained in postal traffic and 1,989 cases in air and sea cargo, fast parcel and vehicle traffic.

As in previous years, the types of goods detained range from clothing and footwear to electrical appliances and luxury goods. These detentions do not include counterfeit tobacco and alcohol products, which are seized under Excise legislation on the grounds of revenue evasion.

The response of HMRC and Border Force to tackling IP crime also extends to coordination with inland agencies and law enforcement bodies, such as the Intellectual Property Office (IPO), Trading Standards, the Food Standards Agency and UK police forces.

To tackle illicit medicines, HMRC, Border Force, and the Medicines and Healthcare products Regulatory Agency 33 (MHRA) participated in Operation Pangea, an annual Interpol coordinated initiative designed to seize illicit medicines. During a weeklong operation in autumn 2013, nearly 3.25 million doses of illicit medicine from 1,666 parcels were seized by MHRA at the UK border at a number of key locations. The intelligence derived from Operation Pangea was then used by MHRA to investigate and disrupt inland distribution networks for illicit medicines within the UK.

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## OPERATION OPSON

The third year of the Europol/Interpol initiative on fake and illicit food received added impetus by the recognition in the UK of the adulteration of beef products with horse meat. This was managed by OPSON partners at the UK's Food Standards Agency (FSA) and resulted in an increased public concern over the potential for food to be compromised.

The intention for 2013 was to raise awareness in the UK of the risk posed by food crime, in the form of fake and substandard food. The IPO have been involved in operation OPSON since 2011, and lead the UK in tackling food crime. Working with the FSA, the strategic recommendations of the OPSON II debrief identified the need to develop a wider response than just enforcement; to:

1. Enhance police cooperation on food counterfeiting and food related crime, nationally and internationally;
2. Ensure that international operations into food counterfeiting and food related crime such as OPSON are deployed regularly;
3. Create a permanent working group on food counterfeiting and food related crime;
4. Implement intelligence gathering and sharing in this crime area, and harmonise the way information is gathered, ensuring minimum global standards;
5. Create multi-agency and specialised task forces to investigate food counterfeiting and food related crime in member states;
6. Enhancing cooperation with the private sector (food industry, farmers, associations of producers, distributors etc) and academia;
7. Build capacity of member states law enforcement through specialised training programmes;
8. Raise awareness through national and international meetings, conferences and forums; and
9. Identify fund raising opportunities to support law enforcement initiatives into food counterfeiting and food-related crime (led by Interpol).

The operation commenced with a planning conference hosted at the IPO's main office in Newport, Wales. The meeting heard details of the Czech methanol poisoning that claimed 46 deaths when fake vodka was sold to low-income families. The conference also included inputs on the risks to the food supply chain, the horse meat issue and the role of Europol and Interpol in responding to food crime.

The booklet produced by the IPO following the planning conference was circulated to over 30,000 recipients across the UK and beyond. This was as a result of making use of the industry contacts that were able to circulate the report via their own mailing lists.

The awareness raising also included a request to the UK Border Force to become fully involved in OPSON. This was accepted as a 'business as usual' agreement. During the operational activity, highlights past seizures included:

- 17,000 litres of fake vodka imported from Northern Ireland seized in Scotland;
- 22 Tonnes of rice mislabelled as 'Basmati';
- 5 arrests and £34,000 cash seized in an operation involving the UK, Italy, Spain and France.

The planning for OPSON IV has commenced, this year 36 countries will be involved and the UK IPO has engaged with colleagues in the Republic of Ireland to consider a joint response to the threat of counterfeit vodka.

In 2013 the UK Government commissioned a review on the integrity of food supply networks. The author, Professor Chris Elliot considered the need for a food crime unit within the FSA, and such a unit would be in a better position to lead OPSON on behalf of the UK. The report is still being considered.

## THE REAL DEAL CAMPAIGN FOR FAKE-FREE MARKETS

Founded in 2009 by the Industry Trust for IP Awareness, the Real Deal Campaign for Fake-Free Markets is a cross-sector, partnership initiative focused on reducing the volume and impact of counterfeit products at UK markets and car boot fairs.

The Real Deal's emphasis on preventative, collaborative strategies compliments the intelligence-led enforcement work of the National Market Group for IP Protection. By forstoring closer working relationships

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between market operators and local trading standards services, the Real Deal scheme offers benefits and solutions to a range of stakeholders. For example:

- It provides local authorities with a cost-effective, preventative strategy, which recognises and rewards market and car boot venues that are committed to keeping their venues free from counterfeit and other illicit products.
- It gives market and car boot fair operators a practical framework and set of procedures to ensure that any would-be traders in illicit goods cannot get a foothold in their venues.
- It enables IP rights owners and local trading standards services to target resources more effectively on venues at which counterfeiting is problematic.
- It ensures a level playing field for legitimate market traders and local businesses so that they are not competing against traders in fake goods.
- It offers consumers a recognisable symbol for fair-trading and fake-free market shopping.



The Industry Trust for IP Awareness has always provided the majority of funds for Real Deal campaigns. In 2014, this was combined with funding from organisations such as the Anti Counterfeiting Group (ACG) and BPI and Trading Standards, as well as brands such as Cath Kidston, Jack Wills, PRS, The Premier League and TM Eye.

*The Teenage Market and Stockport MBC sign the Real Deal charter*

## NATIONAL MARKETS GROUP

The UK National Markets Group (NMG) includes law enforcement agencies that are focused on ensuring markets and car boot fairs are free from fake goods and other illicit products. The NMG facilitates joined-up working, intelligence sharing, best practice and a coordinated enforcement approach to markets and car boot fairs where the sale of infringing product is a problem.

The Barras market in Glasgow has long occupied a position as one of the most corrupt markets in the UK. Before the Commonwealth Games were held in July 2013, a 'mini' NMG was formed in Scotland led by Police Scotland. It included brand holders, Trading Standards, Intellectual Property Office and other Government agencies (HMRC/DWP). There was a wide range of infringing brand products being sold at the Market. However, due to continued police visits and action the amount of illegal activity has dropped to practically zero. The NMG is also planning further long-term action. The group actions are effective in dealing with the immediate problem of illicit traders selling counterfeit goods.

The NMG also works in tandem with the Real Deal to ensure there is support for legitimate businesses to be sustained and the local community to flourish. The Real Deal is looking to achieve over 400 market/car boot fairs 'sign ups' by the end of 2014, and as always there is close coordination between the NMG and the Real Deal. For example, Bristol fruit market and Blackbushe market have improved dramatically due to NMG and Trading Standards pressure on the owners and will be asked to sign up to the Real Deal. Other markets, mainly in the London area, have been cleared of counterfeit sellers and have subsequently signed up to the Real Deal.

There are still over half a dozen markets and car boot fairs that cause substantial problems to Trading Standards and brand holders. However the NMG has various actions planned in conjunction with the authorities and this is being driven by the enforcement sub-group chaired by the IPO.

## NOMINET DISPUTE RESOLUTION SERVICE AND IP RIGHTS

Nominet's Dispute Resolution Service (DRS) offers an efficient and transparent method of resolving disputes relating to .uk domain names. Using the DRS, Nominet seeks to settle .uk domain name disputes through mediation and, where this is not possible, through an independent expert decision. In order to be able to make a complaint through the DRS, the complaining party needs to have rights (such as a trade mark) in a name which is the same or similar to the domain name. They also need to be able to prove, on



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the balance of probabilities, that the domain name being reported falls under 'abusive registration' in line with DRS Policy.

In 2013, 674 cases were filed to the DRS (down from 818 in 2012). The great majority of respondents were from the UK (497), followed by the United States (38), China (30), Saint Kitts and Nevis (16), and Germany (8).

Of these 674 cases: approximately 26.3% of cases were resolved by summary decision of an appointed expert, 12.9% through mediation, 12.2% by the parties, and 12.5% by a full decision. The remainder were not resolved as they were withdrawn, the fee was not paid, or the complaint was otherwise invalid.

The average length of mediated cases was 49 days and the full decision cases took, on average, 87 days. This length of time has dropped in recent years arising from the introduction of new ways to streamline the DRS process and support from experts to reduce the amount of time taken on cases.

## FOOD STANDARDS AGENCY (FSA)

The Food Standards Agency (FSA) is responsible for food safety and food hygiene across the UK, protecting the public's health and consumer interests in relation to food. The FSA work with local authorities to enforce food safety regulations and deploy FSA staff to work in UK meat plants to check that regulations are being met.

The FSA work closely with local authority food law enforcement officers, other government departments (OGDs) and the industry to identify, raise awareness and swiftly remove illicit (counterfeit, fake or duty evaded) alcoholic products from the market. This joined-up approach has helped protect consumers from purchasing substandard products and consuming potentially lethal products. The FSA's Food Fraud Unit has established working links with the Government Agency Intelligence Network (GAIN), the National Crime Agency, and the recently formed EU Food Fraud Unit, based in Brussels.

The FSA's Food Fraud Team receive and disseminate food fraud related intelligence to and from local authorities for investigation at a local level, and to OGDs via channels such as GAIN the NTSB and the NFIB (National Fraud Intelligence Bureau). Due to this, over the last year there has been an increase in the amount of intelligence received from OGDs, the public and whistleblowers. In 2013, 14% of the intelligence reports the FSA received related to counterfeit, fake or duty evaded alcoholic products. In 2013, the Food Fraud team handled a record 134 cases originating from whistleblowers, a significant 65% increase on the 81 cases in 2012. By operating these whistleblowing procedures the fraud team ensure appropriate investigations and enforcement actions are taken at a local level while protecting the identity of the informant.

Analysis of the intelligence allows the FSA's Food Fraud team to identify potential links and patterns between reports. They share this intelligence and analysis with the food law enforcement community. Specific reports may be handled internally or passed to individual enforcement officers for investigation. Intelligence received is also used (subject to its handling code) to produce a monthly brief aimed at local authority food law enforcement officers. The brief raises awareness of intelligence concerning potentially cross-border/national food fraud related issues and requests that new intelligence or intelligence that has not been disseminated be shared with the FSA.

### **The Food Fraud Database (FFDB) Key Points:**

- The FFDB is an important resource for detecting emerging patterns of fraudulent activity.
- Intelligence is received from a variety of sources, including Local Authorities (LA), consumers, industry, other government departments and other enforcement bodies.
- The FFDB is useful for LAs seeking information to assist with their investigations into food fraud incidents
- There were 1435 reports entered in the FFDB between 1 April 2013 and 31 March 2014. Of those, 141 related to counterfeit alcohol.

The FSA encourages the reporting of suspected food fraud, and this is reflected in the increased number of intelligence reports the FSA have received. Since 2007, the amount of intelligence received and recorded in the Food Fraud database has risen from 49 reports in 2007 to 1435 in 2014. However, the increase

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in reported cases may reflect, either partly or fully, an increase in food crime awareness rather than an increase in actual cases of food crime.

## ASSISTANCE TO LOCAL AUTHORITIES

Local authorities can apply for financial support for their food law enforcement work through the FSA 'Fighting Fund'. Decisions on the nature and extent of Agency financial support are made on a case-by-case basis. In 2013 the FSA received 17 applications, of which funds totaling just over £615,000 were awarded to local authorities in England, Scotland, Wales and Northern Ireland. Grants totaling nearly £297,000 were awarded to 14 local authorities.

The FSA also provide access to expertise from their Food Fraud Advisory Unit (FFAU) members. The FFAU offer advice to those LAs undertaking, or about to undertake, food fraud related investigations. The unit's 17 members provide advice over the telephone or at meetings. LAs requesting advice from FFAU members will continue to lead investigations into food crime.

## HORSEMEAT INCIDENT

In 2013, it was discovered that horsemeat was being used in a number of processed meat products. One of the principal themes with regard to this finding is the need for a more coordinated and proactive approach to food crime and more defined roles for central government, local authorities and the food industry in this area. In response to these recommendations the FSA continues to develop its capability in relation to food fraud, working closely with other Government Departments, local authorities and industry to detect and deter food fraud.

The FSA is building an enhanced intelligence gathering network to increase the opportunity to capture and act on intelligence which may be indicative of future risks as well as producing strategic and tactical assessments to share with relevant enforcement agencies.

## THE INTERNATIONAL FEDERATION OF SPIRIT PRODUCERS (IFSP)

The International Federation of Spirits Producers Ltd (IFSP) is a UK-registered, not-for-profit company funded and governed by the major international spirits producing companies (Bacardi, Beam Suntory, Brown Forman, Cuervo, Diageo, Edrington Group, Moët Hennessy, Pernod Ricard and Remy Cointreau). Its purpose is to combat the counterfeiting of spirit brands and it is currently active in around 30 countries, mostly in Asia, Eastern Europe and Central America.

The role of IFSP is to support law enforcement agencies to combat criminal activity, by providing training, information and technical expertise. In the UK in the past year, IFSP has continued to work closely with the police, HMRC, Trading Standards, and the IPO, supporting a number of successful operations and initiatives.

Inspections and testing of products at retail premises (both shops and pubs/bars) in 2013 supported the view that the vast majority of spirits sold and consumed in the UK are genuine.

Most IFSP brands seized by law enforcement during the last year were genuine duty-diverted products with counterfeit rear labels, with one seizure of 9,030 duty diverted bottles accounting for over 90% of total seizures notified to IFSP.

During 2013, IFSP made visits, most often with Trading Standards, to 232 retail premises in London, Buckinghamshire, West Midlands, East Yorkshire, South Yorkshire, Lancashire and Glasgow. In total, 3,259 bottles were inspected, 634 were seized, of which 445 were duty evaded and 189 counterfeit (including non-IFSP brands).

In July 2013, a counterfeit manufacturing site was raided in Northern Ireland and found to be refilling branded vodka bottles, mainly for the Irish market, although some counterfeit UK duty stamps were also seized. HMRC and the Police Service of Northern Ireland (PSNI) searched an agricultural shed in the Crossmaglen area of South Armagh and discovered a counterfeit spirit production site. They seized suspected illicit spirit along with counterfeit UK and Republic of Ireland duty stamps, counterfeit labels and empty branded vodka bottles.

In November 2013, the first of a new-style counterfeit branded vodka glass bottle was found in Leytonstone,

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London. In April 2014, a lorry load of empty bottles of the same type was stopped from entering the UK by the UK Border Force at Dover. This may indicate that there is a criminal group in the UK which has already begun to produce 100% counterfeits (bottles, caps, labels, spirit), or is setting itself up to do so.

As well as providing training regionally to mixed groups of law enforcement officers, IFSP continues to support multi-agency initiatives during the year, such as Operation CONDOR. Operation CONDOR is a Metropolitan Police London-wide operation targeting all aspects of licensing and is supported by Trading Standards, HMRC and UK Border Force.

In terms of international initiatives with a relevance to the UK, IFSP contributed to Europol-Interpol Operation OPSON, which has been run annually since 2011 and which IFSP has been involved with from the outset. OPSON III, which targeted counterfeit and substandard foodstuffs including spirits, ran from December 2013 to January 2014. The UK was one of 33 countries to participate (11 of which IFSP has a permanent presence).

### OPERATION LAUDERDALE

London Trading Standards Authorities (LoTSA) identified that self-storage units were being increasingly connected to the supply chain of counterfeit goods, which were being detained or seized in, or en route to, self storage facilities. The increased prominence of storage facilities and ease of rental makes them a prime resource for illegal traders and an area that demanded attention from Trading Standards.

In September 2012, London Borough of Wandsworth Trading Standards on behalf of the LoTSA Intellectual Property Group obtained funding from the Intellectual Property Office (IPO) which was administered in partnership with the National Trading Standard Board (NTSB). The funding was aimed at innovative IP projects and enforcement that would add a significant benefit to a local area.

### PUBLISHERS ASSOCIATION

The Publishers Association (PA) has seen a significant decrease in the presence of infringing digital books on eBay UK since beginning its multipronged anti-counterfeiting partnership with the online marketplace. In a demonstration of its commitment to fighting piracy, eBay has created listing policies that are specific to the needs of the modern book industry.

This means that every title must be identified in a listing where multiple digital books are being sold. The PA has also embarked on a regular 'review and report' initiative to ensure that sellers who are not adhering to these policies are brought to eBay's attention. This focus on educating sellers, removing infringing listings, and addressing listings which violate eBay's digital books policies has led to a near eradication of infringing digital books on eBay's marketplace in the UK.

### RUGBY WORLD CUP 2015: RIGHTS PROTECTION PROGRAM

The United Kingdom has been privileged to host a number of great sporting events over the past few years including the 2010 Ryder Cup, the UCI Track Cycling World Cup, the London 2012 Olympic and Paralympic Games, the 2014 Commonwealth Games and the upcoming Rugby World Cup in 2015.

The International Rugby Board (IRB) is the governing body for world rugby and the owner of the Rugby World Cup tournament. The IRB has established a wholly-owned subsidiary, Rugby World Cup Limited (RWCL), to oversee tournament delivery and rights associated with the tournament. In turn, RWCL has procured International Management Group ("IMG") to deliver the Tournament's Commercial Programme, which includes delivering a robust Rights Protection Programme (RPP).

