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OPERATION FAKE STAR ANALYSIS REPORT

European Multidisciplinary Platform Against Criminal Threats

3.4 Operational Action (EMPACT)

*The sale of counterfeit clothes, shoes and accessories in the EU:
a profitable market for criminals and a transnational phenomenon*



June 2023



Operation Fake Star Analysis Report

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This report is based on non-nominal data from participating authorities collected by the Spanish National Police, with special support from the Action leaders Maria Cirre and Miguel del Valle, and drafted with their support by Veronica Peral and Anthony Manuguerra from the EUIPO. Additional support was provided by Alejandro Ramos Miralles and Paloma Pertusa

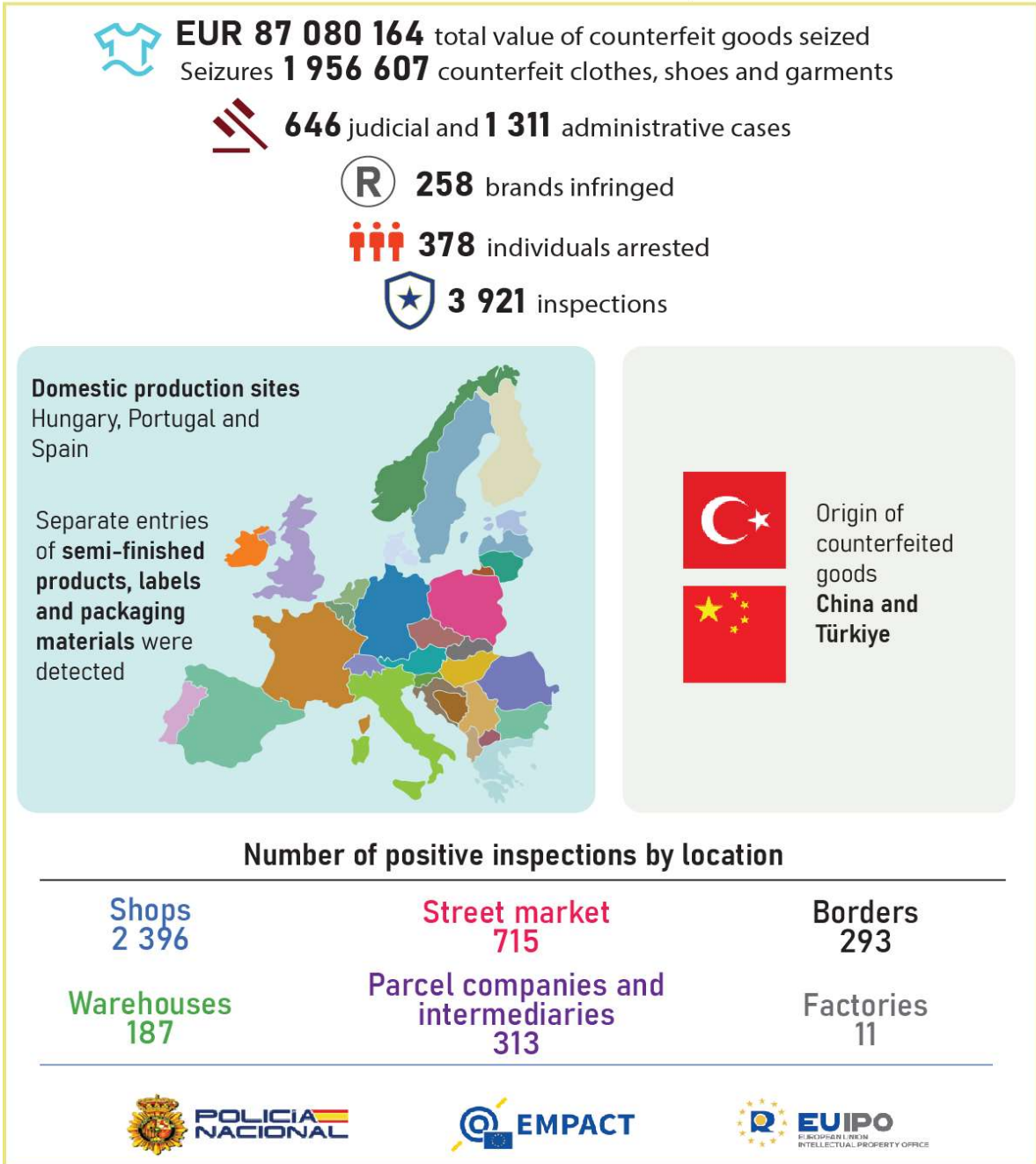
Executive Summary

- The sale of *counterfeit clothes, shoes and accessories* in the European Union remains a **profitable market for criminals** and a transnational phenomenon.
- **Clothing, footwear and luxury goods**, including bags, wallets and purses, perfumes and cosmetics and watches, continue to be the top subcategory in terms of numbers of procedures at the EU borders in 2021.
- Furthermore, in 2021, clothing accessories, watches and bags, wallets, purses appear quite consistently in the annual top rankings of overall detentions at the EU borders and EU internal market by estimated value.
- According to the results of Operation Fake Star, **sport and luxury goods** were the most seized goods.
- During the operation, considerable **use of social media**, to advertise counterfeit goods has been detected. Traders openly publish photo albums on their pages containing images of available counterfeit merchandise, notably clothing and footwear.
- Although counterfeit goods grew on e-commerce platforms and, subsequently, their share of the market increased in recent years, the results of this operation show that **conventional offline markets** are still an important reality and deserve law enforcement focus.
- During the first edition of the operation, **3 921 inspections** were carried out, which led to the **seizure of almost 2 million counterfeit clothes, shoes and garments related to 258 brands, with an estimated retail value of EUR 87 million.**
- **646 judicial cases and 1 311 administrative cases** were opened as a result of the operation and **378 individuals** were **arrested** in relation to the identified infringements.
