The global picture: Counterfeit goods in international trade.

Intellectual Property and Youth
The true cost of counterfeit goods in international trade has been revealed in a major new study from the European Union Intellectual Property Office (EUIPO) and the Organization for Economic Cooperation and Development (OECD).

The study shows that international trade in counterfeit and pirated products is worth up to €338 billion (2.5% of world trade), based on the latest available data from 2013.

In the EU, as much as 5% of all imports were of counterfeited and pirated products, worth up to €85 billion.

The report, “Trade in Counterfeit and Pirated Goods: Mapping the Economic Impact,” uses data from almost half a million customs seizures across the world to calculate the economic impact of counterfeiting and piracy on international trade.
The global picture: Counterfeit goods in international trade

The study underlines the fact that nearly any product can be counterfeited, from luxury and business-to-business goods to common consumer products. Essentially, as the report points out, any product for which IP adds economic value to rights holders and for which consumers are prepared to pay more becomes a target for counterfeiters.

It finds that counterfeit and pirated goods can originate from all economies on all continents, with emerging economies playing an important part, either as producers of counterfeits or as transit zones. Middle-income and emerging economies may have the capacities to enable large-scale trade, the report points out, but may not have developed sound institutional frameworks, including IP-related legislation and enforcement practices. China appears as the largest producing economy based on detailed analysis of EU and world-wide seizures data.

The analysis shows that while most of the brands that are hit by counterfeiting are located in OECD countries, Chinese companies have also been targeted.

The report finds that trade routes in counterfeit and pirated goods are complex and subject to dynamic changes across transit points; some of which go through international trade hubs and some of which include economies with very weak governance, and which have a strong presence of organised criminal or terrorist networks.

Small shipments, by post or express services, emerge as another distribution channel, and one which is increasingly used. This reflects the shrinking cost of these services and the increasing importance of the Internet and e-commerce in global trade.

The data analysed in the report was supplied by the World Customs Organization, the European Commission’s Taxation and Customs Union Directorate General and the United States Customs and Border Protection.
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The report was compiled over an 18 month period, and is the result of close collaboration between the EUIPO and the OECD. The report complements the Quantification of Infringement series of studies being undertaken by the EUIPO, to quantify the economic impact of counterfeiting in key sectors within the EU and the Europol – EUIPO situation report on counterfeiting in the EU.
The in-depth interview of the edition

INTERVIEW with the Head of the Command Centre for the Special Units of the Italian law enforcement agency Guardia di Finanza Major General Gennaro Vecchione.

How would you describe cooperation between the EUIPO and the Guardia di Finanza?

Cooperation with the EUIPO takes place within the context of the interinstitutional relations that the Guardia di Finanza maintains with the various European Union bodies. It is undoubtedly a valuable partnership as it allows both institutions to advance knowledge of illegal activities, while increasing the overall effectiveness of the investigations and activities arranged from time to time in the exercise of their respective powers.

The principal task of the European Union Intellectual Property Office (EUIPO), which is a decentralised agency of the EU, is to offer intellectual property right protection in the territory of the EU itself; it is obvious that the synergy between the two bodies arises spontaneously.

We have to remember also that the EUIPO contains within it the European Observatory on Infringements of Intellectual Property Rights, through which it facilitates meetings between public and private actors involved in the fight against piracy and counterfeiting.

The Guardia di Finanza, in its own enforcement activities, on the one hand draws on the data, tools and databases...
created by the Observatory in support of the fight against the violation of these rights, and on the other hand lends its own effective combat work to campaigns against counterfeiting, promoted periodically by the Office.

We know that counterfeiting is often run by criminal groups and organisations. In some cases, it has emerged that counterfeiting has been instrumental in financing terrorist activities. Do you think that people are aware of this link?

I believe that people are not fully aware of the phenomenon and how it can feed into far wider and more dangerous criminal activity. Our strategy in this area is, as well as carrying out enforcement action, to try to raise awareness amongst the public about the dangers of illicit trafficking, through meetings and seminars and the publication of information on our SIAC website.