Staging the Rugby World Cup is a major undertaking which requires significant financial investment and will be dependent on the support RWCL receives from its official sponsors, suppliers, licensees, broadcasters, travel and hospitality agents (together, known as commercial partners). In return for their significant financial contributions, the commercial partners are granted certain exclusive rights to associate themselves with the Tournament and to use Tournament related intellectual property (e.g. RWCL registered trade marks) in their advertising campaigns and promotions. In this context, a considerable part of the revenue raised for the development of the sport of Rugby Union is generated through the official Tournament



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website ([www.rugbyworldcup.com](http://www.rugbyworldcup.com)) which is owned and operated by RWCL and which is a substantial and valuable commercial asset of RWCL. To ensure the success and viability of the Tournament and the future growth and development of the sport of Rugby Union as a whole, RWCL is obliged to protect against any unauthorised use of its intellectual property.

Andaleeb Basunia (formerly a Brand Protection Lawyer at The London 2012 Olympic and Paralympic Games) has been managing the RPP at IMG on behalf of RWCL since January 2014, working closely with the IRB Legal Affairs Department, the Legal Team at England Rugby 2015 Limited and the tournament's organising committee known as ER 2015. Some of the RPP matters that the RPP Team are currently focusing on, include:

- a. explaining the rationale and importance of having an RPP to relevant audiences;
- b. educating enforcement bodies about RWCL's legal rights;
- c. educating the general public of the importance to only buy official tickets from authorised channels and official merchandise; and
- d. developing relationships with UK enforcement authorities in relation to combating tournament related IP crime.

**Cooperation with Trading Standards:** The RPP Team are currently working with various Local Authorities (within and outside of London, hosting Tournament venues) to establish a robust RPP Operational Plan for tournament-time. The RPP Team is aiming to roll out an education and awareness campaign to those Local Authorities in Q4 of 2014. One aspect of this campaign includes equipping Trading Standards to differentiate between official Tournament products, which are validly using Tournament trade marks and/or copyrighted material, and those that are not. It is anticipated that this cooperation will involve the RPP Team providing relevant training and/or information to Trading Standards around identifying Rugby World Cup 2015 Official Licensees and their official products and making available relevant information relating to authentic goods and premiums, including anti-counterfeit devices (such as the official Rugby World Cup hologram, woven labels and hand tags).

To date, the RPP Team has come across one instance of Tournament related counterfeit product, the investigation of which was successfully led by The Highlands Council, Scotland. The RPP Team anticipates that levels of Tournament related counterfeit product and ambush marketing activity will potentially see a marked increase after the "one year to go" mark this Autumn. This is when ER 2015 will start a heightened promotional campaign.

**Cooperation with Customs authorities:** As part of the RPP, and in particular its anti-counterfeiting initiative, RWCL has filed Customs Notifications with various customs authorities (including France and the United Kingdom) to protect goods which are validly using Rugby World Cup trade marks and copyright material. The RPP Team has established contacts with senior officials from HM Revenue and Customs and Border Force and is also aiming to roll out an education and awareness campaign to all major ports/airports in Q4 of 2014.

**Cooperation with the Police Intellectual Property Crime Unit (PIPCU):** The RPP Team has recently made contact with PIPCU and is looking to work with PIPCU with a view to combat Tournament related ticketing crime and the sale of tickets by entities that have not been authorised by RWCL to do so. The joint message from the RPP Team is that consumers should only buy tournament tickets from companies authorised to do so by RWCL – in the event that a consumer purchases a ticket from an unauthorised channel, there is a possibility that the consumer will be refused entry to the corresponding tournament match.

In addition to the above, the RPP Manager has also been liaising with various other organisations and enforcement personnel throughout the UK, including the UK Intellectual Property Office, LoTSA, ACG and the IP Crime Group. The aim is to seek their support in educating the general public, consumers, and the global Rugby Community (through a variety of media) about the importance of only buying official tournament merchandise and tournament tickets via official (authorised) tournament sales channels.

A successful RPP strategy in and around the tournament will only be possible with the support that the tournament will receive from intellectual property organisations and enforcement personnel seeking to

combat IP crime. This support will be invaluable. With the “one year to go” mark only a few months away now, there is no doubt the UK’s excitement in the tournament will start to increase. As seen during the London 2012 Olympic Games, the likelihood is that counterfeiters and ambush marketers will exploit this excitement, resulting in an increase in the availability of tournament related counterfeit products and the prevalence of ambush marketing activity and tournament related IP crime. RWCL values the relationships developed with intellectual property organisations and enforcement personnel across the UK and is incredibly grateful for all the support it has received to date.

## UK INTERACTIVE ENTERTAINMENT (UKIE)

UKIE investigations resulted in a number of convictions and counterfeit devices and discs being destroyed with a street value of tens of thousands pounds.

Item(s) seized	Result of prosecution
1,647DS, 41 Wii & 160 PSP computer files. 12 R4 cards.	Case concluded (19th December 2013) 200 hours Community Punishment Order, Costs £7825, Confiscation Order £69,104.34. Six months to pay or 18 mths imprisonment on default. Seized items forfeited & destroyed.
23,000 + wii, 360 & PS2 disks	Bouzad is unknown, defendant was Nigel Thomas. 23,000 discs, PC’s, burners and £10K seized. Defendant appeared in Swansea CC January 2014 – sentenced to eight months imprisonment and £80K asset recovery.
Approx 600 XBOX 360, 300 Wii and 100 PS1 discs seized.	Sentenced to 100 hours Community Punishment Order & £600 in fines and costs.
R4’s & Emulators seizure was actually cd’s & hard drives no circumvention devices.	Sentenced to 9 months imprisonment and a suspended 12 months sentence and ordered to enrol on a ‘Thinking Skills’ programme. Destruction Order on goods seized.
360 disks	Suspect cautioned
100’s of 360 disks	This subject was cautioned for copyright and trademark offences
12 Nintendo Game Boy colour mobile phone covers seized amongst a large quantity of other infringing covers.	No Further Action as ownership of business changed. All goods destroyed.
360 disks	Cautioned for copyright offences. The other 5 defendants will be summons for conspiracy to defraud regarding a ‘Release Group’
100’s of 360 disks	This subject appeared at Portsmouth Crown Court and pleaded guilty to seven counts under the CDPA and ten counts of possessing extreme pornographic images. He was sentenced to two months imprisonment on each count suspended for two years. He was ordered to complete a 12 month Supervision Order and to pay £1575 costs
Loaded R4’s & Roms	Trading Standards took no legal action. Property seized was destroyed and the trader banned from North Weald market.

## PRS FOR MUSIC

During 2013, PRS for Music developed a semi-automated search technology to locate links to infringing copies of musical works made available online. Using this technology, in 2013 alone PRS for Music was able to successfully remove 73,333 files, embodying 2,339,118 infringed musical works – with 99.48% of the files successfully removed.

PRS for Music continues is currently working to develop a technology solution called “Traffic Lights”, which helps the consumer differentiate between legal and illegal copyright content online before engaging with a website. This will better allow consumers to make informed choices about where to obtain legal content. The ‘Traffic Light’ – a green tick or red cross, depending on whether the content is legal or not – will appear next to the name of the site or via a pop-up when the consumer links to, directly accesses, or searches for a site. It would apply to all sites, whether hosted in the UK or elsewhere.

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Research published by OFCOM in September 2013 found that 24% of those who access illegal services would be encouraged to stop if it was clear the content on a site was not legal. OFCOM also found that 15% of people said they were 'not at all confident' in terms of what is and is not legal.

However, research published in October 2013 by the Premier League and Alliance for IP found that 56% of internet users feel that it is easy to know whether a site's offer of goods or services was legal. This same research also found that in the presence of authoritative banking/payment brands such as PayPal, Visa or MasterCard made 71% of people felt confident about the authenticity of a site's offer. This last finding is of concern given that the use of PayPal or Visa are also found on websites selling illegal content. This clearly demonstrates the need for Traffic Lights and other initiatives aimed at dealing with this problem.

The activities of PRS for Music's dedicated Anti-Piracy Unit continue to complement and support the different licensing businesses of the organisation. In light of the continued growth in online licensing revenue above all other licensing streams, in 2013 there was an increased focus on infringements made available online. In 2012, PRS for Music developed automated search technology to locate links to infringing copies of musical works, and in 2013 there was an increased focus on infringements made available online. To avoid cross over with work by other online anti-piracy operations in the music industry, PRS for Music focuses on particular categories of musical works (e.g. Asian repertoire and karaoke) which receive minimal or no representation elsewhere in the UK.

In conjunction with local Trading Standards departments, PRS for Music also undertook various investigations in 2013 relating to counterfeiting of physical products, complementing the licensing of the recorded media market and leading to a number of successful outcomes. For example, following a joint investigation in West Yorkshire, an individual has been prosecuted for offering monthly updates of top-40 music albums through the use of an internet forum. The individual's residence was raided by West Yorkshire Joint Services Trading Standard and PRS for Music, and was charged with duplicating equipment and considerable quantities of illicit product were seized. The individual was convicted and received an eight-month immediate custodial sentence and faces ongoing POCA proceedings. There was also a deprivation order for most of the evidence.

In a second investigation, again in conjunction with West Yorkshire Joint Services Trading Standards Department, an unlicensed internet radio station was addressed by personal intervention of a Trading Standards Officer and a member of the PRS for Music Anti-Piracy Unit who visited the operator at his home address. Immediately thereafter the illegitimate station closed.

PRS for Music works closely with PIPCU. The first referral by PRS for Music in November 2013 led to one of the unit's first raids on premises and resulted in an arrest being made. This investigation focused on an individual who had created a website which offered illegally copied music and films, which would be recorded on DVDs and dispatched by post to the customer. Emails were also sent to customers to discourage further uptake of the service.

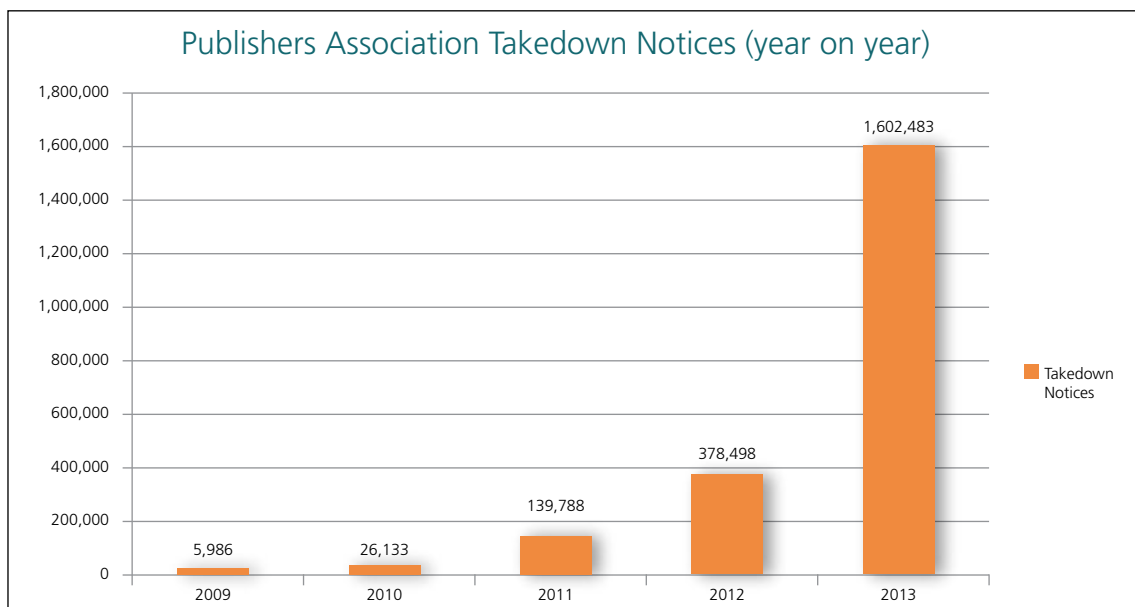
PRS for Music has also made referrals to PIPCU's Operation Creative, and has supplied evidence to the prescribed standards, as required by the Police to support the initiative.

## BRITISH RECORDED MUSIC INDUSTRY

In 2013, the efforts of the creative industries to frustrate the enablers of piracy saw BPI apply for High Court blocking orders against 21 infringing websites.

The success highlighted that websites that infringe on a large scale cannot hide behind notice and takedown policies that are effectively window-dressing and impractical to address large-scale infringement

## THE PUBLISHERS ASSOCIATION



## MUSIC INDUSTRY REMOVES OVER 100 MILLION LINKS FROM GOOGLE

In January 2014, the combined Anti-Piracy units of the BPI and RIAA (USA) sent their 100 millionth link between them to Google since the initiative was launched in June 2011. This is a huge milestone in an initiative that seeks to clean up copyright infringing links in search results – in the hope that consumers can be directed to legitimate sources of digital media.

The initiative continues to partner with the BPI. As of April 14, 2014, 72,227,049 infringing links (beginning in 2009) have been submitted to Google, while the RIAA has submitted 46,098,929.

Bespoke software and automated crawling tools created in-house by the BPI search for members' repertoire across more than 400 known infringing sites and generate URLs which are sent to Google as a DMCA Notice for removal within four hours of receipt. This achievement follows cooperation between the BPI and Google to increase the daily limit on the number of illegal results that can be removed and towards reducing the appearance of advertisements on illegal sites. The music organisation also continues to press search companies to ensure that legal sites appear higher than infringing sites in search results.

## PRISON SENTENCES FOR MUSIC COUNTERFEITERS

Following a number of investigations around the UK supported by the BPI's Regional Investigators, jail sentences were handed down to several individuals involved in the trade of counterfeit music CDs and DVDs.

### **Lester Hawkes aka The Wizard sentenced to 3yrs and 10 months**

In July 2013, a Lancashire man was jailed for counterfeit DVD, CD and MP3 production, which yielded almost half a million pounds. His wife, Pauline Hawkes, 53, of the same address, also received a sentence of 21 months suspended for two years.

The couple sold counterfeit CDs, DVDs and mp3s and made in the region of around £460k in five years – while living in a four bedroom detached house paid for by state benefits and claiming over £74k in house and council tax benefit and income support.

The result followed an investigation by the North West Regional Asset Recovery Team (NWRART). The NWRART is a regional unit supported by BPI and FACT investigators, and plays a critical role in reducing crime through asset recovery.

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#### **14 month sentence for music counterfeiter**

November 2013, Darren Clapham of Rotherham was sentenced to 14 months imprisonment at Sheffield Crown Court after he pleaded guilty to making and distributing copied music discs which he sold via a number of lists circulated to his customer base. A warrant had been served on his home in December 2012 where a vast amount of masters and ready-made physical discs were seized along with computer and copying equipment.

#### **Online distributor sentenced to 18th months**

In December 2013, Keith Tamkin from Bognor Regis received a prison sentence after admitting possession of one of the largest ever hauls of hi-tech equipment for use in copyright theft, ever found in the UK.

When raided, the police and BPI investigators discovered more than 100 computer hard drives crammed full with thousands of digital titles plus approximately 150,000 physical CDs and DVDs. He also had a vast library of master titles ready for distribution to an extensive client database.

52-year old Tamkin admitted offences of distributing counterfeit CDs and preloaded hard drives full of music. He also pleaded guilty to money laundering to the value of £140,000. In his summing up, Judge HHJ Fraser said, *“Some people wrongly think that copyright offences are victimless crimes. The reality is they are theft from the copyright holders.”*

### **FEDERATION AGAINST COPYRIGHT THEFT (FACT)**

The theft, copying and distribution of copyrighted film, television and sports content continues to have a detrimental impact on the audio-visual industry and the wider economy. It also amasses significant financial gain for the criminals involved. New release films recorded from cinemas, good quality ‘rips’ of television and film content, and streaming of live sporting events are in high demand.

FACT’s role in successfully detecting and targeting those involved in such crimes requires the ability to foresee and react to developments in technology. Criminals are often the pioneers of these developments and are quick to take advantage of the ever-changing landscape to create methods to profit from delivering stolen content to a wider global audience.

FACT’s work protecting its members’ intellectual property now focuses predominantly on illegally acquired content accessed through websites that offer direct downloads, file sharing or streaming. FACT’s successes in the past year show the benefits of intelligence led, targeted actions against criminal websites and the people behind them. FACT also helps to guide consumers to legitimate entertainment sources online, in cinemas and on TV.

Social networking websites are now an integral part of modern life. Currently, there are over 1.3 billion active users on Facebook, which offers an online platform for IP criminals selling items such as illegal DVDs in addition to their presence on direct sale websites and auction websites like eBay. These methods are replacing the ‘traditional’ hard goods sales methods: street sellers and marketplaces. In the past year there has been a shift within the online counterfeit hard goods market from DVD-Rs manufactured within the UK to very high quality pressed discs imported into the UK. These DVDs are generally sold via direct sale websites and auction websites.

The internet has opened up great opportunities for criminals to make money from the theft and distribution of copyright infringing content. For sports coverage, the methods used to illegally access live broadcasts are moving away from the traditional control word sharing networks towards streaming websites and illegally pre-configured IPTV boxes. For films, recording in a cinema remains the primary source and the material is uploaded online. The internet has provided a platform whereby global ‘kudos’ can be achieved by releasing popular film or television content that is deemed to be of high quality. Release Groups also often run private websites that are accessed exclusively by registered members.

Further opportunities arise around the transfer and storage of audio-visual content. This is typically administered by file hosting services such as FTP sites and cyberlockers, which provide illegal revenue for those running them. Significant financial gain, generated through selling advertising space, is also made by website owners who provide free public access to copyright infringing content. Many legitimate companies and brand owners unwittingly provide this revenue.