- The **counterfeit goods identified during the operation mostly originated from outside the EU**, namely **China and Türkiye** and were intended for the European market.
- However, non-EU countries cannot be considered the sole cause of the problem of placing illicit products on EU markets since domestic production sites were also identified during the operation, namely in **Hungary, Portugal and Spain.**
- Although illegal import of finished products ready to be sold remains the primary source of counterfeit goods, the presence of domestic production and **final assembly sites** within the EU is potentially on the rise due to the smoother movement of goods within the Union. In this regard, **separate entries of semi-finished products, labels and packaging materials were detected** during the operation.
- Some countries have detected sewing machines and laser screen printing machines for clothing, used to carry out the final screen printing. In addition, hidden bags and leather goods accessories were found, ready to be incorporated into the final product before being sold.
- Delivery to the European markets were carried out by all possible **means of transport**, including small consignments handled through courier services.

1 Infographic

FAKE STAR OPERATION

The sale of counterfeit clothes, shoes and accessories in the European Union remains a profitable market for criminals and a transnational phenomenon



2 Background

According to the latest EUIPO's (2020) Status Report on IPR Infringement¹, the average annual estimated economic costs for the sale of fake clothes, shoes and accessories in the EU equalled to 7.8% of the total sales in the sector. According to the same study, it was estimated that legitimate industries lose annually EUR 23.3 billion in direct lost sales and EUR 37 billion in total lost sales due to the presence of counterfeit clothing, footwear and accessories in the EU marketplace.

That lost revenue translated into a direct employment loss of 263 196 workers and a total employment loss of 373 476 workers, as the legitimate manufacturers and retailers made and sold less than they would have done in the absence of counterfeiting and therefore employed less workers. The study, released through the European Observatory on Infringements of Intellectual Property Rights, entrusted to EUIPO ("Observatory"), also assessed the indirect effect of the counterfeit trade. Since producers and sellers of fakes do not pay taxes, social contributions and VAT, over EUR 7 billion of government revenue across the EU-28 was estimated not to have been collected.

