

annual activity report 2019

EUROPEAN OBSERVATORY ON INFRINGEMENTS OF INTELLECTUAL PROPERTY RIGHTS

DIN: 0086051526



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NOTE

Regulation (EU) 2015/2424 of the European Parliament and of the Council of 16 December 2015 amending Council Regulation (EC) No 207/2009 on the Community trade mark and Commission Regulation (EC) No 2868/95 implementing Council Regulation (EC) No 40/94 on the Community trade mark, and repealing Commission Regulation (EC) No 2869/95 on the fees payable to the Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM) entered into force on 23 March 2016. The various amendments of the Regulation 207/2009 were codified in Regulation (EU) 2017/1001.

01 | EXECUTIVE DIRECTOR'S INTRODUCTION

The European Observatory on Infringements of Intellectual Property Rights continued to develop during 2019. As well as representatives of all EU Member States, the Observatory network brings together the private sector, civil society, MEPs designated by the European Parliament, and European and international organisations and agencies.

The 2019 Work Programme was the sixth year of implementation of the Multiannual Work Plan 2014-2018, which was extended until 2020 so as to synchronise the Observatory's planning with that of the Office. This plan set out the vision for the Observatory's development and linked it to the EUIPO's overall Strategic Plan.

As shown by the IP Contribution study published in 2019 in partnership with the European Patent Office (EPO), the economic importance of IP rights to jobs, GDP and trade in the EU has become even greater in recent years. The studies carried out by the Observatory aim to address a trilogy of themes — to quantify the importance of intellectual property rights (IPRs) to the economy; to map what European citizens and small and medium-sized enterprises (SMEs) think and know about IPRs; and to quantify the extent of IPR infringement and its consequences for the economy and society.

During 2019, the Office continued its collaboration with the Organisation for Economic Cooperation and Development (OECD) by publishing an update of the 2016 study on trade in counterfeit goods. A study of counterfeit medicines was initiated in 2019, with publication expected in the first quarter of 2020. The Office participates actively in OECD's Task Force on Countering Illicit Trade, which in 2019 became an official body within the OECD.

In June 2019, the second Status Report on IP Infringement was published. Drawing together the Observatory and its partners' research findings, the report illustrates the increasing economic importance of intellectual property, its use by European companies, the economic costs of IPR infringement arising from both domestic and counterfeit trade, the methods and channels by which these rights are infringed, and the actions being taken in response to these infringements. The report and its results generated high media outreach.

The IP Enforcement Portal was launched in June 2019, uniting the former Enforcement Database (EDB), Anti-Counterfeiting Intelligence Support Tool (ACIST) and Anti-Counterfeiting Rapid Intelligence System (ACRIS) in a single platform. The new portal is an interactive, reliable and user-friendly tool for EU IPR enforcement, serving as a secure communication tool between all related parties.

The portal helps law enforcement authorities to recognise counterfeit goods by enabling rights holders to securely share with those authorities information on products and logistics. It also allows rights holders to automatically generate an application for action by customs authorities. This flagship tool is now used by 810 companies, customs authorities in all Member States and a growing number of police authorities (currently 34).

In addition, the Office is expanding the coverage of the Report Detention function (the former ACIST) that provides a unique collection of data on internal market and border detentions EUwide, covering 838 715 detentions since 2008. It covers both border detentions in all Member States and internal market detentions by authorities with *ex officio* competences in all Member States but one. This information was used to publish the first trend report on detentions of IPR infringements in the internal market and EU borders (2013-2017).

In 2019, the Observatory continued to focus on major threats in IPR crime, publishing a threat assessment report together with the European Union Agency for Law Enforcement Cooperation (Europol), and to look more deeply into the modus operandi of IP infringements by studying the business models used by infringers. At the same time, under the aegis of an expert group (EG) on anti-counterfeiting technology set up in late 2017, a concerted effort continued to monitor the emerging technologies that can be used in IPR enforcement.

During 2019, there was a continued focus on awareness-raising activities, and in particular on IP in Education. Following the acknowledgement of the work of the IP in Education network by the 28 Ministers of Education in their Council conclusions on moving towards a vision of a European Education Area, issued in 2018, the Observatory accelerated the project. Activities aim at developing specialised resources for pupils and teachers, testing and piloting these resources together with other IP awareness-raising initiatives in schools in Europe, organising dedicated teachers' training and strengthening the network of Ministries of Education, IP offices and other specialised stakeholders. A dedicated platform, *IdeasPowered@School*, went live in the autumn to bring intellectual property concepts closer to the classroom, offering teachers, lecturers and parents a useful set of practical learning materials to be used in daily Teaching practice to improve knowledge of IP rights among children aged 4 to 18.

A new grant scheme was launched to support national awareness projects with 13 projects selected for a grant.

Successful pan-European media campaigns were carried out, especially in connection with the release of the Status report on the occasion of the World Anti-Counterfeiting Day in June. The European online content portal, *agorateka*, contained information from 18 Member States and Switzerland at the end of the year.

The third International Forum on IP Enforcement, co-organised with the European Commission and the OECD, took place in June in Paris. The event brought together key European and international decision makers, enforcement agencies, multinational companies, and other private actors as well as relevant stakeholders, to discuss trends and alternative intellectual property enforcement techniques both at EU and international level in a forwardlooking and dynamic atmosphere.

On the wider international stage, the Office cooperates closely with the Commission and EU enforcement agencies to ensure close alignment with broader EU policies and priorities in the field of IP. To strengthen the fight against counterfeiting and piracy, in 2016 Europol and the EUIPO joined forces to create the Intellectual Property Crime Coordinated Coalition (IPC3), which operates within Europol. As part of its commitment to support EU SMEs in protecting their IP rights, the EUIPO is supporting the European Commission's Start-Up and Scale-Up initiative designed to help SMEs better understand, protect and exploit their innovation and creativity.

There are many challenges ahead for the Observatory, but the broadly-based network representing all aspects of society, combined with the expertise in the Office as a whole, is already making a contribution to the understanding of intellectual property and will continue to grow in importance in years to come. The new Strategic Plan 2025 of the Office comes into force in July 2020 and includes several high-level initiatives of relevance to the work of the Observatory, such as working with intermediaries, AI and technology and SMEs. As an integral part of the EUIPO, the Observatory will contribute to the execution of the Strategic Plan.