Some of FACT's successes in 2013/14 include:

- 117 pirate websites sites shut down;
- 7 alleged UK release group members arrested;
- 10 further pirate websites blocked in the UK following High Court orders;
- 2 UK 'camcords' detected – both suspects arrested;
- 30 cinema staff rewarded with over £16,000 for preventing recordings;
- First ever UK conviction for streaming live football matches over the internet;
- Over 200 brands now contacted since 2011 – their ads appeared on pirate websites; and
- Over 5,000 individual pieces of intelligence received and reviewed by FACT.

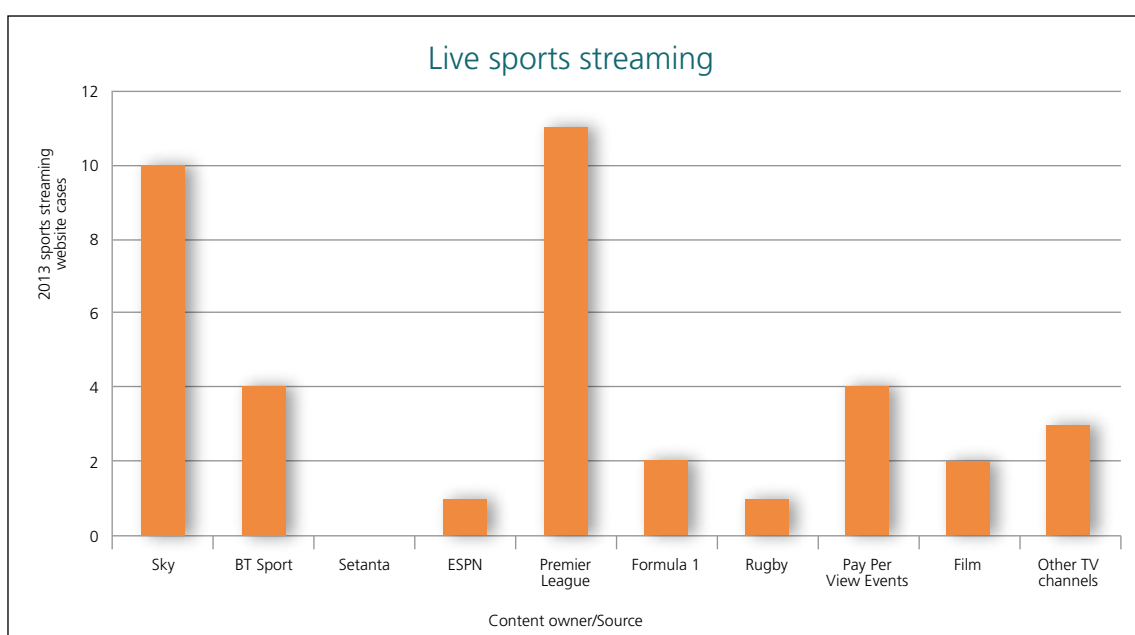
## COLLABORATIVE WORKING

FACT recognises that collaborative working is key to achieving successful outcomes against those copying, distributing and selling pirated content. Working to the same standards as law enforcement in the UK, FACT's Intelligence and Investigations teams analyse and use intelligence from a range of sources. They then use this intelligence to inform all tactical decisions that may lead to the creation of a package to be passed to law enforcement for potential action.

FACT also works closely with a wide range of enforcement bodies including Trading Standards, Police, Border Agency and the National Crime Agency in the UK and Interpol, Europol, ICE/DHS and others globally, having signed Memorandum of Understandings (MOUs) with many of them to allow the sharing of intelligence.

The GAIN network is also highly valued and has proved very useful in allowing FACT to make contact with agencies and partners regionally across the UK in terms of providing relevant intelligence. This networking also means that agencies are able to take on serious criminality in their regions that may have been unknown to them. The breadth of organisations represented in the GAIN forums is creating invaluable information sharing resources that will benefit all those working in IP.

In 2013 FACT targeted the owners of 14 live sports streaming websites. As shown below, over three-quarters of these sites were offering live streams of Premier League matches. The vast majority of these streams were sharing coverage from a Sky Sports or BT Sport channel.



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The case studies below are examples of FACT investigations.

#### **Case study 1A – [btsportshd.com](http://btsportshd.com)**

In October 2013, FACT became aware of the live sports streaming website [www.btsportshd.com](http://www.btsportshd.com). The site was providing streamed access to all the BT Sport and Sky Sports channels. The website was hosted in the Netherlands and had a UK Alexa ranking of 6,363. FACT contacted the Dutch ISP regarding this site's copyright infringing activity, and they eventually removed the site from their servers. The domain was later signed over to BT.

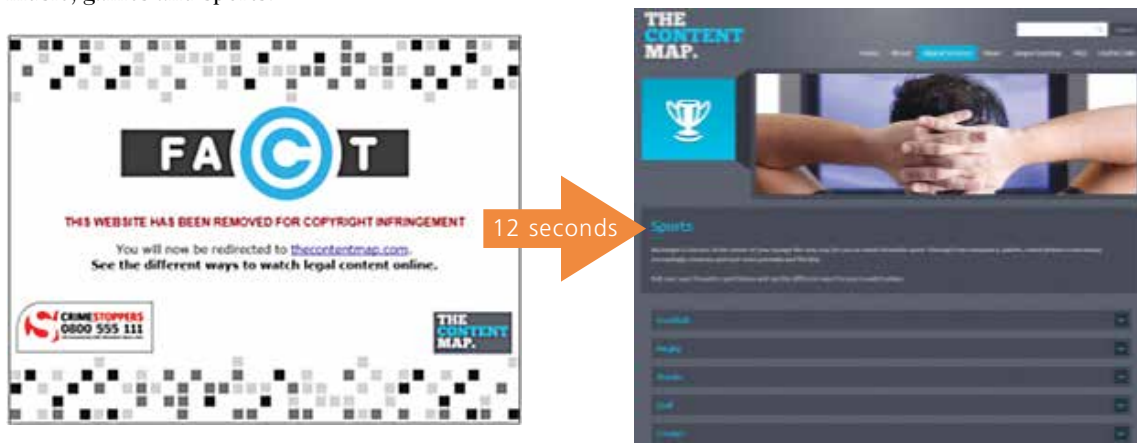
#### **Case study – [flashsportstreams.com](http://flashsportstreams.com)**

In October 2013, the creator of a website that illegally screened live Premiership football matches was handed a two-year prison sentence at Sheffield Crown Court. Kevin Broughton developed and ran [flashsportstreams.com](http://flashsportstreams.com) from his home in Sheffield. He had an estimated 10,000 customers, who each paid a subscription fee of up to £29.99 a season to watch Premiership football matches via his website. Mr Broughton was illegally relaying matches that were being broadcast by BSkyB. The investigation concluded that he provided false identity details to Sky and took out a number of subscriptions with the intention of infringing the company's intellectual property rights. Both offences were sufficient for him to be charged with fraud and copyright offences.

Financial investigators from the East Midlands Regional Asset Recovery Team (EMRART) found evidence that subscriptions to the site had yielded more than £500,000 between early 2010 and August 2012. Following his sentence, EMRART is seeking to recover the assets that Mr Broughton accumulated through his criminal activity.

#### **Case study – [bitscores.com](http://bitscores.com)**

In December 2012, the domain of the illegal sports streaming website, [bitscores.com](http://bitscores.com), was signed over to FACT. Since this date, any visitors to the domain have been presented with a FACT notice of infringement, then twelve seconds later redirected to [thecontentmap.com](http://thecontentmap.com) (shown here). The Content Map is a website designed to showcase the wealth of legal services available to consumers, across films, television, eBooks, music, games and sports.



During 2013, over 4,000 visitors to The Content Map website were redirected from [bitscores.com](http://bitscores.com). Over 70% of these visitors were new to [thecontentmap.com](http://thecontentmap.com).

#### **Case study – FTP servers and Release Groups**

In 2013, a warrant was conducted in Derbyshire at the home address of a suspected encoder. He was a member of a Release Group that was highly active in 2012. The police seized his computer equipment, which was forensically examined by FACT. The resulting forensic evidence confirmed that this male was involved in encoding films and illegally uploading FACT member content online for onward distribution. It



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is also evident that the use of FTP servers was prevalent among the Release Group community this encoder was involved with. Evidence showed that he had the IP address and login details for 10 FTP servers. The FTP servers appeared to be used to store and share infringing film content within a close-knit community.

In 2013, FACT sent over 100,000 takedown requests to cyberlocker websites hosting FACT member content. This is more than eight times as many as the previous year. The overall compliance rate stands at 99%, demonstrating this is an effective strategy against cyberlocker websites.

## DOMAIN SIGNOVERS

In 2013, FACT successfully completed 24 domain signovers, 18 of which were private (member-only) copyright infringing websites. In each instance, a FACT investigator made a home visit to the website operator, who signed a cease and desist letter passing ownership of the website domain over to FACT. Upon completion, visitors to these websites are redirected to a FACT notice of infringement which after 12 seconds automatically then redirects to either *FindAnyFilm.com* or *TheContentMap.com*. These websites allow the visitor to locate legitimate sources of content that the removed website previously provided, whether it be movies, television shows, sports coverage, music, video games or eBooks.

These private website domain signovers took on average less than 4.5 months to complete<sup>6</sup>. Half of these signovers took less than two months to complete.

However, the length of time taken to achieve a domain signover is irrelevant unless it is effective at combating the piracy that the target website facilitates.

### Case study– Impact of domain signovers

***strikersden.co.uk*** – This private torrent tracker website came to FACT’s attention in 2013. Copyright infringing torrent files of the latest film and TV shows were being distributed on the site. The site was even found to be offering film titles prior to their availability in UK cinemas.

Within a month the internet investigation revealed the identity of the website owner and a FACT investigator made a personal visit to the site owner, who signed over the domain. A replacement website was soon set up by the owner. However, this new website did not host or link to any copyright infringing content, showing the action was effective. The new site was merely used for playing games, hosting quizzes and as a general online community.

***dragon-torrents.biz*** – This was another private torrent tracker website that came to FACT’s attention in 2012. This website was home to a Release Group known as Dragon Torrents Release Group (DTRG), which was highly active in 2012 – their releases were exclusively for members prior to public release. The website’s torrents were subdivided into categories, including MP3s, PS3 titles, TV episodes, Blu-ray titles, cams and categories for specific Release Groups. The site even offered some torrents for film titles that, at that time, had not yet been screened in UK cinemas.

After the internet investigation uncovered the identity of the website operator, a FACT investigator made a personal visit and completed a domain signover. A replacement website, *thephoenix.name*, was set up by the owner within a month, still providing torrents for FACT member content. This domain was later subject to another domain signover by FACT in 2013.

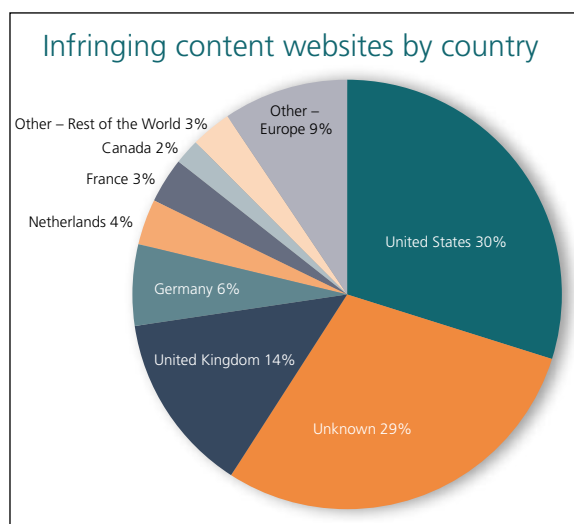
FACT domain signovers are also helping online consumers of illegitimate content find legitimate means of obtaining content via *FindAnyFilm.com*. During 2013, over 21,000 people attempting to access websites signed over to FACT were redirected to *FindAnyFilm.com*. On average, these visitors stayed on the site for one minute and visited two pages within the site. 85% of these FindAnyFilm.com visitors had not previously visited the site.

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<sup>6</sup> Time period is from the first proposal of a domain signover strategy to the signover of the domain to FACT.



## HOSTING PROVIDERS



From the statistics displayed in the pie chart (left), it can be seen that only 14% of websites investigated by FACT are hosted in the UK. While it is possible to contact the hosts of these websites, there still remains a considerable number of copyright infringing websites that are hosted offshore and not within the jurisdiction of the UK. Analysis has shown that the three key countries in which content is hosted are the UK, the USA and Canada.

However, Investigating servers located offshore can cause specific problems for FACT's law enforcement partners. In order to complete a full investigation into an offshore server, a law enforcement agency must liaise with its counterpart in the country where the server is located. The difficulties of obtaining evidence from other countries are well known.

## CLOSING SITES VIA HOSTING PROVIDERS

In 2013, FACT closed a website after approaching the hosting provider on 63 occasions. Although this can be a very effective strategy, in most instances the website is swiftly transferred onto servers owned by another ISP, often located outside the UK. However, in these instances, the process usually involves a disruptive period of time whereby the website is offline, during which users will often find an alternative service, thus negatively affecting the website's popularity.

### Case study- nordic-tv.com

In 2012, FACT became aware of a linking website popular in the Nordic countries, but hosted in the UK, *nordic-tv.com*. At the time, its global Alexa ranking was 204,757. The website offered links to copyright infringing streams of FACT member film titles. Two days after a report was sent to the UK-based hosting provider requesting the removal of this website, the website was suspended from the servers. The website returned four days later, this time hosted in the USA with a new provider, however its Alexa ranking showed a massive drop in popularity.

## CLOSING SITES VIA DOMAIN NAME REGISTRIES

Another option for tackling copyright infringing websites is to explore the accuracy of their registration with the domain name registry. Any inaccuracies in a website's registration, such as a false name or false address, can provide the grounds for a domain name registry to delete the site.

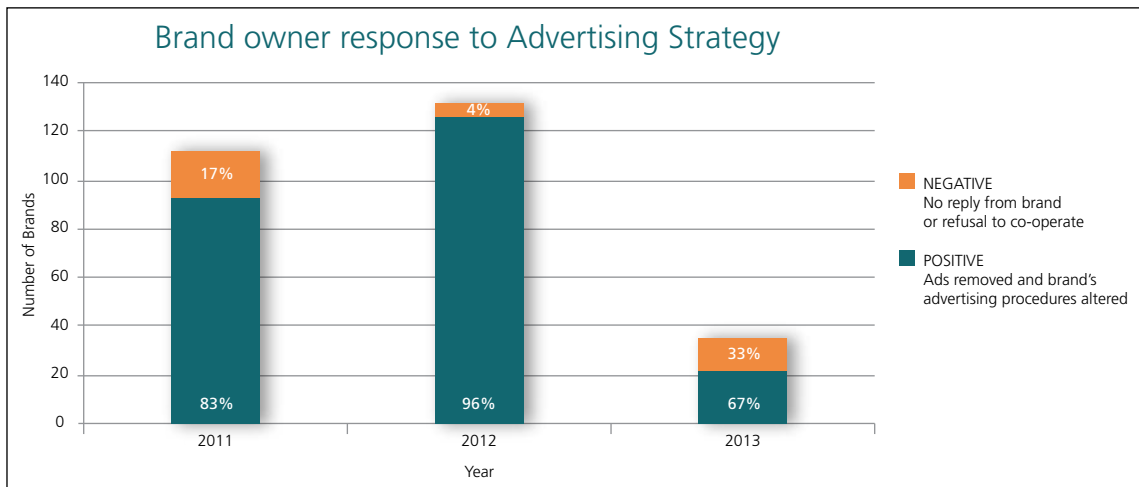
Nominet is the .uk domain name registry in the UK. There are hundreds of others across the world. For example, the Internet Corporation for Assigned Names and Numbers (ICANN) is a non-profit organisation which has a global responsibility for the coordination of the internet's systems of unique identifiers. ICANN can be approached in a similar way as FACT in terms of reporting registration inaccuracies. At the very least, this action can result in refreshed WHOIS details, which may provide further avenues of enquiry.

### Case study- Nominet approach

Leech.org.uk was a linking website that provided links to third party cyberlockers from where FACT member content could be illegally downloaded. The site had the facility to accept donations from PayPal. FACT sent the site operators a cease and desist notice, to which no response was received. As this was a .uk domain, contact was also made with Nominet UK with regards to registration of leech.org.uk. The website had been incorrectly registered as a non-trading entity and as a result the domain registry shut the website down.