Furthermore, importantly, sustainability has become a key factor for fashion brands due to public knowledge of the damage caused to the environment by the fashion industry. Consumer demand for 'fast fashion' allows global shoppers to keep up with the latest styles and trends but comes at a high price. The rise in social media and a departure from the traditional four-seasons means that people are buying more fashion items than ever before. But sustainability is not something that counterfeiters take into consideration: their clandestine industry contributes to unmonitored pollution activities and allows the use of prohibited manufacturing materials. Additionally, counterfeit fashion goods, including clothing, footwear, and other accessories, often contain dangerous levels of chemicals and heavy metals and fail to comply with EU product safety standards.

According to the latest report jointly drafted by TAXUD and the EUIPO, *EU enforcement of intellectual property rights: results at the EU border and in the EU internal market, 2022*², clothing, footwear and luxury goods (bags, wallets and purses, perfumes and cosmetics and watches) continue to be the top subcategory in terms of numbers of procedures at the borders. At the same time, clothing accessories, watches and bags, wallets, purses appear quite consistently in the annual top rankings of overall detentions (including borders and internal market detentions) by estimated value also for 2021.

¹ Available at: https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/observatory/documents/reports/2020_Status_Report_on_IPR_infringement/2020_Status_Report_on_IPR_infringement_en.pdf

² Available at : https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/observatory/documents/reports/2022_EU_enforcement_of_IPRs_2021/2022_EU_enforcement_of_IPRs_results_2021_FullR_en.pdf.

3 What is Operation Fake Star?



Operation Fake Star was launched in 2022 within the EMPACT Operational Action (O.A.) 3.4 under the lead of the Spanish National Police and co-lead of the Greek Hellenic Financial Police Division. This operational action aimed to detect counterfeit goods that were violating well-known brands' intellectual property rights Europe-wide.

The operational phases were carried out in accordance with information, data and complaints collected by the participants during the intelligence gathering phases. Commercial and industrial areas, flea markets and tourist areas, warehouses, shops and other similar places where these goods are commonly sold, extending to ports (containers), pop-up shops, and e-commerce related small parcel distribution companies, were targeted.

This report will be used to identify particularly effective operational methodologies and possible connections with other cases, to quantify the overall results of the operation and to further develop targeted activities and methodologies.

3.1 Objectives

The overall objective of the operational action was to detect counterfeit goods throughout Europe that infringed the intellectual property rights of well-known brands. Targeted goods include clothing, sports shoes, leather goods, as well as accessories such as glasses, watches of well-known brands. However, other types of goods detained during the operation have also been included in the final figures of the operation.



The operation was carried out in commercial and industrial areas, flea markets and tourist areas, warehouses, shops, and other similar places where these goods are commonly sold, extending to ports (containers), pop-up shops, and e-commerce related to small parcel distribution companies, all in response to information, data and complaints collected by the participants.

3.1.1 Operational objectives

The operational objectives were the following:

- collect all accessible operational information and intelligence at a national and EU level on **counterfeit goods, mainly focusing on fashion, clothing and accessories of well-known brands**;
- identify appropriate **targets**;
- collect **samples** and sample-testing results;
- examine suspicious shipments and/or consignments;
- obtain **information** on persons, methods, routes, companies or organised criminal groups (OCGs) involved;
- disrupt national and international OCGs involved in these illegal activities;
- initiate **investigations**, and arrest and prosecute any offenders;
- enhance **cooperation** with right-holders and intermediaries;
- fight against OCGs involved in the trade of counterfeit in markets, street shops, industrial areas, tourist areas, etc.;
- protect **public health**;
- enhance **international cooperation** in the area of intellectual property (IP) crime.

3.1.2 Strategic objectives

The strategic objectives were the following:

- optimise the overview of the phenomenon and its impact on the genuine market and on **people's health and safety**;
- improve **intelligence exchange** and **operational cooperation** between enforcement authorities and agencies at a national and EU level involved in the detection, investigation and prosecution of intellectual property rights (IPR) infringement cases;
- enhance **national cooperation** between the police and customs units and other relevant participants;
- improve **awareness** among officers working within the IPR crime area;
- **exchange** knowledge and best practices related to IP crime;
- raise **public awareness** of the phenomenon.