Christian Archambeau
Executive Director, EUIPO

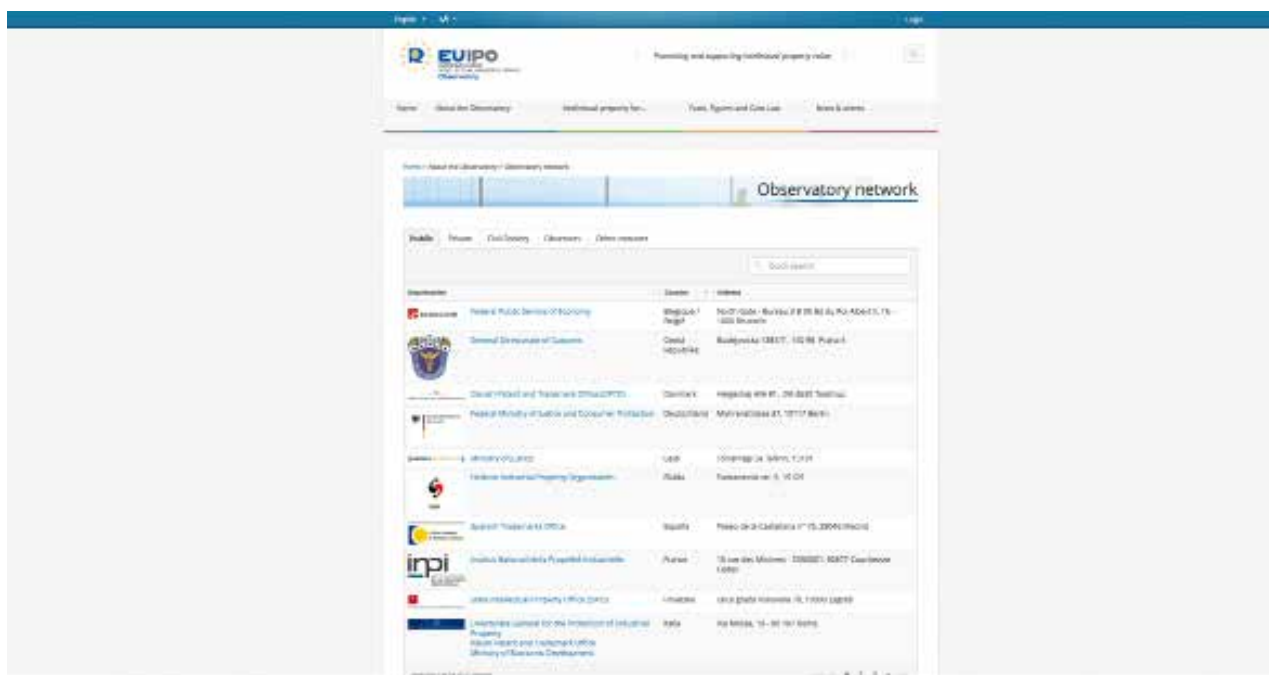
THE OBSERVATORY AND THE EUIPO | 02

The EUIPO's Observatory Department comprises the secretariat of the European Observatory on Infringements of Intellectual Property Rights. Under the leadership of the Director, it consists of the Operations & Projects Area, led by a Deputy Director and including the Enforcement & SMEs and IP in the Digital World & Awareness services, and the service of the EUIPO's Chief Economist.

As well as representatives of the 28 Member States, at the end of 2019, the Observatory network included 68 representatives from the private sector, 8 organisations representing civil society, 14 European and international organisations, and 5 MEPs designated by the European Parliament, who are invited to take part in its activities.

Private sector representatives include a broad and balanced range of EU and international bodies representing the various economic sectors, including creative industries, most involved or experienced in the fight against infringements of IPRs. Consumer organisations, SMEs, authors and other creators are also represented. Therefore, the Office complies with the requirement of the proper representation in the Observatory of all the actors mentioned in Article 4(2) of Regulation (EU) No 386/2012 of the European Parliament and of the Council of 19 April 2012 on entrusting the Office for Harmonization in the Internal Market (Trade Marks and Designs) with tasks related to the enforcement of intellectual property rights. A full list of members of the Network is available on the Observatory website at:

<https://euiipo.europa.eu/ohimportal/en/web/observatory/observatory-network>



The Observatory has a published set of criteria for private sector stakeholders, designed to ensure that the Observatory can benefit from a broad range of expertise, while ensuring that meetings remain manageable and functional (See Box 1).

BOX 1 — CRITERIA FOR NEW PRIVATE STAKEHOLDERS FOR THE OBSERVATORY

- Pan-European associations or international organisations.
- Registered in the [EU Transparency Register](#).
- Not individual corporations.
- Affected by counterfeiting or piracy and/or active in enforcement.
- Able to represent civil society/consumers or companies/authors/creators within their specific sectors.
- Able to provide key information about a particular sector, including statistical data in compliance with [Article 5\(2\)\(b\) of Regulation \(EU\) No 386/2012](#).

The Observatory representatives collaborate in Working Groups (WGs) that correspond to a number of different subjects. The members of these WGs provide valuable feedback and support for the Observatory's projects, so that expert advice from all sectors involved can be taken on board.

There are currently four such WGs:

Enforcement;
IP in the Digital World;
Public Awareness;
Economics and Statistics.

In recent years, a number of new activities that transcend the existing WGs have been taken on board, such as the activities in support of the European Commission's SME initiatives or the need to monitor new technologies. In addition, now that the foundations have been laid through various studies and tools, the focus of the Observatory is shifting towards more specific activities such as IP in Education or International Cooperation, while, of course, always respecting the framework laid down by Regulation (EU) No 386/2012.

Therefore, beginning in 2019, the former Legal & International WG and the new subjects mentioned above have been arranged into six focused Expert Groups (EGs) in which stakeholders which are interested

and have expertise in that particular matter take part. The EGs help and guide the implementation of Observatory projects in specialised areas, and are made up of experts proposed by the stakeholders or by the EUIPO. Experts represent themselves and not a particular organisation or institution.

A particular EG will exist only as long as its work is still required; however, new EGs can be created as needed.

The six EGs are as follows:

Observatory Outreach;
Legal;
Impact of Technology;
Cooperation with Intermediaries;
International Cooperation;
SMEs.

The four WGs met in Alicante in April 2019 and in Brussels in November 2019. The inaugural set of EG meetings took place in Alicante in April 2019.

The Observatory operated until 2018 under the Multiannual Work Plan 2014-2018 in order to provide a longer-term perspective and integration with the EUIPO Strategic Plan, in particular with the activities and projects set out under Line of Action 6 of the Office's Strategic Plan, which includes delivering evidence-based research on key areas of IP, promoting cooperation and knowledge sharing with and among enforcement authorities, helping EU businesses, in particular SMEs, protect their IP rights and raising awareness among citizens and decision makers. The Multiannual Work Plan has also been the basis for the Observatory's annual Work Programme, which sets out the objectives for the year ahead.

A new Multiannual Work Plan was developed to extend the 2014-2018 Plan for a further two years. For the future, Observatory planning is embedded in the EUIPO Strategic Plan 2025 (SP2025) which enters into force in July 2020.

At the heart of the extended Multiannual Work Plan are the three main goals of the Observatory:

- **to provide facts and evidence for use by policymakers in the formulation of effective IP policies;**
- **to create tools and resources to step up the fight against IP infringement;**
- **to raise awareness of IP and of the negative effects of counterfeiting and piracy.**

The process followed by the Observatory to produce its reports and studies is based on the following principles:

- **Observatory stakeholders should be involved in the identification of the reports and studies to be undertaken, as well as in the definition of the scope and terms of references for the identified reports/studies;**

- **the reports/studies should be carried out in full, according to the agreed terms of reference and in an independent manner;**

- **Observatory stakeholders should be provided with the possibility to know in advance the conclusions of the reports/studies and provide comments;**

- **the rules governing the Office and more particularly its decision-making processes should be complied with.**

The process applies to all studies produced by the Observatory.

In order to measure the relevance of the Observatory studies and reports for EU policy making, a monitoring system has been set up which enables the Office to identify when one of its studies is quoted in a policy document from the Council, the European Parliament or the European Commission. According to this system, as of end of December 2019, there were 177 documents published by the three EU institutions mentioning Observatory activity and reports, with 33 of them published during 2019.

In the following sections, the activities carried out to support the three main goals within the scope of each of the four WGs are described in detail. This is supplemented with information on the activities of the EGs, and separate sections on tools, cooperation and communications activities.