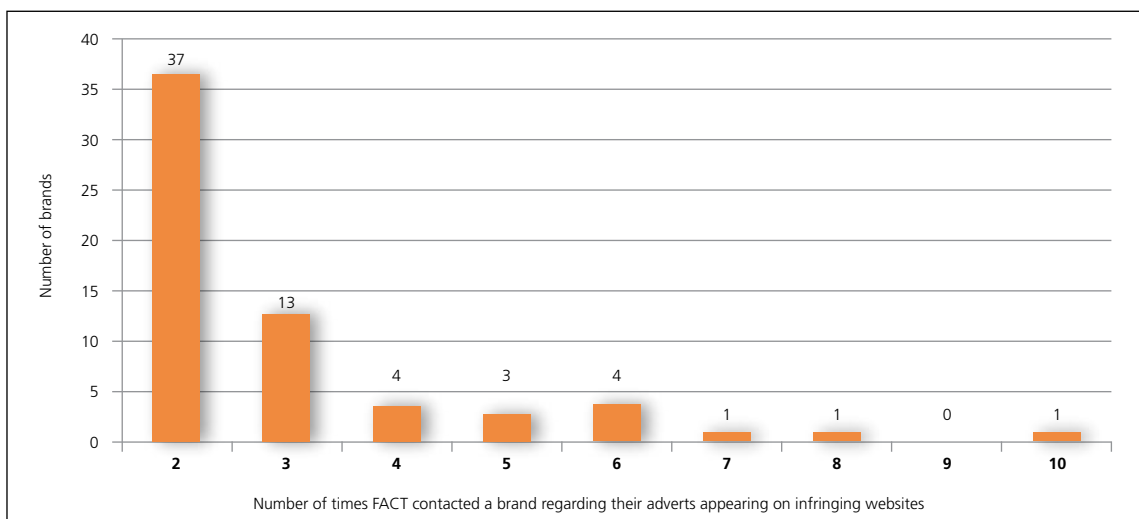
## FACT'S ADVERTISING STRATEGY

Website owners are predominantly motivated by the significant financial gain that an infringing website can generate. In the majority of cases, the placement of advertisements on such sites provides the operators with the sole revenue to allow the website to function profitably. Due to this reason, the advertising sector is viewed by Content Protection Organisations (CPO) as an avenue for criminals wishing to operate infringing websites.



*Surfthechannel.com* is a prime example of a copyright infringing website financed from the huge advertising revenues it was able to generate.

In January 2011, FACT devised a strategy to deal with these issues. The first stage of the Advertising Strategy was to identify the leading UK companies and/or brands whose advertisements were displayed on copyright infringing websites identified during the course of FACT investigations. These brand owners were then contacted and screen grabs of their advertisements appearing on copyright infringing websites were sent to them. Owing to the complex nature of the online advertising industry, the majority of these companies were unaware their advertising was appearing on these websites and, wanting to collaborate, appreciated FACT's intervention.



The above table shows the response from brand owners over the first three years of this strategy. In this

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strategic period, two-thirds of brand holders responded positively and had their advertisements removed from the infringing websites.

The desired outcome of this first stage is that the brand owners will not just remove their advertisements from the one identified website, but they will also alert their marketing processes and liaise with the advertising companies they work with to ensure responsible placement of future online advertisements. FACT has contacted 215 different brands regarding their advertisements appearing on one or more copyright infringing websites. 70% of these brands have only had to be contacted once. Table 5 displays how often brands reappear in FACT's Advertising Strategy and therefore indicate that many brands have not suitably adjusted their advertisement processes to ensure they only appear on legitimate websites.

For the brand owners who have had to be contacted repeatedly regarding adverts placed on websites that infringe FACT's members' content, alternative action is clearly necessary. The success of FACT's Advertising Strategy has been widely recognised by the content protection industry and law enforcement. This instigated a joint initiative, called Operation Creative, between UK law enforcement agencies, the advertising industry, FACT and other content protection industries to target the funding of infringing websites. Operation Creative commenced in May 2013, which accounts for why far fewer brands were contacted directly by FACT during 2013.

## MOBILE APPS

With the ever-rising popularity of mobile devices (smart phones and tablets), coupled with the introduction of 4G, the industry has seen a significant increase in the use of mobile applications to access copyright infringing film, television and sports content.

Otherwise known as apps, these software applications provide the user with an easy-to-use graphical user interface (GUI). Many of the applications use existing websites and streams to provide users with access to illegal content.

Owing to the nature of the apps, it is highly likely that they only act as a conduit to access illegal content held in a remote location. This means that the takedown may only have an effect on the primary access point and not the actual host of the content, therefore adding another layer to the enforcement process.

According to the firm Research and Markets, over 46 billion apps were downloaded in 2012. These applications generated an estimated \$12 billion in worldwide revenues from sales, advertising and in-app purchases. Research and Markets also estimated the number of apps to be downloaded in 2013 would double to 83 billion and generate over \$20 billion.

Apps clearly represent a fast growing and lucrative market. Owing to the scale of the market, enforcement has become a serious area for concern. This is exacerbated by the fact that many apps only act as facilitators to access illegal content as opposed to being direct hosts.

### **Case study – Sports streaming app**

In January 2014, FACT discovered a copyright infringing app called Glaxy TV. This app was found to be linked to a domain called Desistreams.tv, which hosted streams of BT Sport and Sky Sports content. While the app itself was not hosting the content, it was acting as a facilitator, allowing users to directly access the content held on Desistreams.tv. Within a month, FACT had this app removed from the Google Play Store.

### **Case study – Pressed disc importations**

In March 2013, the UK Border Agency (UKBA) informed FACT that they had intercepted 114 counterfeit DVDs entering the UK from Hong Kong. These pressed discs based on FACT member content were addressed to a named person in South East London. The UKBA revealed that in the past six months this address had received a total of 45 shipments, all originating from Hong Kong and China.

Communication by FACT with the UK courier responsible for delivering these packages revealed that the cumulative weight of the deliveries was in excess of one tonne.

The FACT Intelligence Unit discovered that an individual financially connected to the London delivery

address was the director of a company registered to the same address. Open source research revealed an eBay seller using this company name. (see below).



This eBay seller offered a vast variety of DVDs and TV series box sets. The selling history revealed they had sold over 7,000 items in the past two years, with positive feedback from 99.5% of their customers. With an average cost per item of approximately £15, this eBay seller made in excess of £100,000.

In December 2013, search warrants were conducted at all the identified addresses. The company director was arrested and a total of 7,500 pressed disc DVDs and box sets were seized.

## MEDICINES AND HEALTHCARE PRODUCTS REGULATORY AGENCY

The MHRA faces formidable challenges with the increasing availability of medicines and medical devices being supplied illegally through websites – particularly those hosted outside the UK and EU.

There have been cases in the UK where individuals have purchased medicines online that have led to severe adverse reactions and even death. As a consequence, the MHRA issues regular warnings to the public to exert extreme caution if they choose to buy medicines in this way.

In order to monitor medicines being sold online the MHRA works with Internet Service Providers (ISPs) to close offending websites. Further action involves the police, Interpol, Border Force, payment providers (banks and credit cards) and distributors (such as Parcel Force) to disrupt illegal trading.

In the past 12 months:

- UK Domains (Dot UK) – 760 Sites Suspended.
- Non UK Domains (gTLDs) – 2032 Sites Suspended

## OPERATIONAL ACTIVITY



The MHRA is the regulatory authority for medicines and medical devices in the UK but is also the enforcement arm. Designated officers have powers of entry and inspection.

A number of operations have been conducted in the past 12 months, mainly relating to the illegal distribution of medicines that are not licensed for the European market. This includes a wide range of products from erectile dysfunction medication to slimming pills and hair loss treatments. The discovery of illegal manufacturing and/or diverted/stolen products has resulted in premises being visited and products seized.

## OPERATION PANGAEA VI

Coordinated by INTERPOL and carried out in 99 countries across the globe, Operation Pangea VI was conducted between 18 and 25 June 2013 and resulted in the seizure of £26.8 million worth of medicines worldwide.

## OPERATION PANGAEA

A record £12.2 million of fake and unlicensed medicines were seized in the UK as part of Operation Pangea—an annual international initiative targeting the illegal online trading in medicines.

9,610 illegal online websites that were selling counterfeit and unlicensed medicines were also closed down or suspended through domain name or payment facility removal and 58 people were arrested worldwide.

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MHRA officers, with assistance from the Home Office UK Border Force and local police, also raided addresses in the UK and 3.7 million doses of unlicensed medicines worth approximately £12.2 million, including 97,500 doses of counterfeit pills worth £525,000 were seized. The types of medicines the MHRA found were those for slimming, hair loss and erectile dysfunction.

**1.) Op CARTER – 18th June.** Investigators visited two addresses in the Stockport area regarding the online supply of a slimming product containing the active ingredient Sibutramine. An inspection of the subjects home address led to a lock up operated by the suspect's boyfriend, where he was powder coating alloy wheels. It was also where the suspect's stock was kept and where the packing and posting took place. Approximately £12,000 stock was seized. Radio One Newsbeat and the Daily Mirror covered the story.

**2.) Op REAGAN 19th June.** Investigators visited a private address in Birmingham regarding the online supply of an unlicensed hair loss product containing 16% Minoxidil. Licensed versions of the product contain 5%. The subject kept his stock in his bedroom where investigators seized approximately £2,000 worth of products. The inspection was filmed by the BBC Fake Britain programme.

**3.) Op KENNEDY 21st June.** Investigators visited an apartment in Kings Langley regarding the online supply of various erectile dysfunction generic unlicensed medicines. The subject admitted setting up the website and posting out medicines to customers. Officers seized approximately £900 worth of stock and closed the website. A reporter and cameraman from the Evening Standard attended the inspection.

## SUB SECTION 4: AWARENESS, EDUCATION & TRAINING

While targeting those supplying counterfeit goods and copyright infringing material is one way of dealing with the threat of IP criminality, it is also important to raise awareness of the problem: to educate those who are responsible for selling and buying and to train professionals to recognise and prosecute offenders. IP Crime Group members have been taking an active role in this area since 2013.

### AWARENESS THROUGH CAMPAIGNS AND EDUCATION AT THE IPO

In response to calls to do more to raise awareness of IP, particularly in relation to copyright within the music industry, the IPO delivered a major national campaign to encourage greater respect for intellectual property.

The target was to secure media messaging which would reach at least four million consumers.

The campaign consisted of a series of highly targeted projects, focusing on key age groups and run in partnership with industry groups. The campaign was supported by regional publicity activity in the form of a small booth called the 'Karaoke Shower' where people were invited to sing in the booth and post films of their performance on social media. It included messages around the value of music; the emotional connection people have to songs; and the sharing of music, combined with information about the value of copyright in ensuring the continued success of British music.

The Karaoke shower Live tour launched in November 2013 at the Music Show in Manchester where over 420 participants took the opportunity to sing. The next venue was at the Houses of Parliament for Mike Weatherly MP's Rock the House Event, where Brian May entered the shower to sing "We Will Rock You".

The national campaign culminated on February 5th 2014 with the launch of Music Inc – a major project with UK Music. A game made available via a downloadable app allows players to select and manage artists, and try to fight piracy to make money. It received a tremendous amount of positive publicity and a flurry of social media engagement, led by Music Inc spokesperson Oritse Williams of JLS.

Since its launch, the game app has attracted over 100,000 unique players averaging 18 minutes game play time. Importantly the game is also demonstrating behavioural changes amongst players, with positive decisions relating to piracy being made by 76.2% of players.<sup>7</sup>

**The combined effect of all the campaign related activity translates into a reach of 14.7 million.**

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<sup>7</sup> Derived from analysis of in-game data

## SCOTTISH ANTI-ILLCIT TRADE SUMMIT



Held on 6 and 7 March at Murrayfield Stadium, Edinburgh, the Scottish Anti Illicit Trade Group, in conjunction with the Scottish Business Resilience Centre and Underwriters Laboratories (UL), hosted a day and a half summit bringing together 200 delegates from the public, private and voluntary sectors. Opened by the Cabinet Secretary for Justice, Mr Kenny MacAskill, speakers included representation from Interpol, Europol and US Homeland Security, up and coming young entrepreneurs, Crown Office and Scottish Youth Parliament. Youth was a key theme and to make an impact, children from a local theatre group acted as if they worked in a sweatshop while other actors mingled with delegates offering them counterfeit items.

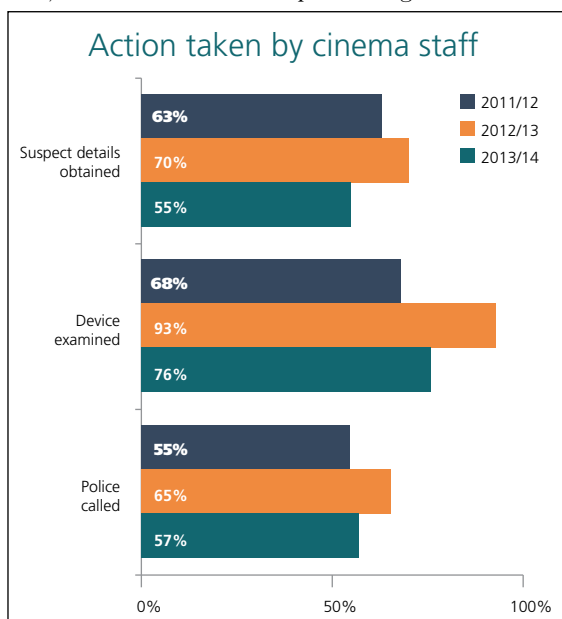
Day one focused on four key themes: 1) Film/Music/Social Media, 2) Food and Drink, 3) Fashion and 4) Health and Sports. On day two there were workshops on Prevention, Intelligence and Enforcement which were very well attended and generated both debate and, more importantly, some actions. The summit closed with a speech by Deputy Chief Constable Iain Livingstone, Police Scotland.

It is anticipated the summit will act as a catalyst for future development which includes: a focus on further strengthening the collaborative approaches to Prevention, Intelligence and Enforcement; seeking maximised opportunities under Schedule 4 Lifestyle offences; increased action against online activity; plus the development of data capture for illicit trade, counterfeiting and piracy seizures across Scotland.

## FACT

Since 2006 FACT has engaged in preventative measures, one of which is the education of cinema employees and the police in relation to the risks posed by cammers to the film industry. As such, FACT's Theatrical Investigator provides a training programme to cinema staff, outlining the risks, precautionary measures to be put in place, and action to take in the event of a suspected incident. In 2013, 44 training sessions were held at cinemas across the UK for almost 1,500 staff.

This training programme runs alongside a reward scheme, operated in partnership with the FDA, which offers a financial incentive to cinema employees who identify and deal appropriately with a suspect. In 2013, fifteen employees from 12 UK cinemas were recognised by this reward scheme, collectively receiving over £15,000 for their efforts in preventing film crime.



It is important for FACT to monitor the number of suspected camming incidents identified and the subsequent actions taken by cinema staff and police. In 2013, FACT recorded 73 such incidents. The chart (left) shows that for the majority of suspected illegal recordings, cinema staff in the UK will call the police, obtain the suspect's details, and examine the recording device for infringing content. This indicates that cinema management in the UK take the threat of camming seriously.



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## BPI SUPPORTS SAFER INTERNET DAY

BPI actively participated in and supported Safer Internet Day 2014, which this year led with the theme of 'Let's Create A Better Internet Together'. The initiative dedicated significant resource to educating children and teenagers about online rights and responsibilities.

In 2013/14 the BPI supported a number of online activities led by Childnet International and spoke to a group of 13 to 18 year-old Volunteer Police Cadets on the subject of digital music and how to stay safe online.

## TRAINING FOR RECORD COMPANIES

BPI held a number of training sessions for members and interested record labels on the subject of protecting artists' repertoire. In addition, the BPI's Anti-Piracy Unit spoke at a number of public events to raise awareness of the steps that could be taken by industry to protect content and promote British music.

## INDUSTRY TRUST

Industry Trust, which helps promote the role of copyright in the creation of film and television content, continues to deliver on behalf of the audio-visual sector with its 'Moments Worth Paying For' multimedia campaign, inspiring audiences to value content and increasing their engagement with legal services. Collaborating with some of the highest profile film releases in the UK in 2014 including Anchorman 2, Muppets Most Wanted, Spider-Man 2 and Postman Pat, the number of cinema goers exposed to the trailers was estimated to be 36.9m (media value £3.75m) and the estimated number people exposed to the outdoor posters was estimated to be 378m (media value £5.7m).

- 300,000 monthly visits to 'FindAnyFilm.com', a 5 fold increase on 2012.
- In partnership with BBFC, the Trust's research found that over a third of parents were unable to spot pirate websites for music, film and TV content. The Trust drives education that shows how to access legal content through FindAnyFilm.com

## ELECTRONIC SYSTEMS COMMUNITY (ESCO)

ESCO continues to work with several key industry bodies, both in the UK and overseas, to develop best practice and increase the robustness of the electronics supply chain in combating the infiltration of counterfeits. The ESCO Anti Counterfeit Forum website, provides free-to-access online directories that list solution providers, international standards and other best practice, publications, research, seminars and other events as well as reporting cases of counterfeit parts and relevant news stories. ESCO now has over 600 registered business users and receives more than 2,000 visits per month.

## NATIONAL CAMPAIGNS

### IP PROTECT EXPO

The third annual IP Protect Expo took place at the Business Design Centre in Islington, London on the 11th and 12th of March 2014 and brought together IP rights owners and experts from across the world. The event which was hosted by the Anti-Counterfeiting Group (ACG) at [www.a-cg.org](http://www.a-cg.org) featured 40 exhibitors and attracted 500 visitors over two days with 36% representing IP rights owners and 31% representing law enforcement, government and industry associations.

By actively bringing together all those involved in the protection of intellectual property nationally and internationally, IP Protect Expo provides a platform for the education and networking of law enforcement officers, brands and experts in the field. In 2013/14, Continued Professional Development for solicitors was introduced in addition to a special emphasis was placed on SMEs understanding IP and its protection. Gary Townley from the Intellectual Property Office gave a presentation titled 'Generating value from your creative ideas – a special session for small and medium sized companies (SMEs)'. This was a joint presentation along with Matthew Lumb from Tangle Teezer and Claire Lyons from Otterbox to specifically offer help and guidance to SMEs.