3.1.3 Participating countries and organisations

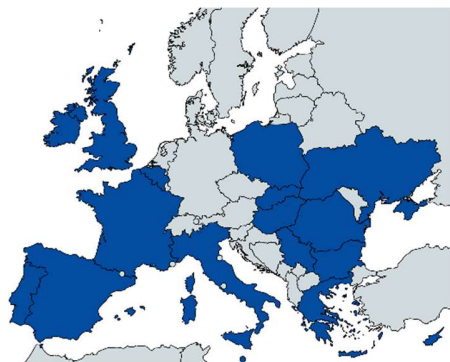


Fig. 1 Participating countries

The following **countries** participated in the first edition of Operation Fake Star:

EU Member States: Belgium, Bulgaria, Cyprus, France, Greece, Hungary, Ireland, Italy, Malta, Poland, Portugal, Romania, Slovakia and Spain.

Third-party countries: Serbia, Ukraine and the United Kingdom.



In total, **17 countries** participated in the operation (directly or indirectly). The EUIPO supported the operation within the limit of its role and legal mandate, as further explained below in the report. There were also participants from the private sector in relation to the clothing and shoes industries, financial service providers, associations, and intermediaries.

3.1.4 EU agencies

The following **organisations** were involved in this operation:

	<p>EUIPO contributed by providing assistance with the logistical organisation of the events related to this operation as well as facilitating the strategic coordination and information exchange between rights holders and enforcers through the extensive use of IPEP. To this end, the private sector used the ‘alert and interesting cases functionalities’ of IPEP to share information of interest with the different enforcement authorities, while enforcement authorities were able to request data from the private sector by sending ‘suspicious cases’.</p>
	<p>Eurojust took part in the operation ensuring coordination and cooperation with the judicial authorities of all the European Union Member States (EU MS).</p>
	<p>During the operational phase, Europol performed cross-checks against its databases and managed the dissemination of intelligence via its Secure Information Exchange Network Application (SIENA) in order to support on-going actions and start new ones.</p>
	<p>FRONTEX supported the operation providing strategic input.</p>
	<p>OLAF coordinated customs checking activity, which was communicated via AFIS with the Customs workgroup</p>

3.1.5 Private partners

Private partners were asked to support the operation from their perspective. The response was quite positive and the possibility of monitoring different markets was raised, with priority given to those most affected by counterfeiting. The partnership was on a voluntary basis and did not involve any specific action on the part of the law enforcement agencies involved in relation to their brands or products.

Participation consisted of:

- providing information and risk assessments on their products during the pre-operational phase;
- providing training to enforcement authorities on how to detect counterfeit products during the pre-operational phase and the operational phase;
- supporting ongoing cases at national and international level;
- providing expertise;
- providing relevant information and contact points depending on the partner's geographical area of competence.

4 Timetable of the Operation

The operation started in March 2022 and ended in February 2023 and was divided into three phases, as described below.

4.1 Pre-operational phase

Each operational phase was preceded by a pre-operational phase.

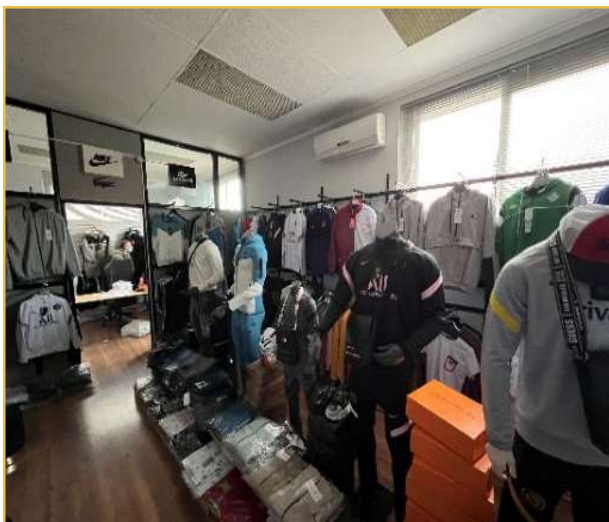
The pre-operational phases took place during physical meetings held at the EUIPO premises in Alicante, Spain.