Article 7(3) of Regulation No 386/2012 requires the representatives of the public administrations, bodies and organisations in the Member States to be duly consulted on the Annual Activity Report. The public stakeholders have been constantly informed and asked for their input on the Work Programme, and the results of the work of the Observatory have been reported to them on a regular basis. The formal submission of the report under Article 7(3) took place in the Public Sector Stakeholders meeting, held in Zagreb on 3-4 March 2020.

IP IN THE DIGITAL WORLD | 03

The activities of the IP in the Digital World Working Group consist of studies in support of the first main goal of the Observatory, to provide facts and evidence for enforcers and policymakers. In addition, the Orphan Works Database is set up under a specific legal mandate, Directive 2012/28/EU. Finally, agorateka, the European online content portal, assists consumers in finding legitimate digital content and in so doing supports the third Observatory goal of raising awareness of IP.

agorateka — The European online content portal

In September 2016, the Office launched a portal in order to better inform consumers about the availability of legal offers within Europe in the realms of music, sport, films/TV, video games and books. [Agorateka — The European online content](#) portal provides a single access point to national portals leading consumers to legal offers. The number of countries participating in the portal increased significantly during 2019, with 18 Member States now participating, as well as Switzerland.



A social media campaign to promote the national portals section of agorateka was launched in April 2019 and reached 1 575 801 people across multiple platforms (Facebook, Twitter and Instagram) between 26 April and 26 May, achieving 3.8 million impressions.

In phase 2 of the project, it is envisaged to extend the functionality of the tool so that consumers can search legal content by title of the work and other criteria. Planning for phase 2 began in 2019.

FAQs on copyright for consumers

In addition to helping consumers locate legal offers, the Observatory also wants to answer their questions about copyright, especially in the digital environment. Copyright laws are complex and vary from Member State to Member State, so that even consumers who do not wish to infringe may sometimes do so. To help address this need, the Observatory, together with its civil society stakeholders, developed a set

of Frequently Asked Questions (FAQs), engaged national experts to provide country-specific answers and coordinated these answers with its public sector representatives. The outcome is a digital guide providing answers to the consumer FAQs for each EU Member State in its own language and in English. It is published on the Observatory website and is accessible to the public and other interested parties. The FAQs, initially published in Q3/2016, have been updated every year since then, including 2019.

Business models used in online infringement

In 2016, the Observatory initiated a series of studies on business models used in online infringement. As part of this work stream, in 2018 a research study on internet protocol television (IPTV) crime in Europe was initiated, with the resulting report published in November 2019. The purpose of the study was to enhance the level of understanding about the ways illegal IPTV is carried out, how the business models around this phenomenon work, and thus provide a basis for the subsequent identification of possible responses to tackle the challenge of the phenomenon more effectively. This was carried out as an interdisciplinary study, surveying legal, technical and economic aspects of illegal IPTV. It is the first major study that reviews the existing literature, the legislative framework and case-law in the EU, and provides structural analysis of existing business models with regard to unauthorised delivery of television content over the internet. In addition, the study provides the first assessment of the magnitude of illegal IPTV across the EU in terms of the number of active users and unlawful revenue obtained from infringing activities. An investigation best practice document, available to investigators and prosecutors, was also annexed to this study.

Orphan Works Database

Directive 2012/28/EU sets out common rules on the digitisation and online display of orphan works and establishes the creation of a single European registry of all recognised orphan works, which will be shared by all Member States. The inclusion of a work in the register will enable cultural institutions to use orphan works while ensuring suitable protection for rights holders.

The development of the registry was entrusted to the EUIPO and was finalised at the end of 2014. Subsequently, the Office has implemented a strategy to encourage the use of the database as a central European repository of information related to orphan works, and has created a stable network of stakeholders. At the end of 2019, the number of records in the database stood at more than 18 000 orphan works.

Out-of-commerce Works Database

As provided for in the Directive on Copyright and Related Rights in the Digital Single Market (2019/790/EU), Article 10, the EUIPO is responsible for establishing and managing a single publicly accessible online portal for out-of-commerce works. The Office has started work on setting up the portal in cooperation with the European Commission and Member States. The portal should be available to the public by the date of transposition of the Directive into national legislation, which is June 2021.

PUBLIC AWARENES | 04

The activities of the Public Awareness Working Group support the third main goal of the Observatory, to raise awareness of IP and of the negative effects of counterfeiting and piracy. Much of this work is based on the studies that are conducted in the Observatory within other WGs, particularly Economics & Statistics and IP in the Digital World, but also specific awareness studies.

The Observatory released 16 reports in 2019, with executive summaries available in all EU languages. They have been disseminated on the internet, social media and the press, as well as to relevant institutional stakeholders. In addition, on 6 June 2019, on the occasion of the World Anti-Counterfeiting Day, a pan-European media campaign was launched based on the publication of the Status Report on IPR infringement (second edition of the Synthesis Report which was first published in 2018), achieving a significant outreach in all Member States, through print, online and audiovisual media, with over 1 438 articles published, reaching an estimated AVE ⁽¹⁾ of EUR 3.3 million.

TARGETING YOUTH

Activities directed towards young people and aimed at raising the visibility of IP and damages of infringement continued as part of the Ideas Powered initiative to develop an online dialogue in social media and build the engagement of the community. Ideas Powered aims to bring IP closer to the younger generations, both online but also in places where young people gather. The fourth edition of the workshop took place in March 2019 in Croatia. It was part of the wider activities taking place during the ‘Leap Summit’, a global event attended by more than 3 000 young professionals, entrepreneurs and changemakers. The Ideas Powered initiative had its own stage during the event on which open sessions were hosted, each with a different IP focus, including fashion, social media, entrepreneurship, digital content and creative arts.



WELCOME TO IDEAS POWERED

Innovation, creativity and entrepreneurship in Europe is a government need supported by intellectual property (IP). Ideas Powered is an initiative that raises awareness about the value of IP and the importance of protecting it. The IP of the students that are going to young entrepreneurs to protect their creativity, innovation and entrepreneurship should be deeply rooted in any education. For this reason, we have created the idea of the school. Powered by School Initiative.

(1) **Advertising Value Equivalency (AVE)** is a measure that has been used in the public relations industry to ‘measure’ the benefit from media coverage of a campaign. AVE is an estimate of what the equivalent amount of media coverage, if paid for as advertising, would cost.

The workshop brought together around 60 key active and inspiring young European influencers and multipliers from all EU Member States. Together they have more than 750 000 Instagram followers and over 2.7 million YouTube subscribers. Ideas Powered accounts published 114 posts which received over 130 000 impressions. The event hashtag received 349 980 impressions on Twitter.

The Ideas Powered social media channels in Facebook and Twitter have continued to grow, with 37 300 and 10 600 followers respectively. An Instagram channel was opened in May 2018, and now has 7 500 followers. In addition, the Observatory makes use of the EUIPO's social media channels, which have 29 000 followers on Twitter, 30 000 on LinkedIn and 16 000 on Facebook.

YOUTH SCOREBOARD

To follow up on the publication of the first Youth Scoreboard in April 2016, the Observatory carried out an update of the study, in line with its policy of updating the main studies at three-year intervals. The [report](#) was published in October 2019 and showed that while young Europeans are less likely to consume pirated digital content, they are slightly more likely to purchase counterfeit goods than they were 3 years ago.