The IP Protect Expo featured stands from a range of law enforcement bodies including the Trading

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Standards Institute, Police Scotland, PIPCU (City of London Police-Intellectual Crime Unit) and Border Force. The location of the law enforcement and brands exhibition provided a perfect opportunity for making new acquaintances and seeing familiar faces. This space also enabled ACG to conduct their London IP Training Day inside the Expo giving brand owners a chance to train law enforcement with hands-on examples of counterfeit products. The exhibition gave suppliers, associations and the UK Government an opportunity to showcase their products and services. Exhibitors included ACG, BASCAP, the Intellectual Property Office, The Alliance, Interpol and a host of experts including providers of security labels, investigations, case management systems and internet brand protection services.

IP Protect Expo is recognised as one of the industry's leading forums to network. To enhance opportunities for law enforcement in particular, exhibition space and networking facilities were made available and Hewlett-Packard sponsored an exclusive drinks reception for the purpose of promoting public-private partnership in protecting intellectual property to which brands and law enforcement were invited.

A multi-track seminar programme focused on the practical and operational aspects of IP protection. The programme consisted of a high proportion of case studies by brands and involved agencies including Interpol, the Intellectual Property Office and PIPCU. Brands, including Nintendo, Hewlett-Packard, Hunter Boot and Beiersdorf, shared their stories of IP protection and representatives from global associations such as the IACC as well as from Quality Brands in China (QBPC), which offered a multitude of learning opportunities for attendees.

## BORDER FORCE – CHRISTMAS CAMPAIGN

In November 2013 Border Force participated in a Christmas counterfeit awareness raising campaign with its partners HMRC, Trading Standards and the Intellectual Property Office. The purpose of the campaign was to raise awareness around the threat posed by IP infringing goods to the general public, with a focus on both health and safety issues and links to organised crime. Legitimate businesses impacted by the importation of counterfeit goods such as Burberry and BMW Group were also engaged to provide information to support the campaign. The exercise proved successful in highlighting the various risks of IP infringing goods, and it is planned that the initiative will be run again in December 2014.

## CROWN PROSECUTION SERVICE

The Intellectual Property e-learning toolkit, launched in 2011, continues to be a useful resource for UK prosecutors. This joint initiative between the IPO and the CPS raises current CPS prosecutors' awareness of intellectual property crime. Although no longer part of mandatory training, almost 1000 of CPS prosecutors have used it to develop their skills.

During the financial year 2013-2014 CPS prosecutors were able to advise on, and where appropriate, prosecute, 265 offences under the Trade Marks Act 1994, 84 offences under the Copyright Designs and Patents Act 1988, and 20 offences under the London Olympics Games and Paralympic Games Act 2006. Other intellectual property offences were prosecuted using the Fraud Act 2006.

## INTERPOL RECOGNIZES WORLD IP DAY

The importance of intellectual property (IP) to the world's economy is recognised by World IP Day,<sup>8</sup> which falls on 26 April each year.

Through its Trafficking in Illicit Goods and Counterfeiting programme, INTERPOL has for years facilitated and supported police and law enforcement agencies worldwide in the fight against IP related crimes.

In doing so INTERPOL has supported the police among its member countries in dismantling countless international criminal enterprises, whose main objective was to exploit the IP rights of others to achieve significant financial gains.

In 2013 alone, due to intelligence by INTERPOL, more than USD 174 million counterfeit and illicitly traded products were seized by law enforcement officers across the globe resulting in investigative actions against some 6,000 individuals.

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<sup>8</sup> <http://www.interpol.int/News-and-media/News/2014/N2014-070>



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Such highly sophisticated crime groups operate on a national and international level, and IP crime is known to impact upon many other areas of criminal activity, such as money laundering, drug cartels, and the financing of human trafficking.

## SUB SECTION 5: INTERNATIONAL

IP crime is not bound by borders or territories. It is important that in order to prevent and deal with IP crime, international dialogue is a foremost consideration. The following subsection shows how progress has been made through international operations, the UK's attaché programme and the continuing cooperation of international partners.

### OPERATION OPSON III – FAKE ALCOHOL AND FOOD

The intention for 2013 was to raise awareness in the UK of the risk posed by food crime, in the form of fake and substandard food. The IPO have been involved in OPSON since 2011, and lead on behalf of the UK. Working with the Food Standards Agency, the strategic recommendations of the OPSON II debrief identified the need to develop a wider response than just enforcement. The goal is to:

1. Enhance police cooperation on food counterfeiting and food related crime, nationally and internationally;
2. Ensure that international operations into food counterfeiting and food related crime such as OPSON are deployed regularly;
3. Create a permanent working group on food counterfeiting and food related crime;
4. Implement intelligence gathering and sharing in this crime area, and harmonise the way information is gathered, ensuring minimum global standards;
5. Create multi-agency and specialised task forces to investigate food counterfeiting and food related crime in member states;
6. Enhance cooperation with the private sector (food industry, farmers, associations of producers, distributors etc) and academia;
7. Build capacity of member states law enforcement through specialised training programmes;
8. Raise awareness through national and international meetings, conferences and forums; and
9. Identify fundraising opportunities to support law enforcement initiatives into food counterfeiting and food-related crime (led by Interpol leading).

The activity commenced with a planning conference hosted at the IPO's main office in Newport. The meeting heard details of the Czech methanol poisoning that claimed 46 deaths when fake vodka was sold, in the main to low income families. The conference also included inputs on the risks to the food supply chain, the horse meat issue and the role of Europol and Interpol.

The booklet produced by the IPO following the event was circulated to over 30,000 recipients across the UK and beyond. This was as a result of making use of the industry contacts who were able to circulate the report via their own mailing lists.

The awareness raising also included a request to the UK Border Force to become fully involved in OPSON. This was accepted as a 'business as usual' agreement. During the 2013 operational activity, highlights of the seizures included:

- 17,000 litres of fake vodka seized in Scotland being imported from Northern Ireland;
- 22 Tonnes of rice described as 'Basmati'; and
- 5 arrests and £34,000 cash seized in an operation involving the UK, Italy, Spain and France.

The planning for OPSON IV has commenced. This year 36 countries will be involved and the UK IPO has engaged with colleagues in the Republic of Ireland to consider a joint response to the threat of counterfeit vodka.

### INTELLECTUAL PROPERTY OFFICE

The IPO was active on the international stage during 2013/14, exchanging views on enforcement with the then US IP Enforcement Coordinator, Victoria Espinel, and other IP authorities in the US and Canada, as well as hosting officials from the European Commission. The IPO also met with several delegations from

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various countries to explain the UK enforcement landscape. Representatives from the IPO also attended the 7th Global Congress on Counterfeiting and Piracy in Istanbul in April 2014.

## UK AND TAIWAN SIGN MOU ON INTELLECTUAL PROPERTY

In September 2013 the British Trade & Cultural Office in Taiwan and the Taipei Representative Office in the UK signed a Memorandum of Understanding (MoU) on Intellectual Property. Under the MoU the Taiwan IPO and the UK IPO agreed to increase information sharing and cooperation, including with regard to internet piracy.



*UK and Taiwan sign MOU on Intellectual Property (Mr Chris Wood, Director of BTCO and Ms Wang Mei-Hua, Director General of Taiwan's Intellectual Property Office)*

## KENYA ANTI-COUNTERFEIT AGENCY

January 2014 saw the visit to the IPO of a delegation from the Kenya Anti-Counterfeit Agency (ACA)<sup>9</sup>. As the ACA is a relatively new organisation – it started its operations in June 2010 – part of their visit was to learn from a more established IP enforcement regime, particularly the UK's experiences in tackling IP crime.

Anecdotal evidence indicates that the private sector in Kenya loses over half a billion US\$ annually through counterfeiting, while the Kenyan Government loses out on over US\$200m annually in tax revenues. Most counterfeits are imported, and the majority are believed to come from China.

The ACA met with representatives from the IPO's enforcement team, Her Majesty's Revenue and Customs (HMRC), the National Crime Agency (NCA), National Trading Standards Board (NTSB), the Police Intellectual Property Crime Unit (PIPCU), and the Medicines and Healthcare products Regulatory Agency (MHRA).

Issues discussed included:

- the coordinated approach to IP enforcement between government agencies, law enforcement and industry in the UK;
- the role of different agencies in intelligence gathering and how the UK agencies share intelligence; and
- tackling counterfeit currency and falsified medicines.

In a separate meeting with the Federation Against Copyright Theft (FACT) the delegation heard how industry plays its part in investigating IP infringement.

## IP ATTACHÉS

IP rights are increasingly seen as an important tool for enabling UK growth through trade and investment in leading overseas markets and global emerging economies. However, IP can be a technically complex issue and overseas IP regimes can be difficult for businesses, particularly for SMEs to navigate and successfully enforce their IP rights. To help address these important needs the IPO has specialist IP attachés active in some of the most important and challenging international markets: China, India and Brazil.

## CHINA

In China, the focus of IPO attaché, Tom Duke, has been to work to build and develop contacts and networks across government and law enforcement. Data shows that China was the main source of suspected IP infringing goods detained by customs authorities in the EU in 2012. Therefore the approach has been to work with Chinese authorities to tackle infringing goods at the source before they enter the UK, following

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<sup>9</sup> <http://www.aca.go.ke/>

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the model of Operation Poise. Through a series of meetings and visits – including UK representation at Interpol’s capacity building seminar on trafficking in illicit goods and counterfeiting in September 2013, visits to Beijing and Shanghai, and a return visit to the UK by MPS officials in March 2014 – contacts have been built and opportunities identified for intelligence sharing. This networking is helping to establish a resilient and productive process that is reducing the production and supply of counterfeits in China destined for the UK. These networks are also helping with investigations of joint criminal activity that is occurring in both the UK and China. Under the Poise model the police, NCA, HMRC and IPO are all working in complete coordination and cooperation.

An example of how this is beginning to pay dividends can be seen in May’s recent arrest of a British national in Shanghai<sup>10</sup> by Chinese police, and three arrests by police in Liverpool, as a result of a joint operation by police in Shanghai and the UK into the activity of a counterfeit smuggling ring.

## JUDICIAL ENGAGEMENT WITH CHINA

The IPO is working with China to support reforms to the Chinese judicial system and strengthen the links between the UK and Chinese judiciary. In August 2013 Mr Justice Birss visited China to exchange knowledge and views on interim injunctions. He participated in a workshop on this subject at the Supreme People’s Court in Beijing, and met with specialist IP judges and IP experts from the private sector in Beijing and Shanghai. In Hong Kong he participated in a seminar at the Hong Kong Intellectual Property Department, spoke about the Patents County Court at Hong Kong University, and met judges at the Hong Kong Court of Appeal.



A return visit took place in March 2014, when a delegation of Chinese judges and academics visited London. The judges engaged in detailed workshops with their UK counterparts which covered a wide range of subjects including the structure of the IP court system in England and Wales, interim injunctions and damages calculations in civil IP trials. The delegation also met the UK IP Minister, who emphasised the importance of UK-China cooperation on IP.

*Delegation of Chinese judges, academics and senior lawyers visiting UK in March 2014.*

## INDIA

In India, Anshika Jha, the IPO attaché, has been supporting Indian trade bodies to develop enforcement tools to tackle counterfeiting and piracy. This includes a study on piracy in the publishing sector and a toolkit for police and customs officials.



*CII 1st roundtable on impact on copyright infringement*

The IPO recently supported a Confederation of Indian Industry (CII) study of the monetary impact of counterfeiting and piracy on the publishing sector in India. This is the first study undertaken in India to quantify piracy in the publishing industry using econometric and other quantitative methods.

The findings reveal that in 2011-12, the publishing industry faced losses in the region of INR 83,340 million (approx £834 million). This is more than double the losses it faced in 2007-08 (INR 38,850 million, or approx £388 million).

<sup>10</sup> <http://www.telegraph.co.uk/news/worldnews/asia/china/10829770/China-arrests-British-knockoff-dealer-behind-2.85m-scam.html>

The IPO also supported the 'Copyright Enforcement Toolkit', developed by the Federation of Indian Chambers of Commerce and Industry (FICCI) to raise IP awareness among police and customs officers in India. The Toolkit was launched by the Delhi Police Commissioner at an IP Enforcers' Roundtable on 29 April 2014 and received widespread media coverage in India.<sup>11</sup>



The aim is for the Toolkit to be an easy-to-use guide for local police and customs officials tackling copyright infringement issues in India. Following positive feedback from police and customs officials in initial training sessions in Mumbai and Delhi, the Toolkit will be used in all future training sessions delivered by the FICCI.

*FICCI copyright enforcement toolkit launch event*

## BRAZIL

As part of ongoing work to share the UK's experiences of hosting the London 2012 Olympics, Sheila Alves, the IPO's attaché in Brazil, ran a joint project with Brazilian Authorities to discuss IP issues ahead of the recently completed Brazil World Cup (2014) and upcoming Rio Olympics (2016). Three events took place in February 2014 (two in Rio de Janeiro and one in Brasilia) hosted by former members of the Brand Protection team of the London Organising Committee of the Olympic and Paralympic Games (LOCOG).



*Discussions regarding the challenges Brazil may face in relation to IP crime during major sporting events*

The events imparted a great deal of knowledge about what is required to deliver a large sporting event that is compliant with the requirements of the governing bodies and importantly, also how to protect consumers from counterfeit products of all varieties ranging from substandard merchandise to counterfeit tickets. Sharing the experience of London 2012's protection of the Olympic brand should encourage Brazil to champion a constructive approach to IP rights not only for the upcoming Olympic games, but also to demonstrate the benefits that a long-term well-functioning IP regime can bring.

## CASE STUDY FOR NATIONAL IP CRIME REPORT INDIA

The IPO has supported the Federation of Indian Chambers of Commerce and Industry (FICCI) to produce a 'Copyright Enforcement Toolkit' to raise IP awareness among police and customs officers in India. The Toolkit was prepared and commented on by Indian industry and enforcement officials and launched by the Delhi Police Commissioner at the IP enforcers' Roundtable on 29 April 2013. The launch received wide media coverage in India.<sup>12</sup>

The Toolkit was used in training sessions for customs officials in India at the FICCI Customs Training Programme in Mumbai on 27 February and in Delhi on 30 April. Following positive feedback from police and customs officials, the Toolkit will be used in all future training sessions delivered by the FICCI.

<sup>11</sup> [http://www.business-standard.com/article/pti-stories/police-to-protect-intellectual-property-rights-114042901225\\_1.html](http://www.business-standard.com/article/pti-stories/police-to-protect-intellectual-property-rights-114042901225_1.html), [http://theindianawaaz.com/index.php?option=com\\_content&view=article&id=18033&catid=26](http://theindianawaaz.com/index.php?option=com_content&view=article&id=18033&catid=26)

<sup>12</sup> <http://www.thehindu.com/todays-paper/tp-national/tp-newdelhi/bassi-for-intellectual-property-rights/article5961629.ece>.

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## FICCI COPYRIGHT ENFORCEMENT TOOLKIT LAUNCH EVENT

In 2014, the IPO supported the Confederation of Indian Industry (CII) to conduct a study of the monetary impact of counterfeiting and piracy on the publishing sector in India, and to present formal evidence-backed recommendations to the Indian government. CII held roundtables for industry and government representatives to discuss key issues on 7 February 2014 and 15 April 2014. The report and recommendations are in the process of being finalised were formally presented to the Indian government by the end of May 2014.

## HER MAJESTY'S REVENUE AND CUSTOMS (HMRC)

Following HMRC's active involvement in negotiations at the EU level, the new EU IP Rights Customs Enforcement Regulation (608/2013) was formally adopted by the Council of EU ministers in July 2013. The Regulation officially came into force on 1 January 2014 and is being successfully implemented by HMRC and Border Force. Part of this implementation has involved the role out of a new European Commission administered IT system for logging applications for customs action (Application For Action) and recording the details of goods detained by national authorities. HMRC has successfully adopted this new system and has worked closely with the European Commission to help address a number of ongoing technical issues.

HMRC and Border Force has also engaged with the European Commission and customs representatives from other EU member states on the development of a new EU-China action plan for customs cooperation. The EU-China Action Plan sits under the broader EU Intellectual Property Rights Action Plan and was originally signed in 2009. Having expired in 2012, HMRC, Border Force and their EU partners have this year successfully agreed the terms of a new action plan which will now run up until 2017. The proposed action plan will formally extend the network of UK ports and airports exchanging data on infringements with China, allowing for a more internationally coordinated approach to IP rights enforcement at the UK border.

## EUROPEAN COMMISSION FOOD FRAUD UNIT

In 2013 the European Commission established a Food Fraud Unit, to better protect consumers from food fraud. The Unit has established a network of contacts to facilitate sharing of intelligence across member states and to support bilateral investigations. Within the UK the Food Standards Agency is the nominated contact point and can share intelligence or raise requests with other member states on behalf of any UK organisation.<sup>13</sup>

## THE EUROPEAN OBSERVATORY ON INFRINGEMENTS OF INTELLECTUAL PROPERTY RIGHTS

The European Observatory on Infringements of Intellectual Property Rights (commonly known as 'the Observatory') brings together a wide range of stakeholders who use their technical skills, experience and knowledge to protect and promote IP rights and support those directly engaged in enforcement.

In June 2012, the Observatory was entrusted to the Office for Harmonization in the Internal Market (OHIM), and 2013 marked its first full year of operation within OHIM. During this period the Observatory continued to grow, develop and deliver a number of key products. Through the Observatory website<sup>14</sup> stakeholders can now access reports and studies on 'IP and infringement'; access tools such as the Enforcement Database to help them recognise counterfeit goods; and access a repository of awareness campaigns and educational information produced by stakeholders.