- During the **first pre-operational phase** (23 to 24 March 2022), participants shared the national issues they were facing, gathered information to plan the specific activities to be implemented during the operational phase, and shared non-nominal information on identified trends. Rights holders presented their products and shared common practices on how to identify infringing goods. The operational plan and the report templates for the first operational phase were then presented to the participating enforcement authorities.
- During the **second pre-operational phase** (6 to 7 October 2022), the participants presented the results of the first phase, identified needs, and established common strategies for the second phase. E-commerce intermediaries and financial companies also participated and presented tools and tips for the detection of counterfeit items and related offences. The operational plan and the report templates for the second operational phase were then presented to the participating enforcement authorities.

4.2 Operational phase

The operational phase was carried out in two stages.

- First stage: carried out during the second quarter of 2022, according to the different operational needs of each authority.
- Second stage: carried out during the third and fourth quarters of 2022, according to the different operational needs of each authority.



During the **operational phase** (action period), each country conducted its own inspections and investigations based on available indicators and communicated with rights holders and intermediaries (directly or securely via IPEP) to gather intelligence to locate counterfeit products, identify fake goods and find sellers.

All participating countries carried out their own operational activity at national level, in accordance with their national legislation. In order to make rapid progresses in the development of the cases, the EUIPO facilitated the contact with the private sector and the different authorities through IPEP.

The main objectives of the actions were as follows:

- detect and seize counterfeit items;
- identify new trends;
- locate the origin of the goods;
- detect and identify possible routes;
- identify modus operandi used by the perpetrators;
- identify criminals and criminal organisations behind the infringements.

4.3 Post-operational phase



The results of the operational phase were sent to the **Spanish National Police and Europol**, between 16 December 2022 and 15 February 2023.

The **Observatory** received the statistical raw data (non-nominal) of the operation from the Spanish National Police. Together with the Spanish National Police, the EUIPO then analysed the data in order to assess the threats and identify best practices and areas of improvement and drafted the report to be disseminated to all participants.



4.4 Exchange of operational information

Considering the participation of several operational partners, the information was exchanged as follows:

- Europol exchanged intelligence via its **Secure Information Exchange Network Application** (SIENA) with the participants that had access to that system;
- the **Spanish National Police** collected all the reporting templates, deprived them of any possible nominal data and sent them to the EUIPO for further analysis and reporting;
- the **EUIPO**, through IPEP, was used by the rights holders and enforcement authorities to confidentially communicate and exchange 'alerts and suspicious cases' about IPR infringements cases.

5 Analysis

This section contains an overview of the seizures reported during the first edition of Operation Fake Star.

5.1 General results

All participating countries carried out checks throughout their national territory. Notably, the whole chain of supply received attention, seizures being made at production sites, during the transport phase and/or at the distribution and selling points. Law enforcement actions targeted different distribution channels, including online sales.



During the operation, participating LEAs seized a large quantity of counterfeit clothes, shoes and garments, as well as other counterfeit products. The results of the activities carried out within the framework of Operation Fake Star are presented below:

▶ **EUR 87 080 164** total value of counterfeit goods seized ◀

1 956 607 counterfeit clothes, shoes and garments seized

3 921 inspections carried out

1 311 administrative cases opened

258 brands infringed

646 judicial cases opened

378 individuals arrested

The reporting of the results varied in terms of accuracy and appropriateness from one country to another. Some countries omitted some essential values such as:

- value of the seized product;
- countries of origin;
- brand names;
- quantities checked/seized.

The missing details would have provided a better understanding of the overall situation and allowed a more precise analysis of the results. Notwithstanding the above limitations, upon analysing the collected results, it was possible to obtain useful data related to the total number of goods seized in both virtual and physical markets per country.