SUPPORT FOR AWARENESS-RAISING ACTIVITIES IN MEMBER STATES

In order to support awareness-raising activities in the Member States, the EUIPO provides support for public authorities' awareness initiatives by making use of the existing cooperation framework between the EUIPO and the national IP offices. Following the launch of the second call for proposals in 2017 and selection of the projects awarded, the Observatory has strengthened the monitoring and key performance indicator (KPI) evaluation: it is estimated that the projects selected in 2017, and implemented in 2018 and 2019, have reached up to 60 million citizens.

The Observatory has also supported project implementation in order to further capitalise on synergies, improve measurement of effectiveness and explore additional possibilities to strengthen outreach to priority targets as part of the cooperation agreement schemes the Office has with National Offices. The projects initiated in 2017 were finalised during 2019, and a new call for proposals was launched in June 2019, with 13 projects selected for a grant.

A European cooperation project, aimed at creating a network of European authentic cities was established in 2019, initiated by one of the grants supported in 2016. Several cities in collaboration with national IP offices started pilots. In 2019 the estimated support to awareness activities carried out in Member States, through cooperation with national IP offices, amounted to EUR 980 000.

IP IN EDUCATION

One finding of the IP Perception study was that between 35 % and 50 % of young Europeans displayed tolerant attitudes towards counterfeiting or illegal downloading. At the same time, education has been identified as an appropriate channel to raise awareness about the importance of respecting IP. Therefore, raising pupils' awareness in schools, by showing how they could reap the benefits of IP knowledge in their private and future professional lives, has become a priority.

The IP in Education network met for the seventh time in February in Bucharest as part of a dedicated conference on IP in education. It presented and promoted the project as part of a new web page on the Ideas Powered website, which included the materials created and a promotional video. A teacher training pack was piloted with some 80 Romanian teachers. The network met for the eighth time in October in Copenhagen, where dissemination of materials and further promotion of the project were addressed.

The IP in Education Best Practice Report was published in April 2019. It presents IP in education best practice case studies from Bulgaria, Finland, Malta, Romania and Sweden, as well as the European Digital Competence Framework DigComp2.0 ⁽²⁾ and the Entrepreneurship Competence Framework Entrecomp ⁽³⁾, which were developed by the Joint Research Centre (JRC) of the European Commission. Under the IP in education project, a dedicated web page with resources for schools and teachers went live in September 2019.

(2) <https://ec.europa.eu/jrc/en/publication/eur-scientific-and-technical-research-reports/digcomp-20-digital-competenceframework-citizens-update-phase-i-conceptual-reference-model>

(3) <https://ec.europa.eu/jrc/en/publication/eur-scientific-and-technical-research-reports/entrecomp-entrepreneurshipcompetence-framework>

05 | ENFORCEMENT

The activities under this heading support the second main goal of the Observatory, to provide tools and databases for use in enforcement, and to carry out knowledge-building activities for enforcers and other stakeholders. Many of those activities are carried out jointly with the European Union Agency for Law Enforcement Training (CEPOL), Europol and Eurojust as well as European Commission services, in particular directorate-general (DG) TAXUD.

DATA COLLECTION, ANALYSIS, REPORTING

A Threat Assessment Report on IP Crime was drafted by Europol's Strategic Analysis Team using the information obtained for the 2019 Serious and Organised Crime Threat Assessment (SOCTA) mid-term review. The resulting [Intellectual Property Crime Threat Assessment Study](#) was published on the occasion of the International Forum on IP Enforcement in June 2019. It represents a major step forward and an significant development of the joint Situation Report published in previous years.

Together with the Threat Assessment Report, a new report on the threats posed by counterfeits was published. This qualitative report highlighted the types of dangers to consumers posed by specific counterfeits, such as toys or cosmetics.

EUIPO — EUROPOL GRANT AGREEMENT

Since the first EUIPO-Europol Grant Agreement was signed in 2016, the EUIPO has been funding Europol's IP Crime Coordinated Coalition (IPC3) with yearly grants. Support for operations in the fight against counterfeiting through IPC3 continued in 2019, with a special focus on online IP crime and related areas, resulting in a number of successful operations carried out by national law enforcement authorities in coordination with Europol. By way of example, following a joint investigation by IPC3, the US National IPR Center and law enforcement authorities from 26 Member States, 12 suspects were arrested, and more than EUR 1 million in several bank accounts, online payment platforms and a virtual currency farm were frozen. Additionally, 33 654 domain names were seized (Operation In Our Sites (IOS) IX).

A new agreement between the EUIPO and Europol was signed in November 2019 and came into effect in January 2020. This agreement provides for further cooperation with IPC3 for another 4 years.

KNOWLEDGE BUILDING FOR ENFORCERS

As in previous years, a number of initiatives in the area of knowledge building for enforcers were undertaken in 2019.

Regional workshops targeting local judges, prosecutors, customs and police promote cooperation across authorities and borders within the targeted region. A regional seminar on IPR enforcement, co-organised by the EUIPO and the Customs National Administration of Malta, took place in June 2019 and was attended by 40 enforcers. The course presented the latest trends in enforcement. A second seminar was held in October 2019 in Dublin.

The level of satisfaction with the seminars has been high. Most participants were fully satisfied with the content of the programme they have attended and with its relevance for their work.

The EUIPO co-organises a yearly course with CEPOL (the European Union Agency for Law Enforcement Training), providing new colleagues with information on IP and its enforcement aspects. The most recent course was organised at the EUIPO in Alicante in October 2019.

Seminars for judges were organised in April and June 2019 in Alicante, as well as one in Vilnius for local judges, in cooperation with the State Patent Bureau of the Republic of Lithuania. Judges were also invited to attend other IP training courses of interest organised in Alicante by the Office.

EUROPEAN INTELLECTUAL PROPERTY PROSECUTORS NETWORK

The establishment of a European Intellectual Property Prosecutors Network (EIPPN) was the first concrete result of the enhanced cooperation between the EUIPO and Eurojust. Strengthening cooperation between the EUIPO and Eurojust will further facilitate development of specific cooperation projects in the future to support the European prosecutors. The establishment of the EIPPN has already made cooperation between European prosecutors more fluent, and it is the intention to strengthen the cooperation further on international, EU and regional levels. In May 2019, the 5th EIPPN meeting co-hosted by the EUIPO and Eurojust in The Hague was attended by 60 participants representing 21 EU Member States, 7 non-EU countries, Europol and the United Nations Interregional Crime and Justice Research Institute (UNICRI).

Eleven comprehensive case studies covering all phases of successful criminal cases (from investigation to final court decision) have been prepared during the past 3 years in cooperation with the UNICRI.

VIRTUAL TRAINING CENTRE ON IPR

The **Virtual Training Centre**, a joint project with CEPOL dedicated to building a training centre as the main source of reference for IP educational modules and training courses for EU law enforcement authorities, went live in September 2017. The project is now in maintenance phase, with the focus on adding relevant content and on promotion of the tool. The EUIPO works together with CEPOL and in cooperation with the European Commission (DG Taxation and Customs Union, TAXUD), other EU agencies (such as Europol and Eurojust) and international bodies (such as Interpol) on the development and promotion of the tool among enforcement authorities.

In 2019 a new customs module with 9 submodules was launched. The content was defined together with national customs authorities and DG TAXUD. The module will undergo further technical development during the coming year.