The Multiannual Plan for 2014-2018<sup>15</sup> will guide the work of the Observatory over the coming years.

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<sup>13</sup> For further information contact the FSA via [foodfraud@foodstandards.gsi.gov.uk](mailto:foodfraud@foodstandards.gsi.gov.uk)

<sup>14</sup> <https://oami.europa.eu/ohimportal/en/web/observatory/home>

<sup>15</sup> [https://oami.europa.eu/tunnel-web/secure/webdav/guest/document\\_library/observatory/documents/about\\_us/observatory\\_multiannual\\_plan\\_en.pdf](https://oami.europa.eu/tunnel-web/secure/webdav/guest/document_library/observatory/documents/about_us/observatory_multiannual_plan_en.pdf)

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## WIPO ADVISORY COMMITTEE ON ENFORCEMENT

The ninth session<sup>16</sup> of WIPO's Advisory Committee on Enforcement (ACE) took place from the 3rd to 5th of March 2014. Over three days, Member States and experts gave 22 presentations on two topics: alternative dispute resolution; and preventive actions, measures or successful experiences to complement ongoing enforcement measures to tackle counterfeiting and piracy. This included some interesting examples of awareness raising campaigns in different countries, as well as experiences of preventive measures including new business models, supply chain security, and initiatives specific to the online environment. The UK presented its experience of tackling online IP infringement, which was well received. For the first time an exhibition on preventive actions to complement ongoing enforcement measures was organised alongside the meeting. Nine Member States and a regional organisation presented their national and regional awareness-raising activities. This included the UK's 'Treasure Island'<sup>17</sup> campaign to encourage greater respect for IP, with the Music Inc app and Karaoke Shower attracting particular attention.

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<sup>16</sup> [http://www.wipo.int/meetings/en/details.jsp?meeting\\_id=30137](http://www.wipo.int/meetings/en/details.jsp?meeting_id=30137)

<sup>17</sup> <http://www.ipo.gov.uk/treasure-island.htm>



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# Chapter 3 – Results of the 2013/14 Trading Standards Survey

## INTRODUCTION

The 2013/14 IP Crime Survey of Trading Standards was launched on 1 April 2014 and ran until 30 April 2014. The results contained within this chapter provide detailed information on the scale of IP crime, including the type and location of counterfeit goods investigated, as well as the resources and training dedicated by authorities in their efforts to address the criminality. This chapter also offers an analysis of time trends by comparing, where possible, this year's survey responses to annual data from previous surveys over the past five years.

A total of 210 responses were received from authorities representing 12 geographical regions in the United Kingdom. For the first time, 100% of Trading Standards Authorities responded to the Survey, allowing for a truly UK wide perspective of their work.

The charts and analysis that follow illustrate the most frequent answers given by participating authorities and, where possible, is compared year-on-year to the results of previous surveys.

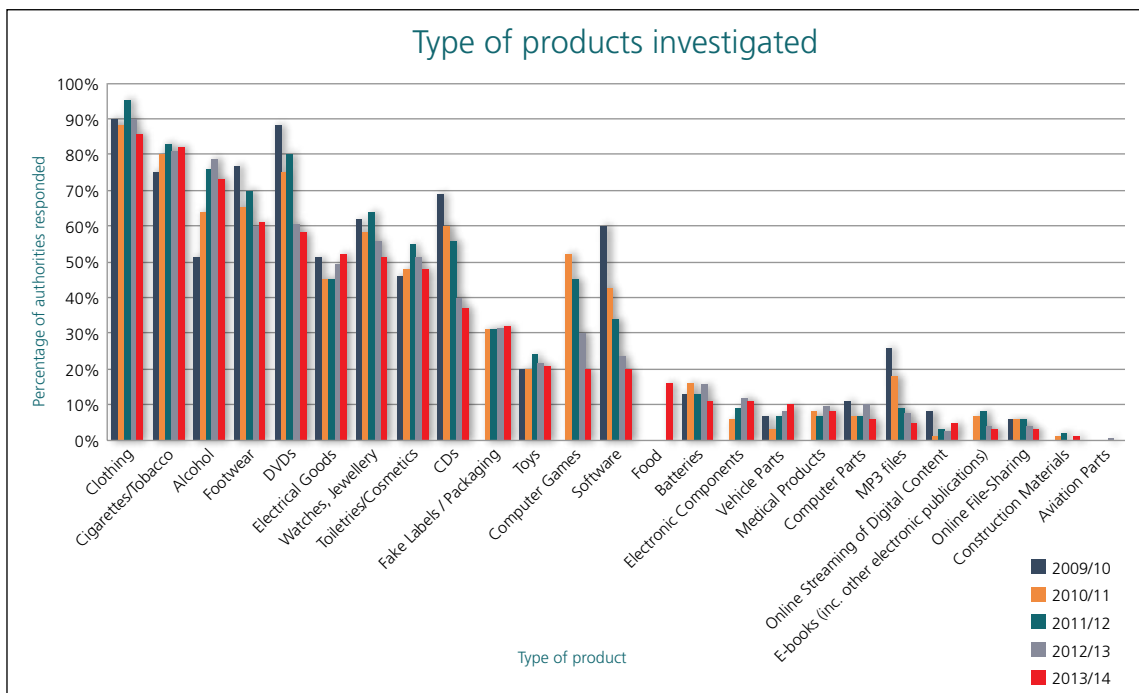
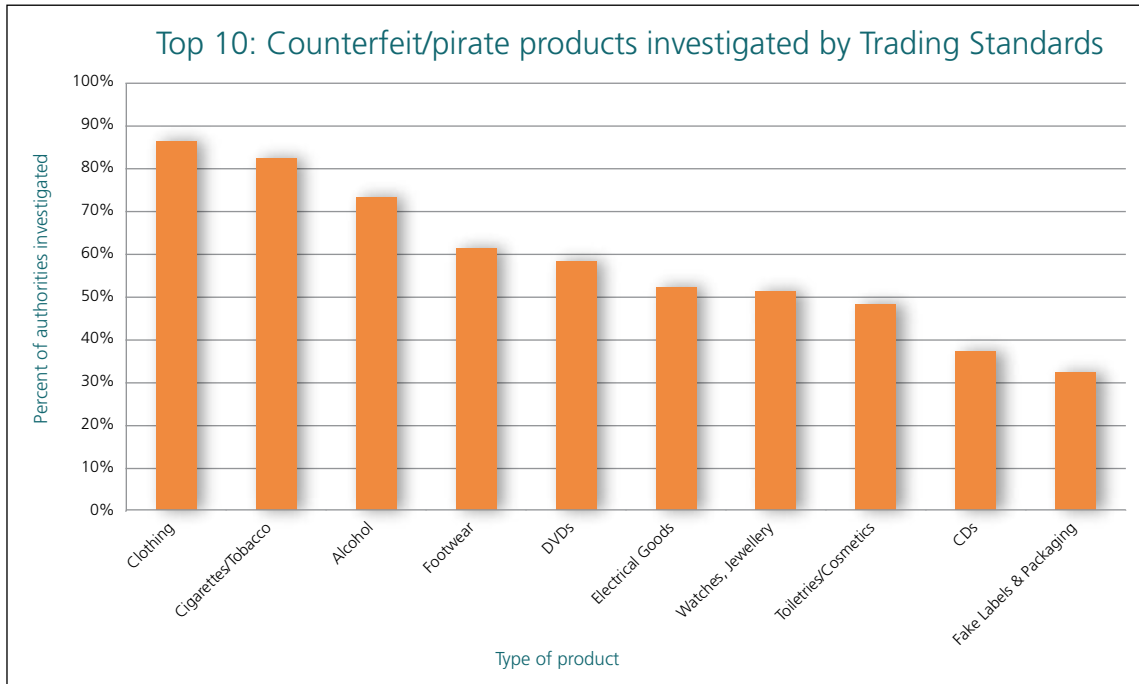
While some categories of counterfeit items may appear to be reduced in prevalence compared to 2012/13, this can be partially attributed to the large increase in authorities responding to this year's survey, including those who do not routinely investigate counterfeit goods, thus diluting the occurrence data. In addition, not every question of the survey received a full response rate. Where this is the case, the proportion of responses has been analysed.

## BRIEF SUMMARY OF FINDINGS

- The most investigated counterfeit products are clothing, cigarettes/tobacco and alcohol;
- Most investigations are carried out in ordinary shops, on social media and auction sites/websites;
- The top three crimes linked to IP crime are benefit fraud, money laundering and organised criminal networks;
- Over 90% of Trading Standards Authorities work alongside the police, over 80% alongside other TS Authorities, and over 60% with HMRC, although this has reduced by around 20 percentage points over the past three years;
- Collectively, across all industry bodies, 67% of authorities are working with the Anti Counterfeiting group, 48% with FACT and 39% with IFSP, although this has reduced by 14 percentage points over the past three years. More authorities are investigating organised criminal networks in their own area than last year. Less are investigating cross-authority or national/international crime networks;
- Only 26% of authorities (as compared to 69% last year) cited the need for increased levels of law enforcement. Excluding Northern Ireland the average number of days spent tackling IP crime by Trading Standards decreased from 111 last year to 95 this year; this amounts to 16 days in each authority, a 14% decrease overall;
- Less proactive monitoring of auction sites and other online market sites is being undertaken compared to last year; however there has been an increase in the monitoring of social media.



## A. TYPES OF GOODS INVESTIGATED



## B. LOCATION OF COUNTERFEIT GOODS INVESTIGATIONS

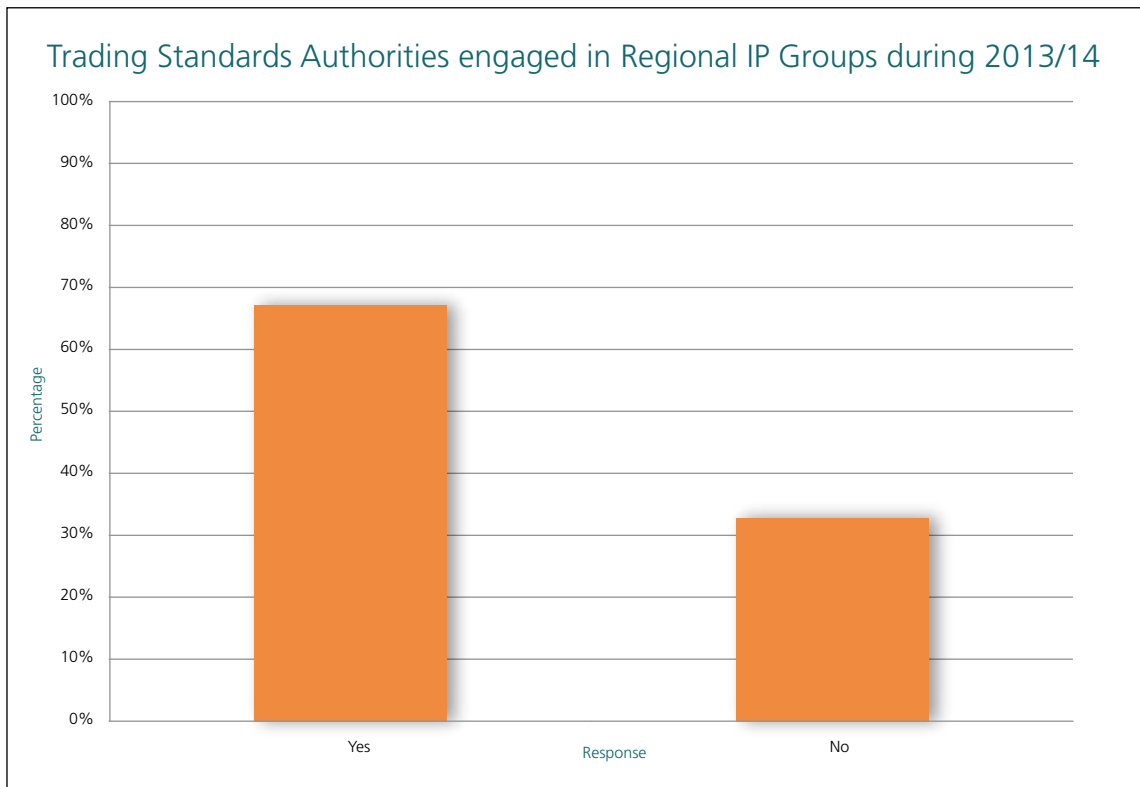
The table, shown below, illustrates how the location of investigations into infringing products has changed since 2012/13.

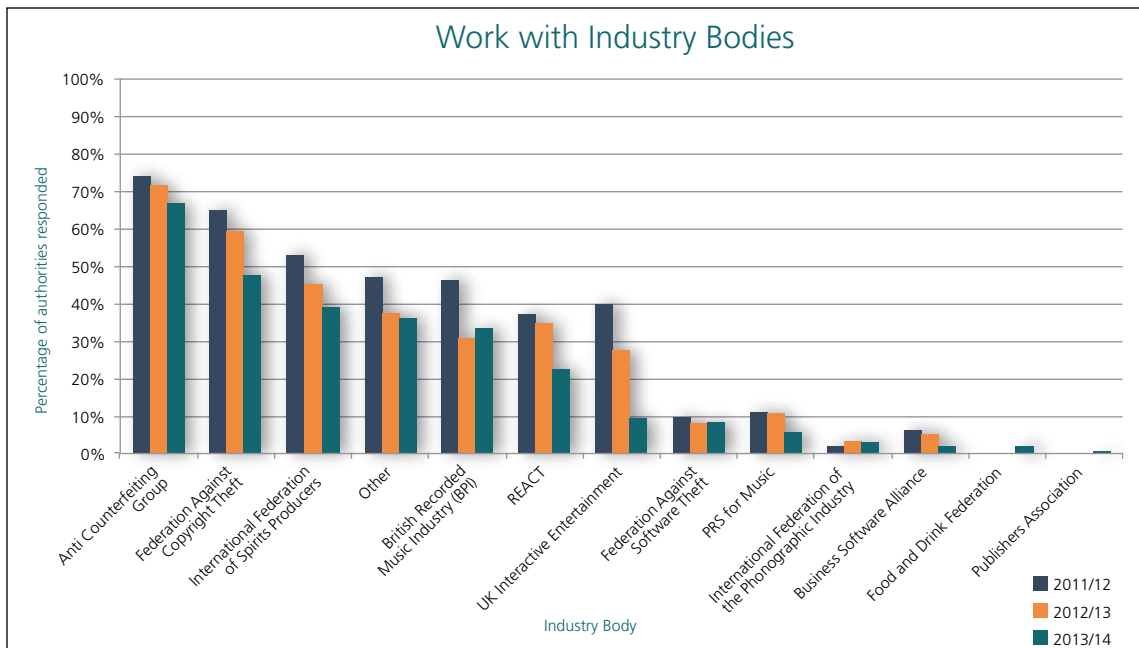
COMPARISON OF THE TOP 10 LOCATIONS OF INVESTIGATIONS		
	2012/13	2013/14
1	Ordinary Shops	Ordinary Shops (↔)
2	Auction sites/websites	Social Media(↑)
3	Websites	Auction sites/websites(↓)
4	Social Media	Websites(↓)
5	Private Residences	Private Residences(↔)
6	Outdoor Markets	Outdoor Markets(↔)
7	Car boot Sales	Car boot Sales(↔)
8	On the Street	On the Street(↔)
9	Factories/industrial units	Pubs/Clubs(↑)
10	Pubs/Clubs	Factories/industrial units(↓)



### C. PARTNERSHIP WORKING

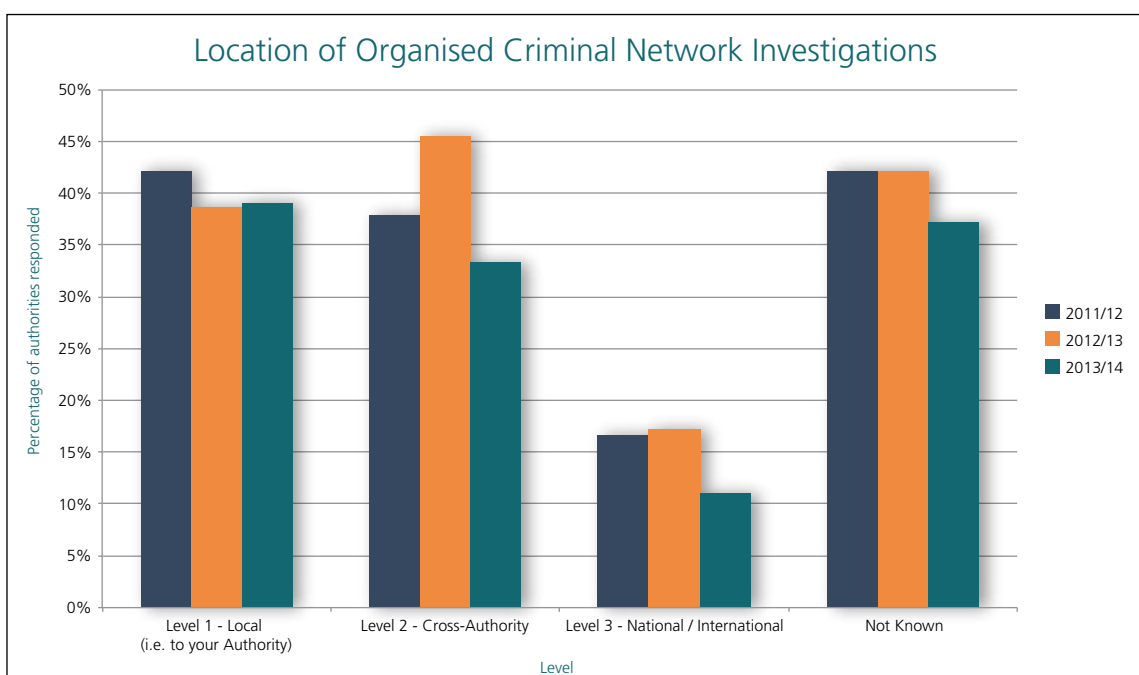
The table, shown below, illustrates the main partners that Trading Standards has worked with over the past three years.