One of our main goals is to identify and halt the flow of cash to criminal organisations.

In many cases, our enforcement actions have been able to drastically interfere with the flow of money coming from criminal activity; this is one of the reasons why the organisations involved are looking for new financing mechanisms, thus addressing ‘investments’ made in counterfeiting, which, by its nature, lends itself well to being ‘used’ as a form of financing.

Counterfeiting is not just about the falsification of major brands and high fashion brands; it now affects all product categories, even those that affect the health and safety of consumers. We are facing criminal activity from which huge profits can be made at very low cost and with a high level of anonymity.

Counterfeiting is a crime often perceived in a more marginal way than, for example, drug trafficking. The public does not consider it a particularly serious or harmful crime; nor is it stigmatised as a source of illegal profits for criminal organisations.

The full interview can be found here
In 2013, the EUIPO published the “European Citizens and Intellectual Property: Perception, Awareness and Behaviour” study. It was the first in-depth report of its kind into how EU citizens view intellectual property (IP), what value they ascribe to it, the advantages they think it brings and what they think of IP infringement.

That report highlighted that young people aged between 15 and 24 held the most tolerant attitudes towards counterfeiting and downloading from illegal sources, when compared with older age groups.

As a result, the EUIPO commissioned a second study – the IP Youth Scoreboard – which sought to explore how young people behave online in terms of intellectual property rights. The report explored the main drivers and barriers to acquiring digital content and physical goods online, from both legal and illegal sources.

The report found that 25% of young people who responded to the questions posed in the study had intentionally used illegal sources to access digital content in the previous 12 months. 13% said they had accessed illegal sources by accident.

The most frequently accessed digital content was music, followed by films and series, games and educational content with young people preferring streaming to downloading where possible. However amongst those who intentionally used illegal sources films and series were the most frequently accessed.

Price is a big driver for young people when using illegal sources, but nearly a third of those who said they had accessed illegal content admitted having done so because the content was for their personal use.

Another driver for illegal content use is availability; a full 30% of those who said they had accessed illegal
content said they had done so because the content they were searching for was not available via legal sources. When asked what would make them stop using illegal sources, 58% said that if the content they were looking for was available and affordable, they would choose the legal option.

In terms of purchasing physical goods online, young Europeans were much more likely to choose counterfeit clothes and accessories, with 65% citing a safe payment method as an important consideration when making an online purchase. But only 12% admitted to buying a fake product online over the previous 12 month period and another 10% buying counterfeits by accident, a marked contrast to those who admitted accessing digital content online through illegal sources.

The vast majority of those who admitted to buying fake goods online said price had been the main driver for them when making their purchases (the fake product was cheaper). One in ten said they bought counterfeit goods because the sites offering the originals were not available in their country.

Almost half of young people who bought counterfeits online said they would stop doing so if affordable original products were available, while nearly a quarter mentioned risk of punishment as a deterrent.

The arguments that were more likely to convince young people not to use illegal sources appear to be largely related to personal safety rather than moral values. Messages like “your credit card details could be stolen,” “your computer could be affected by malware” and “you could risk a fine or another sanction,” were viewed as more convincing than messages like “counterfeit goods and piracy are not cool,” and “counterfeit products can be bad for the environment.”

The report was published on the 6th of April and is available for download on the Observatory website.
Observatory public sector representatives meeting in Rotterdam

In the context of the Netherlands' Presidency of the European Union, the European Observatory on Infringements of Intellectual Property Rights' public sector representatives from the EU member states met in Rotterdam on April 19-20 to discuss the ongoing work of the Observatory and to endorse the Observatory's annual report for 2015. For more information please access the minutes from the meeting.

After the conference on April 21, the Netherlands' Ministry of Economic Affairs, in partnership with the European Union Intellectual Property Office (EUIPO), through the Observatory hosted the seminar "Follow the money: hitting IP-infringers where it hurts – working with advertisers and payment systems", that aimed to exchange knowledge on the phenomenon and discuss possible future actions.
Joint EPO/EUIPO Judges Seminar

The European Observatory on Infringements of Intellectual Property Rights at the European Union Intellectual Property Office (EUIPO) was represented at UNIFAB’s 21st European Intellectual Property Forum.