MAPPING OF MARKET SURVEILLANCE AUTHORITIES

In July 2019, the EUIPO launched a survey in collaboration with the European Commission (DG GROW and DG JUST), to map the system of market surveillance authorities (MSAs) in charge of enforcement of product safety regulations, to look into possible areas of cooperation in IPR protection. The purpose of the survey includes gaining a better understanding of the role and action of MSAs in the fight against the penetration of fake and dangerous goods into the European market and exploring the possibility of a better involvement of MSAs in the EUIPO's activities. This work followed cooperation to launch a Qualitative Study on Risks posed by Counterfeits to Consumers published in June 2019 based on data from the RAPEX reports.

COLLABORATION WITH THE CUSTOMS COOPERATION WORKING PARTY (CCWP)

The Office cooperated with the CCWP of the Council of Ministers of the EU on collecting data on counterfeiting of labels and packaging materials. Furthermore, in May 2019, in the context of a CCWP activity on online trade, a hands-on training on internet and darknet investigation techniques for customs officers was organised with the collaboration of relevant professionals and Europol.

ECONOMICS & STATISTICS | 06

The activities in the Economics & Statistics area consist principally of studies and analyses that support the first main goal of the Observatory, to provide facts and evidence to support policy.

QUANTIFICATION OF INFRINGEMENT

An important set of studies, quantifying the economic costs of IP infringement, was begun in 2014. These studies aim to assess the magnitude of counterfeiting and piracy within the EU. So far, the Observatory has published 11 sectorial studies. In 2019, all previous studies were updated using more recent data (Eurostat data for 2016 and the 2016 IP Perception Study and Eurobarometer). The updated figures were included in the Status Report on Infringement published in June 2019.

In April 2016, the EUIPO and the OECD published the joint report 'Trade in Counterfeit and Pirated Goods: Mapping the Economic Impact'. The cooperation between the EUIPO and the OECD is continuing under a memorandum of understanding (MoU) signed in June 2017 for the period until the end of the first quarter of 2021. An updated version of the 2016 report was published in March 2019, showing that the international trade in counterfeit goods is a growing problem. A study on counterfeit pharmaceuticals was also begun in 2019.

QUANTIFICATION OF DIGITAL INFRINGEMENT

Following collection of user panel data during a 9-month period ending in September 2018 and delivered in late 2018, the EUIPO analysed this data to estimate the extent and impact of infringement of three types of digital content: music, film and TV programmes. The resulting report analysing the trends in consumption of pirated content in all Member States was published in November 2019. It showed that piracy of all three content types had decreased between 2017 and 2018 in the EU as a whole and in almost all Member States (with music being the content type which experienced the greatest decrease), although it remains a serious problem.

IP CONTRIBUTION STUDY

The 2019 IP Contribution study, released in September jointly with the EPO, updates the 2013 and 2016 studies that quantify the importance of IPR-intensive industries in the EU economy. The latest study shows that these industries are more important than ever, accounting for 45 % of EU GDP and 39 % of employment (direct and indirect). This edition of the report includes a chapter on climate change mitigation technology and fourth industrial revolution technologies. In addition to the EU Member States, the report also contains figures for Iceland, Norway and Switzerland.

STUDY ON THE USE OF OPEN-SOURCE SOFTWARE

In 2018, research was undertaken on the value of open-source software and the role it plays in promoting innovation and supporting business models. In undertaking this research, the Observatory is acting on a suggestion from civil society stakeholders. A survey of firms engaged in software development and use was completed in December 2018, and the results have been analysed during 2019, with the report to be published in early 2020.

MEASUREMENT OF KPIS

As from 2017, the Observatory is assisting the European Commission in measuring the KPIs related to the MoU on the sale of counterfeit goods over the internet signed in June 2016. The sixth set of measurements was carried out by rights holders and platforms from 15 May to 15 June 2019, and the seventh set of measurements was carried out from 15 November to 15 December 2019. The role of the Observatory is to be the trusted neutral party that receives the raw data from the parties to the MoU, analyses it and sends the results to the European Commission.

SATELLITE ACCOUNTS FOR EU CREATIVE INDUSTRIES

Satellite accounts provide a framework linked to the national accounts, but focus on certain aspects of economic and social life that are not fully reflected in the latter. This report, published in July 2019, examines the possibilities of setting up such a satellite account for the creative/cultural industries in the EU and the possible methodologies to do so. The report concludes that while challenging, developing a satellite account for the creative and cultural industries is possible and desirable as it would enable quantifying important aspects of the modern economy, not least in the digital sphere. In 2020, the methodology proposed in the report will be piloted with the cooperation of a Member State.

SUPPORT FOR SMES IN PROTECTING THEIR INNOVATION AND CREATIVITY | 07

SMEs are the backbone of the EU economy; they represent 99 % of all businesses in the EU, providing two thirds of the total private sector employment in the EU.

The firm-level IP Contribution study carried out in 2015 showed that IP rights are an economic asset for SMEs. But the study also showed that only 9 % of SMEs in Europe register patents, trade marks and designs. Subsequently, the 2016 IP SME Scoreboard study showed that this is mainly due to the lack of knowledge about IP and to (perceived) complexity of the whole process. The SME Scoreboard was updated in October 2019. In total, 8 349 SME interviews were conducted, covering a range of sectors as well as company sizes and all Member States. The study highlights that the main barrier to the registration of IPRs for SMEs is the lack of knowledge of what IP is and how it can benefit their business. Many are receptive to information that will support their business, but there is still a need to improve awareness of the benefits of IPR. The study identifies that information channels are often different for IPR owners and non-owners and can also vary greatly from country to country, so a tailored approach to raising awareness is needed.

Within the scope of its legal framework, and on the basis of the results of the SME Scoreboard, the Observatory helps address SMEs' information needs in cooperation with the European Commission, national/regional IP offices, user associations, general SME/business support organisations and other stakeholders. In 2019, the European Commission initiated an IP Prediagnosis pilot for the Member States, directed at SMEs which have received the Seal of Excellence. IP Pre-diagnosis is a service already offered by some national IP offices that provides SMEs with a tailored report detailing IP issues within their business. In 2019, the EUIPO contributed to this activity by creating and training a network of specialists, in cooperation with the EPO, to take advantage of the respective areas of expertise.

In addition to the SME Scoreboard, the Observatory carried out two economic studies on the role of IP rights in the development of SMEs during 2019.

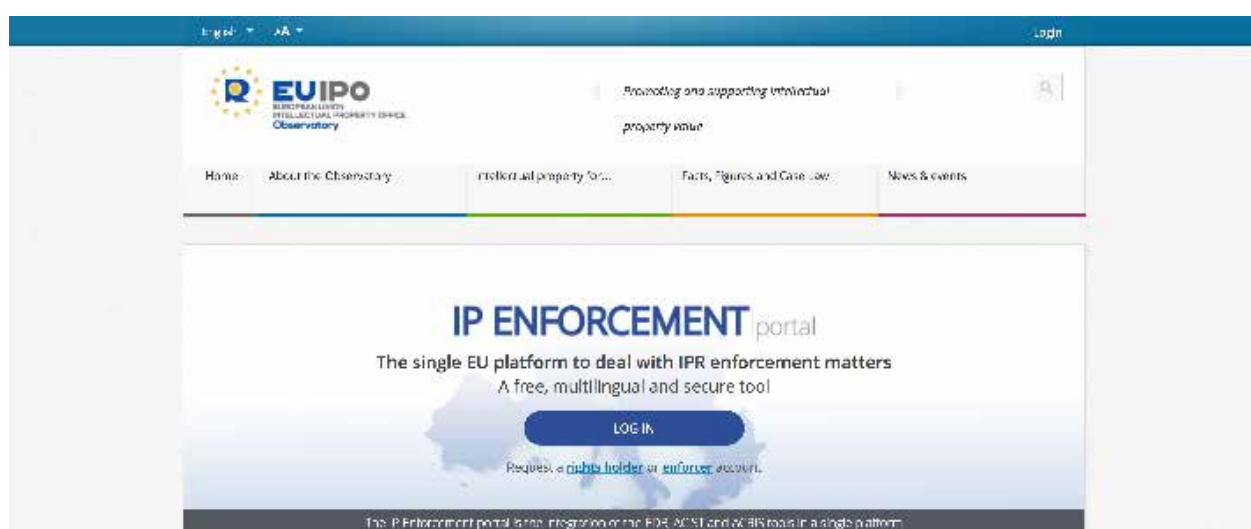
A joint study, in cooperation with the EPO and published in May 2019, examines the relationship between IPR ownership and growth rates of SMEs. The main finding is that SMEs that apply for a trade mark, patent or registered design, are more likely to achieve growth in subsequent years than other companies within the same sectors.