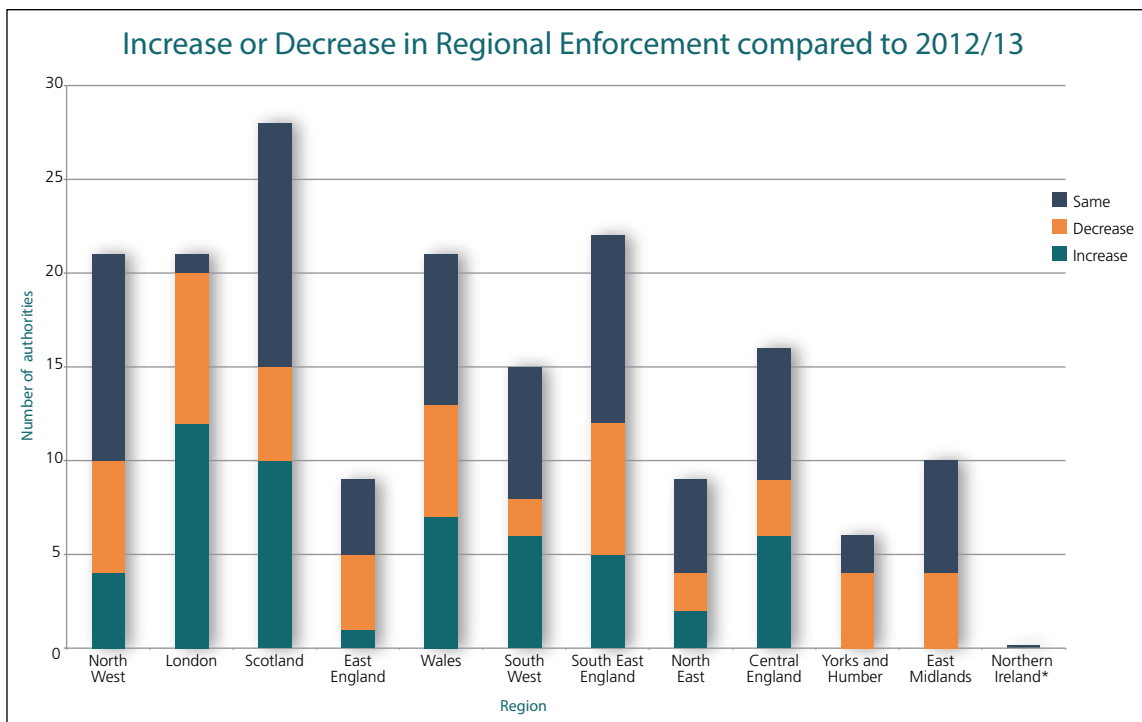
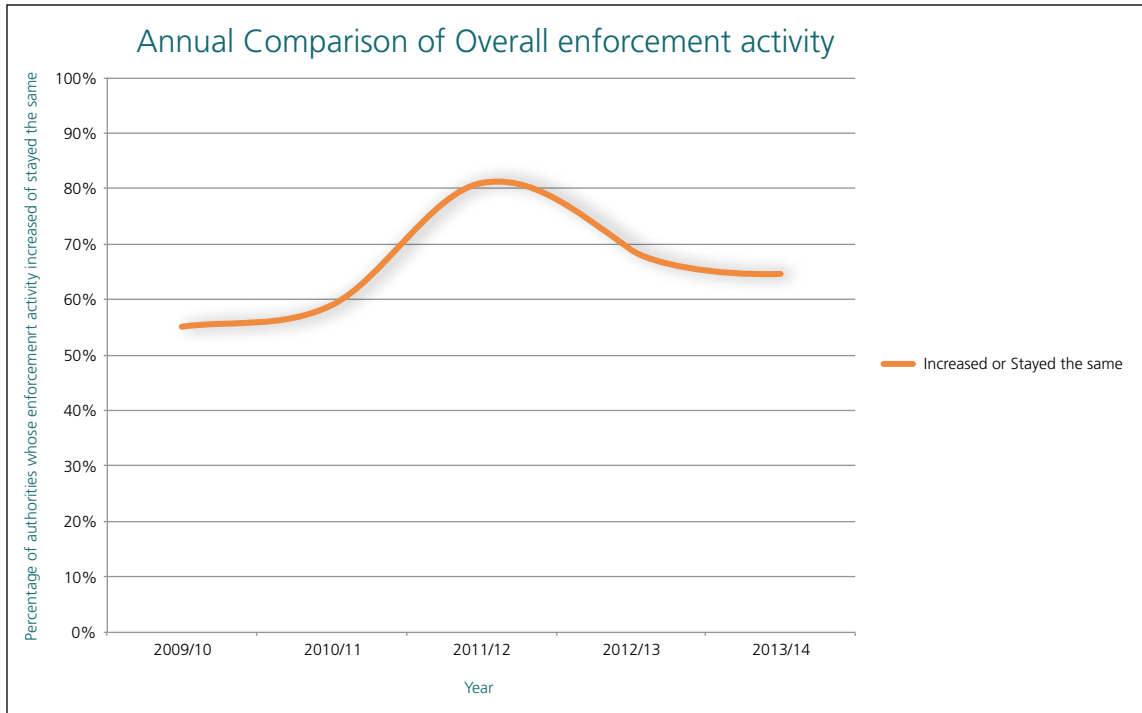
## D. LEVELS OF INFRINGEMENT

The bar chart, shown below, illustrates the location of investigations into Organised Criminal Networks (OCGs).



## E. LEVELS OF IP ENFORCEMENT

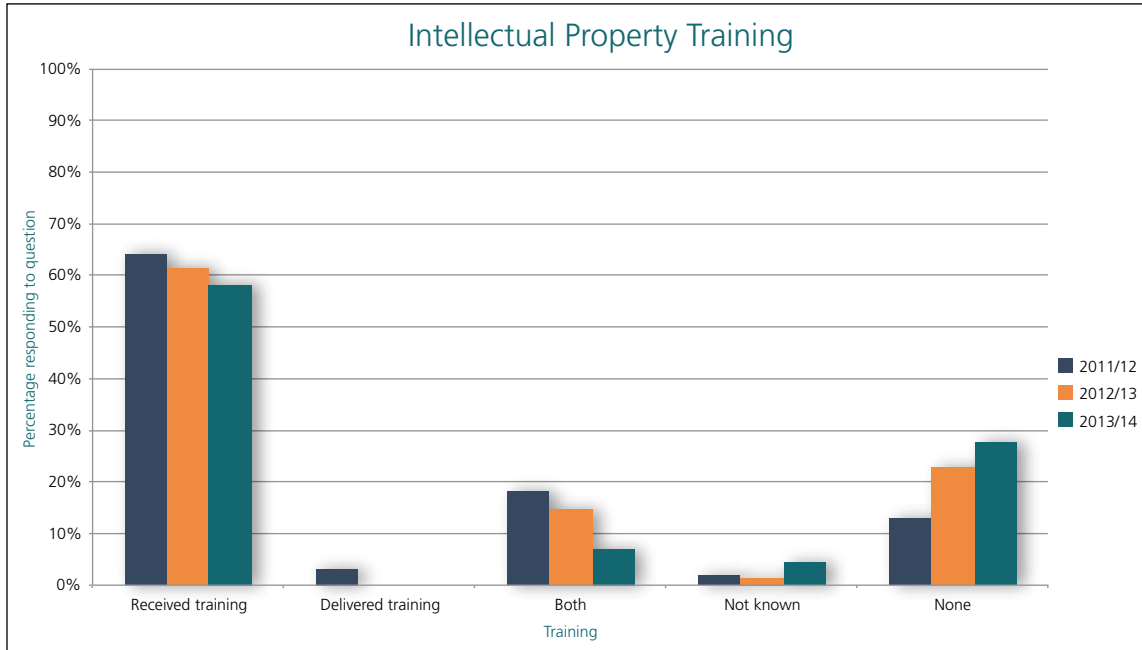
The line graph, shown below, illustrates enforcement of IP rights over the past five years by Trading Standards authorities.



\* Please Note: Northern Ireland consisted of one response from the Department for Enterprise, Trade and Investment.

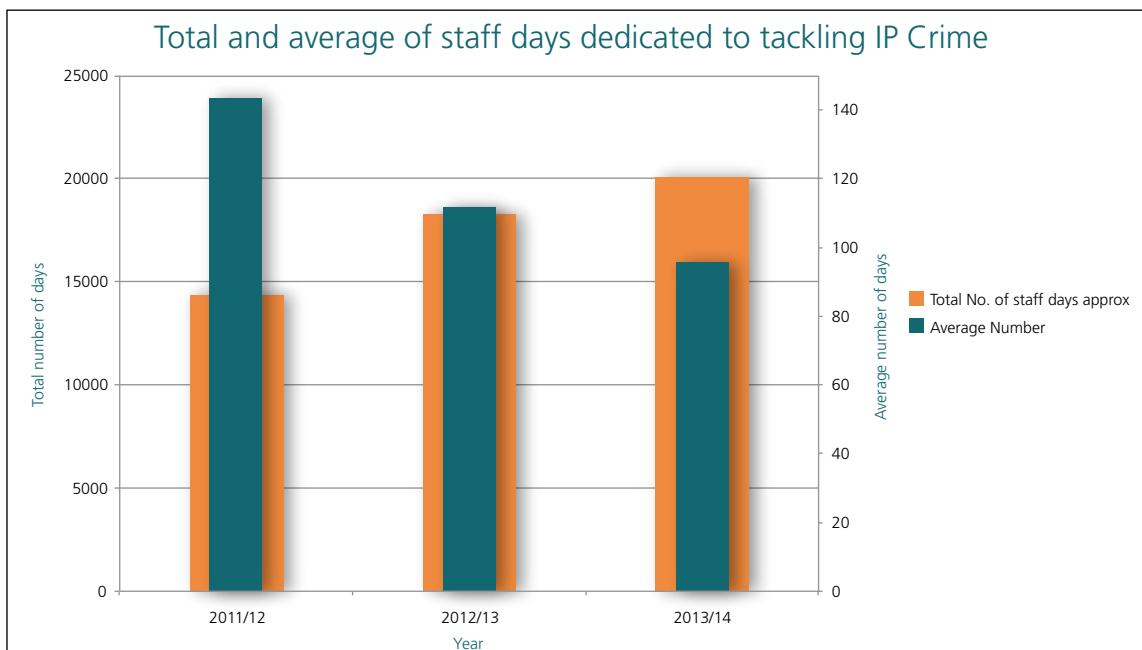
## F. TRAINING

The bar chart, shown below, illustrates the extent to which authorities have received or delivered IP related training over the past three years.



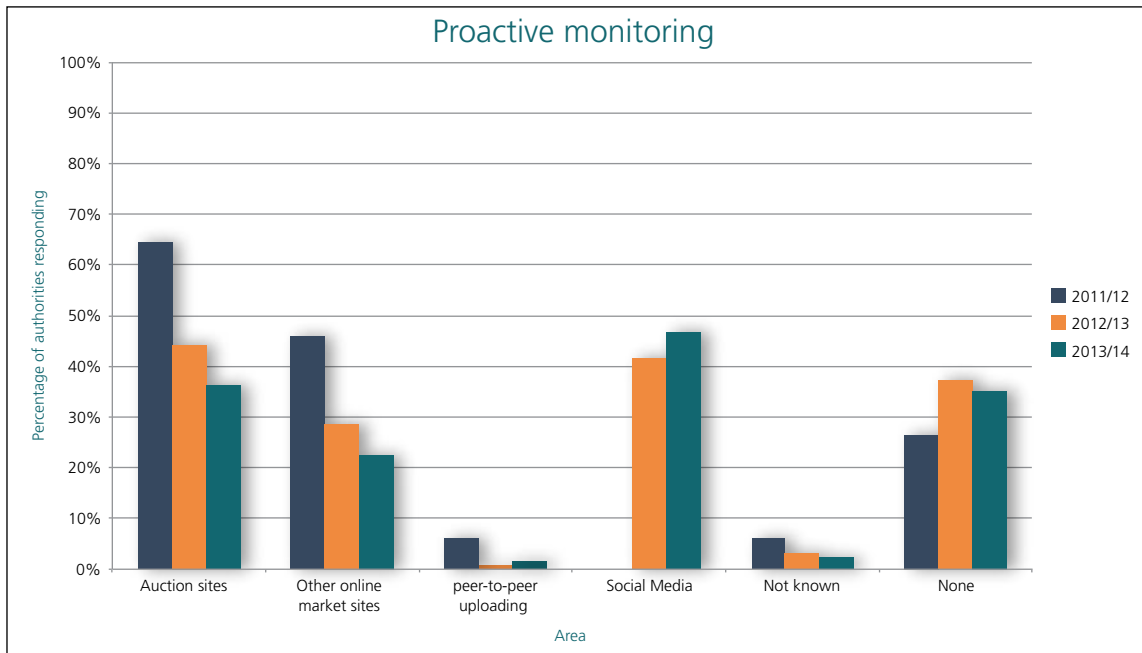
## G. RESOURCES

The bar chart, shown below, illustrates the total and average number of staff days dedicated to tackling IP Crime over the past three years.



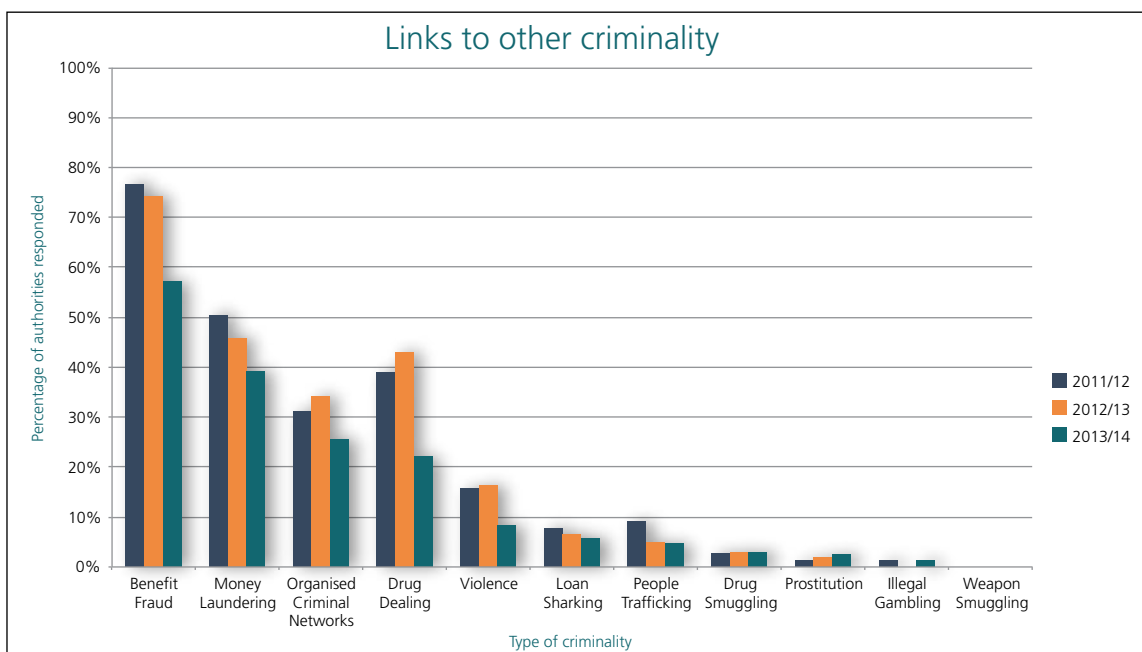
## H. PROACTIVE MONITORING OF THE INTERNET

The bar chart, shown below, illustrates the percentage of proactive monitoring of online locations by Trading Standards authorities.