The conference took place in Paris in February, and was attended by the French Budget Minister, Christian Eckert, Christian Peugeot, President of UNIFAB; Senator Richard Yung, President of CNAC; Thierry Sueur, Vice-president of European and international affairs of Air Liquide; Benoît Battistelli, President of the European Patent Office, and Members of the European Parliament Jean-Marie Cavada, Constance Le Grip and Virginie Rozière.
News

Report on Infringement of Geographical Indications in the EU

On 25 April, the EUIPO launched a report on Infringement of Geographical Indications in the European Union (EU).

In the EU, Geographical Indications (GIs) for wine, spirits, agricultural products and foodstuffs are protected as sui generis intellectual property rights. They act as certification that certain products possess particular qualities, characteristics or reputation, which are essentially attributable to their geographical origin and method of production.

The study found that in 2014, the value of GI-infringing products in the EU was approximately €4.3 billion – approximately 9% of the EU GI product market. Around 100,000 products were checked by competent national authorities for GI compliance in shops, markets, vending machines, bars, restaurants, food sold on trains, ships and other transportation and products sold on the Internet.

Consumer loss, defined as the price premium paid by customers in the belief that they were buying a genuine GI product, is estimated at up to €2.3 billion.
Judges’ seminar on “Confiscation of Proceeds of Crime in the IPR field”

On 3 – 4 May a judges’ seminar took place at the EUIPO’s headquarters in Alicante. Some 60 national judges and prosecutors who deal with criminal aspects of intellectual property rights.

The event allowed them to network with other European and non-EU colleagues and to discuss practical issues relating to the confiscation of proceeds of crime in the IPR field.
European Aggregator of Legal Offers – pilot countries meeting

The second meeting of the European Aggregator of Legal Offers Project took place on the 26th of May at EUIPO.

The aim of the project is to build a single portal which enables consumers to identify legal offers – i.e. where to buy legally – for music, films, games, books, TV and sports events for all the European Union.

Representatives from the Ministries of Culture of the four pilot countries attended the event. This set of initial countries is formed by two countries that already have a national aggregator (UK and France) and two that do not have one (Latvia and Portugal).

One of the outcomes of the project will be a “toolkit” that will help to build a national aggregator hosting the legal offers available in a given country. After the pilot phase of the project is finished the general delivery of the project to the rest of the countries will take place.
News

May 23 - 26 Regional seminar for enforcement authorities

A regional seminar for enforcement authorities took place from 24 to 26 May, in Lisbon, Portugal.

It was the second regional seminar for the Southern European region and was co-organized by the EUIPO, through Observatory, together with the Portuguese Economic and Food Safety Authority (ASAE) as hosts.

The aim of the seminar was to discuss cooperation in the region among southern EU Member States.

€170 million annual losses due to music piracy in the EU

On May 24, the EUIPO released a report into the quantification of intellectual property rights (IPR) infringement in the recorded music industry.

The report showed that €170 million, or 5.2% of all music sales, were lost in the EU in 2014 due to music piracy, the loss of which is estimated to result in direct employment losses of 829 jobs.

If the knock-on effects on other industries and on government revenue are added, when both direct and indirect effects are considered, infringement of IPR in this sector causes approximately €336 million of lost sales to the EU economy, which in turn leads to employment losses of 2,155 jobs and a loss of €63 million in government revenue.
News

Recorded music industry sales include wholesale value of the sale/licensing of recorded music products to domestic retailers/intermediaries; revenues from music distributors and retailers are therefore not included in the scope of the report.

For this reason, the absolute numbers in this report cannot be directly compared to those previously presented for the cosmetics and personal care and for the clothing and footwear sectors, both of which were based on consumer prices.