In December 2019, a study on the valuation of IP assets for SMEs was published. This study was based on a survey of European Union trade mark (EUTM) owners that have licensed their trade mark to others in order to identify the revenue streams derived from such licensing. Trade mark licensing is one way to derive the economic benefit from the IPR. The survey revealed that 7.5 % of SMEs owning EUTMs licensed them to others during the period 2013-2017. Additionally, the survey shows that the annual average revenue from licensing EUTMs is estimated at EUR 64 924 per firm (equivalent to 5.7 % of the average turnover of European SMEs) during the same period.

This information and knowledge building activities described in this section will be used within the SME programme that is part of EUIPO's Strategic Plan 2025.

08 | TOOLS FOR ENFORCEMENT OF IPR

The [IP Enforcement Portal](#) was launched in June 2019, uniting the former EDB, ACIST and ACRIS functions in a single platform. The new Portal is an interactive, reliable and userfriendly tool for EU IPR enforcement, serving as a secure communication tool between all related parties.



The new 'Exchange Information' function of the IP Enforcement Portal (former EDB) is increasing its number of users, closing 2019 with 810 companies, the customs authorities of all Member States, and a growing number of police authorities (currently 34).

In terms of statistics, the new 'Report Detentions' function (former ACIST) now provides a unique collection of data on internal market and border detentions EU-wide, covering 928 112 detentions since 2008. It covers both border detentions in all Member States and internal market detentions by authorities with *ex officio* competences in 27 Member States. This data constitutes the basis for a report on EU enforcement of intellectual property rights, which analyses the results at the EU borders and in the internal market from 2013 to 2017 (published in September 2019).

Finally, the 'Report non-EU Cases' function (former ACRIS) has seen developments because of requests by the European Commission (DG Trade) to accommodate the EU Delegations network's need to exchange information in a secure manner.

The Technical Group on IP enforcement and data exchange, which includes Europol, the European Anti-Fraud Office (OLAF), the European Commission, CCWP and the EUIPO, has been created to align developments and results to better target and increase the effectiveness of IP enforcement. The group has issued an interim report with an analysis of the different systems, gap analysis and overlaps, and has prepared a high-level analysis on the technical feasibility of the proposed improvements in information sharing, avoiding searches and duplications. This will be the basis for discussions during the analysis phase of the project.

The technical group on anti-counterfeiting technology was created as a follow-up on the JRCIPSC study to create an anti-counterfeiting technology guide, classifying types of anticounterfeiting technologies according to different needs. The group is now looking into creating an online system to provide the best possible information about technological anti-counterfeiting solutions for those seeking this information, as well as offering a portal for technology providers to offer their solutions. The project is still in its initial stage.

The Blockathon event of June 2018 confirmed the need to establish a long-term dialogue with the actors involved. Building on the momentum generated by this event and calls for further support for the development of a community of experts on concrete blockchain solutions to tackle counterfeiting, the EUIPO and the European Commission launched the Blockathon Forum in February 2019 to bring interested parties and stakeholders together, focusing on drafting and defining the Anti-Counterfeiting Blockathon use case and a related pilot.

09 | COOPERATION ACTIVITIES INCLUDING INTERNATIONAL COOPERATION

For several years now, the EUIPO has been the implementing agency of EU's cooperation projects initiated by the European Commission. Those programmes are co-financed by the EUIPO. The Observatory is now a full part of these programmes, as under Regulation No 386/2012 entrusting the EUIPO with the Observatory, the Office is also tasked with encouraging international cooperation, in close alignment with broader EU policies and priorities in the field of IP.

In line with this principle, the EUIPO's engagement in EU-funded projects in third countries allows the Observatory to provide input on how to increase respect for IP and help European companies investing in these areas to protect their IP rights.

The Observatory's international activities to date have focused on events with an IPR enforcement background and are aimed at reinforcing cooperation and networking amongst enforcement authorities across the different regions covered by the EU-funded projects such as IP Key in Asia and South America and ASEAN (4) Regional Integration Support Programme+ (ARISE+). Going forward, the Observatory will continue providing internal as well as external expertise to enforcement-related activities on an international scale, such as its participation in the Enforcement Summit in Buenos Aires in August 2019, as well as a number of IPR related enforcement activities in Vietnam, Thailand and Indonesia. In the course of the annual meeting of the EIPP in May 2019, the Observatory brought together European and Chinese prosecutors dealing with IPR enforcement.

A number of IP offices in third countries have expressed an interest in conducting IP Contribution studies for their economies. The Observatory is assisting such offices by providing information about the methodology, data and other aspects of the study.

As a result of the increased relevance of international cooperation work, the Office has created a new work stream as part of the extension of the Multiannual Work Plan supported by the formation of a specific EG.

The fifth meeting of the EU Delegation IP Network took place in July 2019 in Brussels, which covered, inter alia, the activities developed in third countries as part of the IP Key projects, an update on ACRIS, as well as an exchange among EU Delegates on IPR developments in third countries. This meeting was followed by a second edition of the EG on international cooperation which focused mainly on public-private cooperation, capacity building as well as the Belt & Road initiative and its possible implications for IPRs.

9.1 COOPERATION WITH EUROPEAN COMMISSION AND EU AGENCIES

The Observatory's work during 2019 was assisted by a high level of cooperation with various services of the European Commission and with EU agencies and bodies.

(4) - Association of Southeast Asian Nations

The Observatory works closely with DG GROW to take advantage of synergies between the respective activities and to avoid duplication, with particular emphasis on supporting the needs of SMEs.

The EUIPO began to cooperate with Europol in the area of knowledge building in 2013 and with Eurojust in 2015. Many of the knowledge-building events and activities that are organised in cooperation with Europol and Eurojust also benefit from cooperation with CEPOL, the European police training college, as well as OLAF, the EU's Anti-Fraud Office.

Thanks to the support provided by the EUIPO, Europol's IPC3 unit was able to further intensify its operational work, which resulted in a number of successful operations carried out by national law enforcement authorities in coordination with Europol.

In June 2019, Europol and the EUIPO released their joint 'IP Crime Threat Assessment 2019' report. This is a new initiative to support enforcement which follows on from the Situation Reports on counterfeits published in 2015 and 2017.