## I. LINKS TO OTHER CRIMINALITY

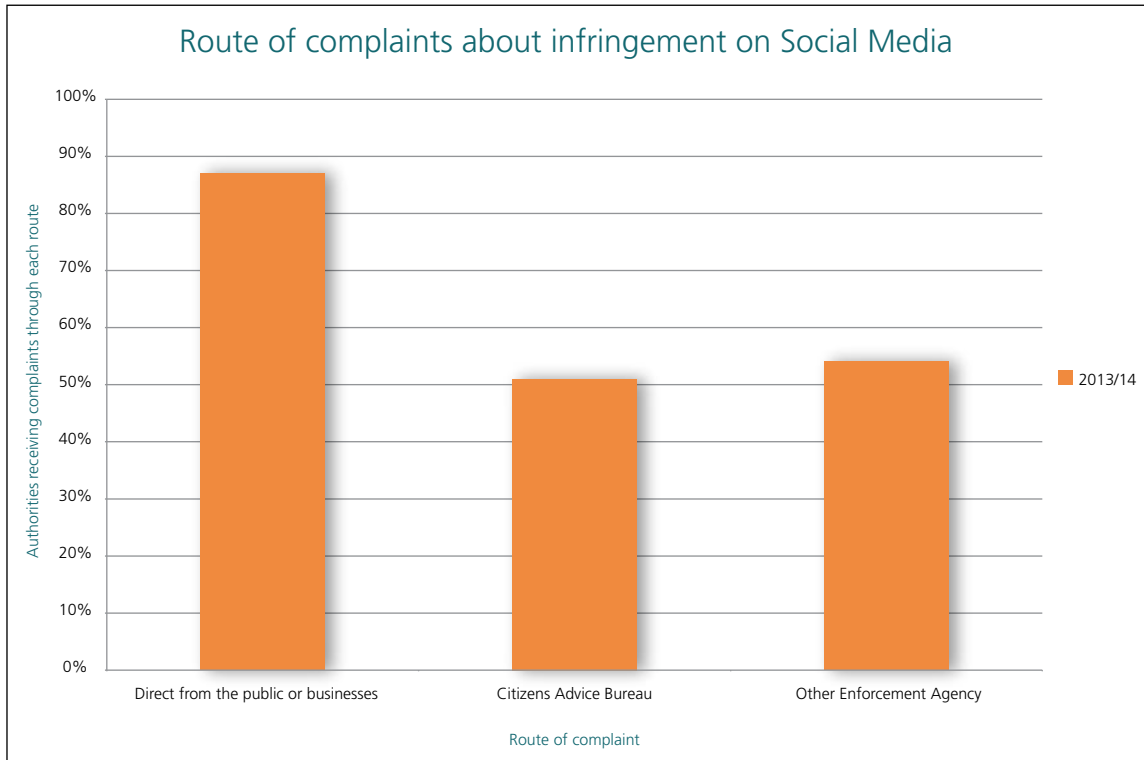
The bar chart, shown below, illustrates the main criminality that Trading Standards authorities have identified as being linked to IP Crime





## J. SOCIAL MEDIA

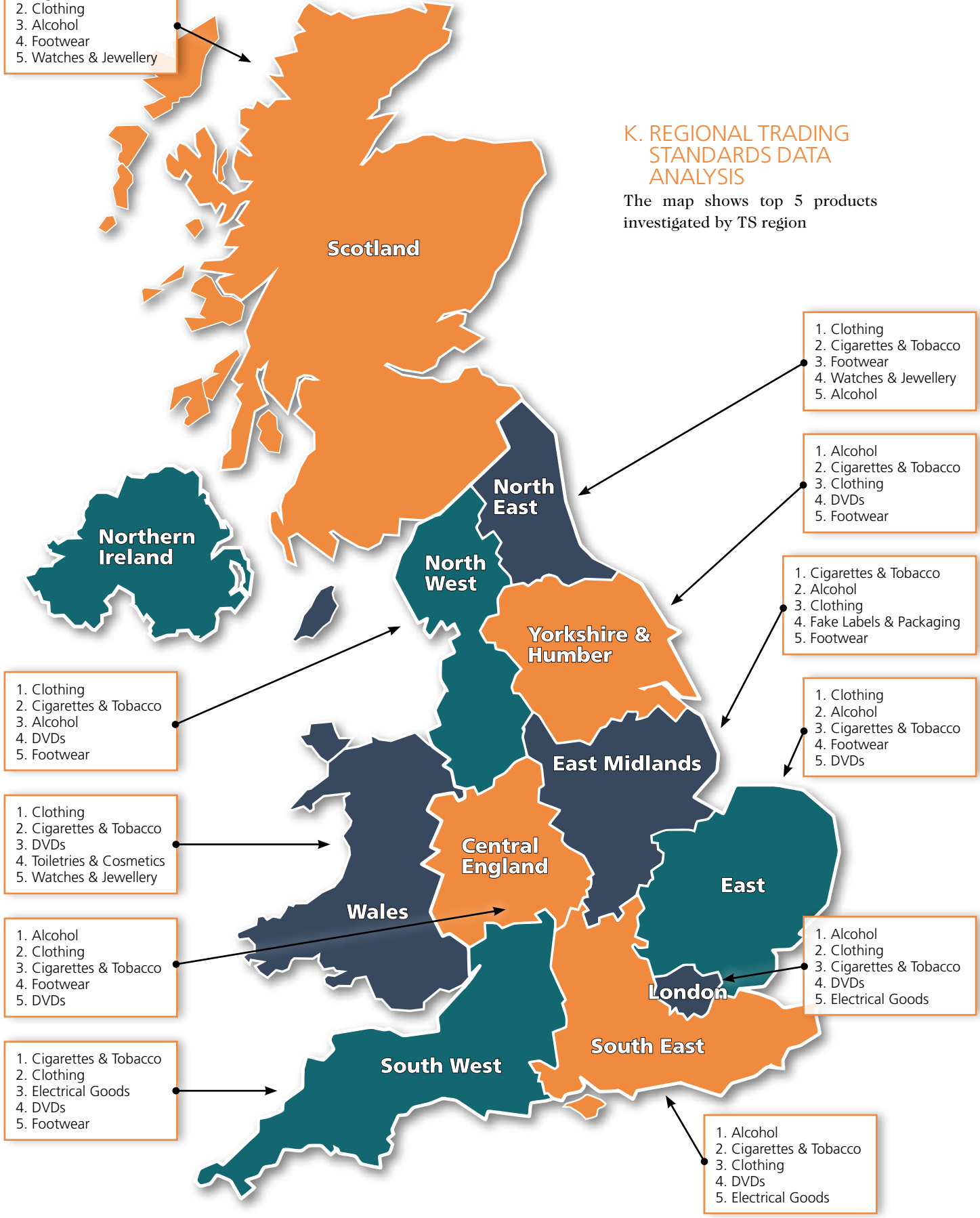
The bar chart, shown below, illustrates how Trading Standards are being informed about Social Media infringements.



- 1. Cigarettes & Tobacco
- 2. Clothing
- 3. Alcohol
- 4. Footwear
- 5. Watches & Jewellery

**K. REGIONAL TRADING STANDARDS DATA ANALYSIS**

The map shows top 5 products investigated by TS region



The information below shows regional data.

<b>SCOTLAND</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Top 5 products investigated	Cigarettes & Tobacco (79%)*	Clothing (73%)	Alcohol (61%)	Footwear (61%)	Watches & Jewellery (55%)
Top 5 locations of investigations	Ordinary Shops	Social Media	Websites	Auction Sites	Outdoor Markets
Top 5 links with other criminality	Benefit Fraud	Organised Criminal Networks	Drug Dealing	Prostitution	Money Laundering

<b>NORTH EAST</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Top 5 products investigated	Clothing (92%)	Cigarettes & Tobacco (83%)	Footwear (67%)	Watches & Jewellery (58%)	Alcohol (50%)
Top 5 locations of investigations	Ordinary Shops	Auction Sites	Social Media	Outdoor Markets	Private Residences
Top 5 links with other criminality	Benefit Fraud	Money Laundering	Organised Criminal Networks	Drug Dealing	Violence

<b>YORKSHIRE AND HUMBER</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Top 5 products investigated	Alcohol (70%)	Cigarettes & Tobacco (70%)	Clothing (70%)	DVDs (50%)	Footwear (40%)
Top 5 locations of investigations	Auction Sites	Websites	Ordinary Shops	Social Media	Car Boot Sales
Top 5 links with other criminality	Benefit Fraud	Drug Dealing	Drug Smuggling	Money Laundering	People Trafficking

<b>EAST MIDLANDS</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Top 5 products investigated	Cigarettes & Tobacco (90%)	Alcohol (70%)	Clothing (70%)	Fake Labels & Packaging (60%)	Footwear (60%)
Top 5 locations of investigations	Outdoor Markets	Ordinary Shops	Auction Sites	Websites	Social Media
Top 5 links with other criminality	Benefit Fraud	Money Laundering	Drug Dealing	Organised Criminal Networks	Violence

\* Refers to % of authorities investigating

<b>SOUTH EAST</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Top 5 products investigated	Alcohol (92%)	Cigarettes & Tobacco (88%)	Clothing (88%)	DVDs (79%)	Electrical Goods (67%)
Top 5 locations of investigations	Ordinary Shops	Private Residences	Social Media	Auction Sites	Outdoor Markets
Top 5 links with other criminality	Benefit Fraud	Money Laundering	Organised Criminal Networks	Drug Dealing	Loan Sharking

<b>LONDON</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Top 5 products investigated	Alcohol (97%)	Clothing (88%)	Cigarettes & Tobacco (81%)	DVDs (69%)	Electrical Goods (66%)
Top 5 locations of investigations	Ordinary Shops	Auction Sites	Private Residences	Websites	Social Media
Top 5 links with other criminality	Benefit Fraud	Money Laundering	Drug Dealing	Organised Criminal Networks	Illegal Gambling

<b>NORTH WEST</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Top 5 products investigated	Clothing (95%)	Cigarettes & Tobacco (86%)	Alcohol (77%)	DVDs (59%)	Footwear (59%)
Top 5 locations of investigations	Ordinary Shops	Auction Sites	Social Media	Private Residences	Websites
Top 5 links with other criminality	Benefit Fraud	Money Laundering	Organised Criminal Networks	Drug Dealing	Drug Smuggling

<b>WALES</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Top 5 products investigated	Clothing (96%)	Cigarettes & Tobacco (79%)	DVDs (58%)	Toiletries & Cosmetics (54%)	Watches & Jewellery (54%)
Top 5 locations of investigations	Ordinary Shops	Websites	Auction Sites	Outdoor Markets	Social Media
Top 5 links with other criminality	Benefit Fraud	Money Laundering	Organised Criminal Networks	Drug Dealing	People Trafficking

<b>CENTRAL ENGLAND</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Top 5 products investigated	Alcohol (94%)	Clothing (88%)	Cigarettes & Tobacco (75%)	Footwear (63%)	DVDs (56%)
Top 5 locations of investigations	Ordinary Shops	Auction Sites	Social Media	Websites	Outdoor Markets
Top 5 links with other criminality	Benefit Fraud	Money Laundering	Drug Dealing	Organised Criminal Networks	Prostitution

<b>EAST ENGLAND</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Top 5 products investigated	Clothing (100%)	Alcohol (80%)	Cigarettes & Tobacco (80%)	Footwear (80%)	DVDs (50%)
Top 5 locations of investigations	Social Media	Auction Sites	Ordinary Shops	Outdoor Markets	Websites
Top 5 links with other criminality	Benefit Fraud	Money Laundering	Drug Dealing	Violence	Organised Criminal Networks

<b>SOUTH WEST</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Top 5 products investigated	Cigarettes & Tobacco (93%)	Clothing (73%)	Electrical Goods (67%)	DVDs (60%)	Footwear (60%)
Top 5 locations of investigations	Ordinary Shops	Social Media	Private Residences	Websites	Auction Sites
Top 5 links with other criminality	Money Laundering	Benefit Fraud	Drug Dealing	Loan Sharking	Organised Criminal Networks

Because IP Crime is investigated by only one authority in Northern Ireland, the Department of Enterprise, Trade and Investment (DETI), it is not possible to rank occurrences on prevalence. The overall data is listed below:

<b>Northern Ireland</b>			
<b>Average number of staff days</b>	50	100%	50

Due to the absence of data covering Northern Ireland it is not possible to rank occurrences on prevalence. The overall data is listed below:

### COUNTERFEIT AND PIRATE PRODUCTS INVESTIGATED

Alcohol	100%
CDs	100%
Cigarettes/Tobacco	100%
Clothing	100%
Computer Games	100%
DVDs	100%
Electrical Goods	100%
Footwear	100%
Software	100%
Toiletries/Cosmetics	100%
Watches, Jewellery	100%

### LOCATIONS INVESTIGATED

Other (please specify)	100%
Car boot sales	100%
Factories and industrial units	100%
Ordinary shops	100%
Other workplaces	100%
Private residences	100%
Social media	100%

### LINKS TO OTHER CRIME

Benefit fraud	100%
Drug Dealing	100%

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# Glossary

**Alliance for IP**

The Alliance for Intellectual Property

**ACPO**

Association of Chief Police Officers

**ACG**

The Anti-Counterfeiting Group

**AFI**

Accredited Financial Investigator

**BASCAP**

The Business Action to Stop Counterfeiting & Piracy

**BBC**

British Broadcasting Corporation

**BEAMA**

The British Electrotechnical and Allied Manufacturers Association

**BIS**

The Department of Business, Innovation and Skills

**BPI**

The British Recorded Music Industry

**BSA**

Business Software Alliance

**BVA**

British Video Association

**CD**

Compact disc

**CDRs**

Compact disc recordable format

**CDPA**

The Copyright, Designs and Patents Act 1988

**CENTSA**

Central England Trading Standards Authorities

**CPS**

Crown Prosecution Service

**COG**

Component obsolescence group

**The Commission**

European Commission

**DCATS**

Diploma in Consumer Affairs and Trading Standards

**DCMS**

Department for Culture, Media and Sport

**DVD**

Digital versatile disc

**DVDr**

A DVD recordable format

**DLVA**

Driver and Vehicle Licensing Agency

**DWP**

Department for Work and Pensions

**ECC**

Economic Crime Command

**sECC**

Shadow Economic Crime Command

**EETSA**

East of England Trading Standards Association

**eGame**

Electronic game

**EU**

The European Union

**FACT**

The Federation Against Copyright Theft

**FASTiis**

The Federation Against Software Theft – Investors in Software

**FI**

Financial investigator

**FSA**

The Food Standards Agency

**GAO**

US Government Accountability Office

**GHD**

Good hair day

**gTLD**

generic top level domain

**HMRC**

Her Majesty's Revenue & Customs

**HQ**

Headquarters

**The Hub**

Intellectual Property Office's Intelligence Hub

**ICANN**

The Internet Corporation for names and numbers

**IFPI**

International Federation of the Phonographic Industry

**IFSP**

International Federation of Spirits Producers

**IP**

Intellectual Property

**IPC**

Intellectual Property Crime

**IPID**

The national IP crime Intelligence Database

**IPO**

Intellectual Property Office

**IPOP**

The Intellectual Property Online Protection group

**IPR**

Intellectual Property Right

**ISP**

Internet Service Provider

**JARD**

Joint Assets Recovery Database

**LOCOG**

The London Organising Committee of the Olympic and Paralympic Games Limited

**LOTSA**

The London Trading Standards Authorities Group

**Met Police**

Metropolitan Police Service

**MHRA**

Medicines and Healthcare products Regulatory Agency

**MOU**

Memorandum of Understanding

**NTSECC**

National Trading Standards E-Crime Centre

**NCA**

National Crime Agency

**NETSA**

North East [of England] Trading Standards Association

**NHS**

National Health Service

**NIM**

National Intelligence Model

**NMG**

National Markets Group

**NTSB**

National Trading Standards Board



**The Observatory**

The European Observatory on counterfeiting and piracy

**ODA**

Olympic Delivery Authority

**OGDs**

Other government departments

**OECD**

Organisation for Economic Co-operation and Development

**OFT**

The Office of Fair Trading

**OHIM**

The Office for Harmonization in the Internal Market

**P2P**

Peer-to-peer

**PA**

The Publishers Association

**PACE**

Police and Criminal Evidence Act 1984

**PC**

Personal computer

**PDDRP**

Post delegation dispute resolution procedure

**PLS**

Publishers Licensing Society

**PoCA**

Proceeds of Crime Act 2002

**POCC**

Proceeds of Crime Centre

**The Portal**

The Publishers Associations' Copyright Infringement Portal

**P2P**

Peer-to-peer

**POCA**

Proceeds Of Crime Act

**PPA**

Professional Publishers Association

**PIPCU**

Police Intellectual Property Crime Unit

**PSNI**

Police Service of Northern Ireland

**PS**

Police Scotland

**RART**

Regional Asset Recovery Team

**The Report**

IP Crime Report 2013/14

**SAITG**

Scottish Anti Illicit Trade Group

**SBRC**

Scottish Business Resilience Centre

**SCOTSS**

The Society of Chief Officers of Trading Standards in Scotland

**SMEs**

Small and medium enterprises

**SOCA**

The Serious Organised Crime Agency

**SWERCOTS**

Trading Standards Partnership for the South West of England

**TMA**

Trade Marks Act 1994

**TS**

Trading standards

**TSEM**

Trading Standards East Midlands

**TSB**

Technology Strategy Board

**TSI**

Trading Standards Institute

**TSNW**

Trading Standards North West [of England]

**TSSE**

Trading Standards South East [of England]

**UK**

United Kingdom

**UKBA**

UK Border Agency

**UKBF**

UK Border Force

**UKEA**

The UK Electronics Alliance

**UKIE**

The Association for UK Interactive Entertainment

**URL**

Uniform Resource Locator

**URS**

Uniform Rapid Service

**US**

United States of America

**USD**

US Dollar

**VAT**

Value Added Tax

**VOSA**

Vehicle and Operator Services Agency

**WHO**

World Health Organization

**WHOTS**

Wales Heads of Trading Standards

**WYTS**

West Yorkshire Trading Standards

**YORKS/HUMB**

Yorkshire and the Humber Trading Standards Group

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WIPO Advisory Committee on Enforcement

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This report is a publication of the IP Crime Group

Any enquiries relating to its publication should be sent to:



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



[ipcrimegroup@ipo.gov.uk](mailto:ipcrimegroup@ipo.gov.uk)



[@ipcrimegroup](https://twitter.com/ipcrimegroup)