Publication of IP SME Scoreboard

On the 14 of June a new report called IP SME Scoreboard was published. This report summarises the results of a survey, which questioned nearly 9,000 small and medium enterprises (SMEs) in the EU to find out how they use intellectual property rights to support their economic activity and what could be done to improve for them the IP environment.

The survey found that 60% of all intellectual property rights-owning firms questioned said that protecting their innovation had been positive for their business, increasing their reputation and image of reliability as well as strengthening long term business prospects. The results further show that Internet domain names, confidentiality (or trade secrets) and trademarks are the top three protection measures that SMEs report as being important for a company.

However, a large proportion of SMEs lack knowledge and information on IPRs and their benefits. Among those using IPR, around one-third say procedures should be simplified.
and shortened and there needs to be better access to IPR databases. SMEs still perceive complexity and high costs in both initial registration and subsequent court procedures in the case of IPR infringements. Well over half of them say legal action is too lengthy and expensive, and some are deterred from going to court by fear of having to reveal their trade secrets. There is also evidence that some small companies (around 9%) feel they are the subject of “IP bullying”, where other firms threaten them unjustly with action over IP rights.

Findings from the report provide a solid, up-to-date data on European SMEs and call for targeted actions on the part of the EU policy makers.

The survey was a follow up to the Intellectual Property Rights and Firm Performance in Europe report of 2015, which showed that only 9% of European SMEs have registered IP rights but that SMEs which do own IPRs have over 32% higher revenue per employee than those that do not own IPR. The new survey was commissioned to further investigate SMEs’ perception of IP and IP protection.
Ideas Powered Youth Workshop

On 16-17 June the Observatory held a Youth Workshop as part of its Ideas Powered online initiative, aiming at bringing IP closer to the younger generations. Nearly 60 young people from the 28 EU member states came to EUIPO’s headquarters in Alicante to participate in open and interactive work sessions.

The aim of the event was to discuss the results of Youth Scoreboard and reflect on ways to communicate better with youngsters. Moreover the participants assessed how Ideas Powered initiative composed of www and social media accounts could be developed in the future to facilitate conversations among younger people on IP and to build up IP respect and engage further young multipliers.
I really liked the whole event, it fulfilled my expectations and I don't think bigger improvements are needed (even though there is of course always room for improvement). I would definitively like to participate in any future workshop connected with this topic in any way.

Iva Fabris, Croatia

The brainstorming about Ideas Powered and our communities was the best one. I've learnt a lot about it and I will involve more people when I get home to talk about IP.

Evelin Horváth, Hungary

IPR Enforcement Conference 2016

The IPR Enforcement Conference took place in Brussels on June 21 with the Commissioner for the Internal Market, Industry, Entrepreneurship and SMEs, Elżbieta Bieńkowska, giving the keynote speech.

The theme of the conference was “Follow the money approach to IPR infringements and IPRED review.” The event provided a forum to discuss the latest developments in the area of IPR enforcement following the announcements made in the Digital Single Market Strategy of May 2015 and the Single Market Strategy of October 2015, as well as the Copyright Communication of December 2015.

At this conference, key European and international decision makers, public representatives, enforcement agencies, multinational companies and other stakeholders, including the Observatory, reviewed the progress made and the next steps in setting up and applying ‘follow-the-money’ mechanisms, based on a self-regulatory approach, in view of disrupting IP infringing activities at the source and ensuring supply chain integrity.
Marcathlon – now in its third year!

On June 4, the Spanish Intellectual Property Office (OEPM) and ANDEMA, the Spanish brand owners’ association, organised the third edition of the Marcathlon.

The event combined sport and IP awareness for a fun day out in the Azca Gardens in Madrid, with 300 runners taking part in a series of categories.

200 children made the trip as well, to enjoy the junior competitions, and to learn about the importance of IP through an “IP Gymkhana,” which saw them designing their own brands on t-shirts, and learning about the process of registering a trade mark. The Spanish Cuerpo Nacional de Policía were in attendance to explain about the dangers of counterfeiting, and the police dogs and police horses which came along as well were a huge hit with the junior participants.