In July 2019, the Office launched a survey in collaboration with the European Commission (DG GROW and DG JUST), to map the system of market surveillance authorities (MSAs in charge of enforcement of product safety regulations, and to look into possible areas of cooperation in IPR protection. The purpose of the initiative includes gaining a better understanding of the role and action of MSAs in the fight against the penetration of fake and dangerous goods into the European market and exploring the possibility of a better involvement of MSAs in the EUIPO's activities. This work followed cooperation to launch a Qualitative Study on Risks posed by Counterfeits to Consumers published in June 2019 based on data from the RAPEX reports.

DG CNECT supports the Observatory's activities as well, in particular the Blockathon and related follow-up activities.

9.2 COOPERATION WITH OTHER ORGANISATIONS

OECD

Following the joint study on counterfeit trade published in 2016, and the follow-up studies on counterfeit goods, the EUIPO and the OECD decided to continue their cooperation until 2021, under the terms of an MoU signed in June 2017. The final study of the 2017-2018 research programme, updating the base 2016 study, was published in March 2019.

In addition, the two organisations co-organised an International Forum on IP Enforcement together with the European Commission, hosted by the OECD in June 2019.

The EUIPO participates actively in the OECD's Task Force on Countering Illicit Trade.

European Patent Office

The EUIPO and the EPO cooperate on many levels. In terms of Observatory-specific activities, the main areas of cooperation are joint economic studies such as the IP Contribution Study, updated in 2019, and the study of high-growth SMEs. In addition, the Observatory participates in the annual IP Executive Week, a week-long training event for officials from IP offices around the world, co-organised by the EUIPO and EPO and alternating between Alicante and Munich.

UNICRI

Based on the MoU between the Office and UNICRI from February 2016, UNICRI is developing a series of in-depth studies of IPR criminal cases from initiation to final judgment. Each case study includes an anonymised case note and a supporting presentation and is intended to be used by prosecutors as legal literature in court, to raise awareness amongst prosecutors and to increase the quality of seminars, meetings and workshops directed towards prosecutors.

Cases are selected to reflect as many different issues relevant to prosecutors dealing with IPR criminal cases as possible. Eleven such cases have been developed, covering areas such as counterfeiting, file sharing, money laundering and computer fraud.

European Audiovisual Observatory

In late 2016, the EUIPO signed an MoU on bilateral cooperation with the European Audiovisual Observatory. The scope includes cooperation on activities of common interest such as joint legal publications relevant to IP enforcement and the audiovisual sector, information exchange on audiovisual economics, methodology and data as well as information exchange as regards case-law and other legal developments related to IP enforcement and the audiovisual sector. During 2019, the Audiovisual Observatory provided the EUIPO with data for economic studies and served as peer reviewer for the feasibility study on satellite accounts.

COMMUNICATION | 10

Communication is of crucial importance to the ability of the Observatory to fulfil the role assigned to it by the legislator. Specific channels are used to address the different target audiences, including policymakers, public and private stakeholders and other official and private actors, enforcers and the general public.

MEDIA OUTREACH

On 6 June 2019, on the occasion of the World Anti-Counterfeiting Day, a pan-European media campaign was launched based on the publication of the Status Report on IPR infringement and achieved a significant outreach in all Member States, through print, online and audiovisual press, with over 1 438 articles obtained, reaching an estimated AVE of EUR 3.3 million.

Media coverage monitors the performance of the media campaigns developed for the release of major studies (the IP Contribution study, Youth Scoreboard and other base studies), and targets the four largest Member States (Germany, France, Italy, Spain) as well as Belgium. For cost-effectiveness reasons, media impact is measured over a period of one week for each release. A media campaign targeting all Member States is carried out for the release of the Status report.

In terms of qualitative assessment, Observatory studies, and their results/data, are increasingly mentioned and assessed positively in major print or online press in the target countries and are also attracting attention in audiovisual media depending on the period of the release or the topic of the publication, in addition to more traditional coverage in the trade and IP specialised press.

WEBSITE

The [Observatory website](#) contains a wealth of content, including all past conference reports and the minutes of past stakeholder and working group meetings, as well as a dedicated restricted-access area for stakeholders. Observatory publications and studies are featured prominently. The list of stakeholders and working group members are updated when there are changes, and new events are listed, as are any new public awareness campaigns, videos and other material provided by stakeholders.



Production of webinars, featuring Observatory studies and tools, is now a significant element in its outreach.

NEWSLETTER

Further to a request from stakeholders to have regular communication on the work of the Observatory, an Observatory Newsletter has been published on a quarterly basis since December 2013.

The main objectives of the newsletter are to share information with the stakeholders on the current work streams of the Observatory and to provide members of the network with the opportunity to express their views and to engage actively in our work by providing input to each edition. Each issue contains an update on activities, the calendar of upcoming events and news from stakeholders.

The newsletter is published in English. It is disseminated by email to stakeholders. It currently reaches approximately 2 000 recipients.

STAKEHOLDER MEETINGS

There are two meetings per year for each of the established WGs. The structure of the meetings continues to consist of group meetings over 3 or 4 days, with some of the meetings held in parallel, and a common session for all WGs. The first round of meetings in 2019 was held at the EUIPO in Alicante in April. At the same time, the inaugural meetings of the six EGs took place. The second round of meetings, in November 2019, was held in Brussels.

The successful 2019 public sector representatives meeting was held in February in Romania. Participants endorsed the 2018 Observatory Annual Activity Report and were given updates on the Observatory's work, including the latest studies and the IP Enforcement Platform. There was also a workshop on the EUIPO Strategic Plan 2025, which generated a vast amount of input that was then fed back into the draft SP2025. After the meeting, Romanian authorities under the auspices of the Romanian Presidency of the Council of the European Union, in partnership with the EUIPO, hosted a conference on IP in Education.

A second Observatory public sector representatives meeting took place in October 2019 in Helsinki, Finland, under the auspices of the Finnish Presidency. After the meeting, a conference focused on SMEs titled 'How to use Intellectual Property to boost your business', co-organised with the Finnish Patent and Registration Office, was held.

The 2019 private sector representatives meeting took place in March in Brussels. Following an update of Observatory activities and an overview from the European Commission, participants received updates and discussed the following points: the Observatory's EGs; the European Cooperation project, European Network of Authenticities; enforcement-related activities; the Blockathon Forum; the Observatory's latest studies; the International Forum on IP Enforcement; the EUIPO's Strategic Plan 2025; and the latest developments in international cooperation.

OTHER EVENTS

The third International Forum on IP Enforcement, co-organised by the EUIPO, the European Commission and the OECD, took place in June in Paris. The event brought together key European and international decision makers, enforcement agencies, multinational companies, and other private actors as well as relevant stakeholders, to discuss trends and alternative intellectual property enforcement techniques both at EU and international level in a forwardlooking and dynamic atmosphere.

Observatory staff members participated in numerous events and conferences in Member States throughout the year, including events supported by the grant scheme to raise awareness of IP rights.

Work started, as part of the Outreach EG, to identify relevant events targeting young creators and innovators, as well as identify relevant multipliers and influencers who could be engaged.

11 | EXPERT GROUPS

The EGs help and guide the implementation of Observatory projects in specialised areas, and are made up of experts proposed by the stakeholders or by the EUIPO. Experts represent themselves and not a particular organisation or institution.

A particular EG will exist only as long as its work is still required; however, new EGs can be created as needed.

The six EG and their areas of work are briefly outlined below.

OBSERVATORY OUTREACH

This group, among other things, works on the design of pan-European awareness campaigns and other activities based on the results of Observatory studies in cooperation with national IP offices and stakeholders.

