



EXECUTIVE SUMMARY – 2019 STATUS REPORT ON IPR INFRINGEMENT

▶ Why IP Rights are important, IPR infringement and the fight against counterfeiting and piracy



This report brings together the findings of the research carried out in recent years by the European Union Intellectual Property Office (EUIPO), through the European Observatory on the Infringement of Intellectual Property Rights (Observatory), on the extent, scope and economic consequences of Intellectual Property Right (IPR) infringement in the EU. Evidence on the economic value of IPRs in the EU economy, the extent to which this value is exploited, the infringement mechanisms used to capture that value and the actions being taken in response to these challenges are outlined and discussed.

In a study carried out in partnership with the European Patent Office (EPO), the EUIPO found that the total contribution of IPR-intensive industries to the EU economy accounts for approximately 42% of GDP (€5.7 trillion) and 28% of employment (plus another 10% in indirect employment effects in non-IPR intensive sectors). Those sectors also generate a trade surplus of approximately €96 billion with the rest of the world and pay their workers 46% higher salaries than other sectors.

Because of the high value associated with IPR, infringement of those rights is a lucrative criminal activity, which generates significant costs to the rights owners and to the economy in general.

According to a study carried out by EUIPO and the OECD in 2019, estimates of IPR infringement in international trade in 2016 could reach as much as 3.3% of world trade. Up to 6.8% of EU imports, or €121 billion per year, consist of fake goods. Both sets of figures are significantly higher than those found in study by the two organisations published in 2016, indicating that the problem has grown even more serious in recent years.

In a series of sectorial studies, the EUIPO has estimated lost sales in 11 sectors in the EU (directly in the industries being analysed and across their associated supply chain), as a result of counterfeiting. These losses totalled more than €92 billion per year during the period 2012-2016.

Abundant value, lenient sentences and high returns on investment together make it attractive for criminal gangs to engage in counterfeiting activities. The modus operandi of such gangs is becoming increasingly complex as technology and distribution channels evolve, hand in hand with the breadth of products being counterfeited.

The business models adopted by counterfeiters make significant use of the internet to distribute their products and to promote the distribution and consumption of illegal digital content. Internet sites selling counterfeit goods benefit from additional advertising revenues from both “high risk” ads (adult, gaming, and malware) and, paradoxically, also from legitimate brands, which then suffer in two ways from advertising on such sites (damage to their own brand and provision of credibility to the hosting website).

In addition to analysing the supply of counterfeit goods and pirated content, the EUIPO has also studied the demand side, that is, the attitudes of EU citizens towards IPR and their willingness to consume IPR-infringing goods and services. The incentives for consumers to purchase counterfeit goods and to access copyright-protected content illegally include lower prices, easy accessibility and a low degree of social stigma associated with such activities.

In response to these developments the EUIPO, together with public and private partners, is undertaking and supporting a number of actions to meet these challenges. These actions range from providing rights owners with information on the changing infringement landscape, working with Europol on wider responses to IP crime, not least by participating in the funding of a specialised IP crime unit within Europol, supporting the European Commission’s efforts to address the supply of counterfeit goods in third countries and to help Small and Medium-Sized Enterprises (SMEs) protect their IPRs, and providing citizens with information on the availability of legally accessible digital content and on the economic and social impact of purchasing counterfeit goods or accessing digital content illegally.