The event is now a highlight of the Spanish IP calendar, and was supported by 75 well known Spanish and international brands, associations, stakeholders and institutions, as well as being extensively followed and shared on social media.
18th edition of the Global Anti-Counterfeiting Awards

The Global Anti-Counterfeiting (GAC) Awards, now a fixture on the international IP calendar, took place in Paris on June 8.

Awards were handed out in seven categories: national public body; international public organisation; company; association; professional or technology services user; media; and individual achievement.

The GAC Awards were co-sponsored by Managing Intellectual Property magazine and the Global Anti-Counterfeiting Group (GACG) Network.

Italian “Respect Creativity” educational campaign

The “Respect Creativity” educational campaign has been launched in Italian schools.

The campaign is promoted by Italian associations and collecting societies of the music and audiovisual sector, under the patronage of the Italian Regulatory Authority for Communications, and is launched with the involvement of the Italian Ministry of Cultural Heritage and the Italian Ministry of Education.

The project aims to promote awareness of the value of creativity and IPR and on the proper use of new technologies by providing students with all the necessary information to make informed choices on how to use, create and legally enjoy music, films and other creative works. The campaign aims to help them to understand how, why and how much these issues also affect their lives and their future.

The campaign targets middle school students, and it includes a free educational kit containing material and tools developed for them, including a guide for teachers, a poster, a multimedia DVD and questionnaires for the pupils.
Stakeholder news

The campaign is also run through its website: www.rispettiamolacreativita.it and its main contents are summarized in a video available at http://www.rispettiamolacreativita.it/video-infografica/

The Italian Office has also launched “Anti-Counterfeiting Week”, which began on June 13, and which is composed of awareness raising initiatives and presentations of action plans to fight counterfeiting at local level. The campaign was rolled out in Rome, Milan and Palermo.

Communia Association for Public Domain

What Are the Best Case Scenarios for Copyright?

Civil society representatives at the Observatory for IP Infringements are often complaining about the state of copyright. We believe it is overly complicated and outdated. But this time Communia Association for Public Domain has taken a positive outlook. We feature several best examples of exceptions and limitations that should benefit citizens in their access to culture and education across Europe.

Why do we do it? We believe there are ways to fix copyright and the EU is in a unique position to do it. The European Commission should look into best examples of national-level solutions and apply them universally within the current copyright reform.
These best case scenarios for copyright are already foreseen in the InfoSoc Directive - the EU just needs to make them mandatory across Europe.

In Portugal, the freedom of panorama allows artists, journalists and tourists alike to document public spaces and freely share with others. The parody exception cultivates the French tradition of satire - anybody can freely create a mockery of a protected work. In Estonia, the educational exception benefits teachers, students and researchers who need access to sources of knowledge and literacy that are often protected by copyright. In Finland the flexible quotation exception works for multiple purposes enabling new, transformative uses.

Exceptions and limitations do not break creative industries or educational systems. They benefit creators, artists, students and users, reinforcing creativity, freedom of expression and providing good balance of the interests of rights holders and citizens.

Each week of June we present one of these exceptions: how it works and what is the impact on the society and economy. Yes, the copyright fails us when it doesn't work. But we also know what works. Let's use that knowledge to #fixcopyright.

Talk to us about Best Case Scenarios for Copyright: @communia_eu
Events

July 12
Opening of Europol Intellectual Property Crime Coordinated Coalition
The Hague, The Netherlands

September 28-29
EU Observatory Plenary Meeting
Alicante, Spain

September 27
Advisory Board meeting
Alicante, Spain

October 24-28
EUIPO CEPOL Training
Paris, France

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November 7-8
Judges’ Seminar on fake labelling
Alicante, Spain

November 22-24
Regional seminar for enforcers
UK

November 9-11
Eurojust-Europol-EUIPO knowledge building session on toys and games
Alicante, Spain

November 29-December 1
EU Observatory Working Group meetings
Milan, Italy

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30 November

DesignEuropa awards ceremony

Milan, Italy