LEGAL

This group works on case-law, various studies related to legal matters, such as trade secrets and blocking orders, and supports the European Commission as required.

IMPACT OF TECHNOLOGY

This group works on identifying new technologies with potential to impact and help IPR protection and carries out studies or launches initiatives to better understand these impacts.

COOPERATION WITH INTERMEDIARIES

This group works on the collaboration with all relevant intermediaries (such as internet sales platforms), studies (e.g. IPR infringements in social media) and voluntary collaboration practices.

INTERNATIONAL COOPERATION

This group works on enforcement-related activities in EU-funded programmes, the EU delegations network, IPR protection in third countries and the European Commission's market watch list.

SMES

This group works with the SME Scoreboard and other SME related studies, contributes to the IP pre-diagnostics programme and gives support to European Commission programmes.

OVERALL ASSESSMENT | 12

According to Article 7(3)(c) of Regulation (EU) No 386/2012, the Annual Report should contain ‘an overall assessment of the fulfilment of the Office’s tasks as provided for in this Regulation and in the work programme’.

The tasks assigned to the EUIPO are set out in Article 2(1) of Regulation (EU) No 386/2012. These tasks are listed below, together with the activities and projects carried out in 2019 in support of each task. It should be noted that in some cases an activity can contribute to more than one task. In addition, the Orphan Works Database is set up under a specific legal mandate, Directive 2012/28/EU, while the work on the Out-of-Commerce Works Database is carried out pursuant to Directive 2019/790/EU on Copyright and Related Rights in the Digital Single Market.

(a) Improving understanding of the value of intellectual property:

- SME scoreboard;
- Youth scoreboard;
- IP Contribution study;
- study of high-growth firms and IPR;
- study of open-source software;
- satellite accounts for the cultural/creative sectors;
- SME support activities outlined in section 7 of this report;
- International Forum on IP Enforcement;
- other conferences, including the conference on IP in Education (Bucharest) and the use of IPR by SMEs (Helsinki).

(b) Improving understanding of the scope and impact of infringements of IPR:

- study of business models used in online infringement;
- infringement quantification: sectorial studies and joint studies with the OECD and quantification of digital infringement;
- Status Report on Infringement;
- IP Crime Threat Assessment Report.

(c) Enhancing knowledge of best public and private sector practices to protect IPR:

- data collection, analysis, reporting;
- mapping of MSAs;
- knowledge-building events.

(d) Assisting in raising citizens' awareness of the impact of infringements of IPR:

- agorateka, the European online content portal;
- FAQs on copyright for consumers;
- youth action plan/Ideas Powered;
- support for awareness-raising activities in Member States;
- IP in Education;
- media campaigns.

(e) Enhancing the expertise of persons involved in the enforcement of IPR:

- knowledge building for enforcers;
- the studies related to infringement listed under item (b) above;
- Virtual Training Centre on IPR;
- EIPPN;
- seminars for judges;
- collaboration with CCWP;
- pre-operational trainings for enforcers (with Europol).

(f) Enhancing knowledge of technical tools to prevent and tackle infringements of IPR, including tracking and tracing systems, which help to distinguish genuine products from counterfeit ones:

- IP Enforcement Portal;
- Blockathon Forum and the follow-up activities;
- EG on anti-counterfeiting technology.

(g) Providing mechanisms that help to improve the online exchange, between Member States' authorities working in the field of IPR, of information relating to the enforcement of such rights, and fostering cooperation with and between those authorities:

- IP Enforcement Portal;
- support for protection of IP rights outside the EU;
- EIPPN;
- the grant to establish and operate the IPC3 at Europol.

(h) Working, in consultation with Member States, to foster international cooperation with intellectual property offices in third countries so as to build strategies and develop techniques, skills and tools for the enforcement of IPRs:

- Cooperation activities discussed in Section 9 of this report, in particular:
 - engagement in EU-funded projects in China, India, ASEAN countries and Latin America;
 - cooperation within the OECD's Task Force on Countering Illicit Trade;
 - participation of non-EU officials in knowledge-building events organised by the Observatory;
 - EG on international cooperation.

In summary, the Office is carrying out a broad range of activities to accomplish all the tasks assigned to the Observatory in Regulation (EU) No 386/2012.

13 | CHALLENGES FOR 2020

The first years of the Observatory at the EUIPO have been devoted to laying the foundations for raising awareness through studies such as the IP Contribution and IP Perception studies, and to creating tools such as the Enforcement Portal or *agorateka*. Now that those foundations are laid and the tools have been built, the challenge is to maximise their impact for the benefits of the IP rights holders and ultimately society at large. This means improving them (for example, developing a search function for the *agorateka Phase 2* project) and increasing their use by rights holders, beneficiaries and enforcement authorities.

The publication of the joint studies with the OECD on counterfeit trade routes and the sectorial studies on infringement have greatly added to the knowledge of the economic impact of counterfeiting. The IP Crime Threat Assessment report published jointly with Europol underlines the threat posed by organised crime in this sphere, and the Qualitative Study on Risks posed by Counterfeits shows that the damage from IPR infringing products is not limited to the economy but also can have a serious impact on health, safety and the environment. Going forward, it is incumbent on the Observatory to communicate these findings to policymakers in order to ensure that IP crime is prioritised by law enforcement.

The new structure with four WGs and six EGs is in part motivated by a number of new activities, such as the activities in support of the European Commission's SME initiatives, and partly because now that the foundations have been laid through the various studies and tools carried out in recent years, the focus of the Observatory will shift towards more specific activities while, of course, always respecting the framework laid down by Regulation (EU) No 386/2012. The challenge will be to make the new structure work for the benefit of the Observatory network.

The new Strategic Plan 2025 of the Office comes into force in July 2020 and includes several high-level initiatives of relevance to the work of the Observatory, such as working with intermediaries, AI and technology and SMEs. As an integral part of the EUIPO, the Observatory will contribute to the execution of the Strategic Plan.

These and other new work streams present another challenge. Ensuring that the Blockathon will give birth to a real blockchain-based system to provide a guarantee of genuine products and their tracking and tracing is a demanding task.

Making sure that the intermediaries, in the broad sense of the term (including, for example, shippers, payment providers, internet platforms), and rights owners cooperate to create a 'clean' market for genuine products in the EU will require considerable effort.

Improving the use of IP rights by SMEs is vital for the future of the EU economy, and the Observatory intends to do its part.

ANNEX: BUDGET EXECUTION IN 2019

The Observatory is part of the EUIPO and its budget is embedded in the overall budget of the EUIPO. For 2019, the total spent on Observatory activities (including salaries of statutory staff and other staff-related expenditure) was EUR 11.7 million.

The table below summarises the expenditure by subject area. Please note that due to the Activity-Based Budget used in the Office, the Observatory budget is still organised using the previous structure. However, all activities described in this report are included in one of the subject areas below.

OBSERVATORY ACTIVITIES	EXECUTION 2019 (EUR MILLION)
■ Economics and Statistics	1.4
■ Enforcement	3.4
■ IP in the Digital World	1.0
■ Legal and International	0.3
■ Public Awareness	3.0
■ Statutory meetings*	0.9
■ SP2020 Projects	1.9
TOTAL	11.7

* Statutory meetings refers to the cost of hosting meetings such as the Public and Private Stakeholder meetings, the Plenary and the Working Group meetings.

annual activity report 2019

EUROPEAN OBSERVATORY ON
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PROPERTY RIGHTS

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