Fig. 2 Counterfeit goods – participating countries
(total value of seized goods)

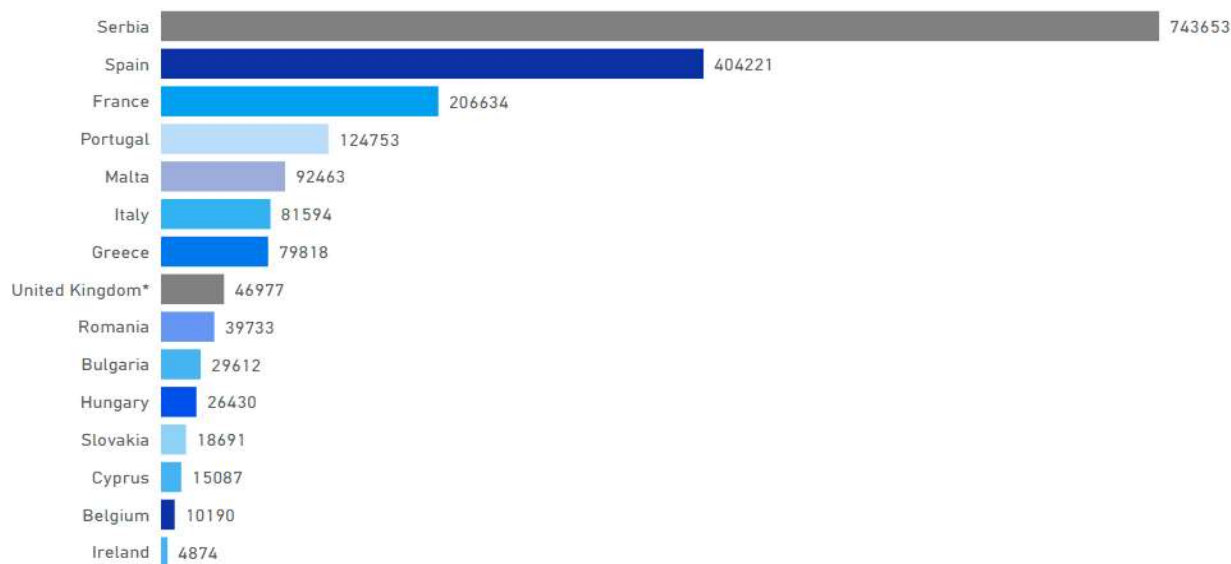
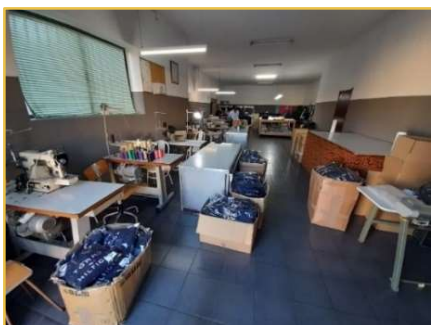


Fig. 3. Total value of the seized goods



*The total value of the goods seized was sent by participants' LEAs and/or it was calculated in accordance with the average value related to the detentions at the border in 2021, associated with the specific categories or subcategories to which the items seized belonged and to the specific country reporting it.



The above figures give an overview of the outcome of the operation carried out by the different participant countries in terms of number and value of seized goods. In some countries, like Serbia, the number of goods seized was very high, despite their less significant overall value due to the type of goods seized (e.g. labels and vials). On the contrary, the figures of Bulgaria, show that often the value of the seized goods is considerably larger than the number of goods seized.

Both qualitative and quantitative data show how seized counterfeit goods vary significantly, and still low-economic value items, like labels, are indispensable elements for infringing intellectual property rights.

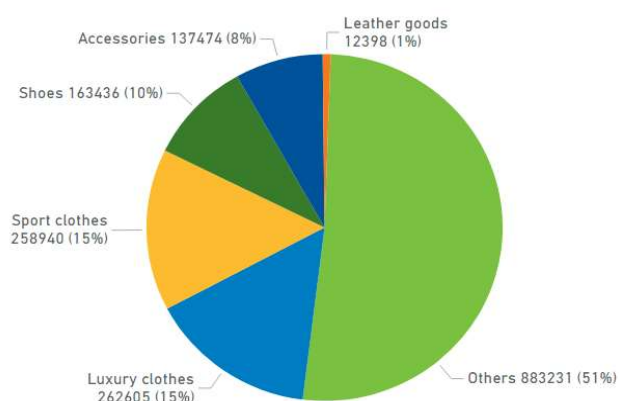
5.2 Types of illicit products seized

5.2.1 By category

A wide variety of products were detected and seized in different locations, both at borders and in the internal market. They consisted of sportswear (t-shirts, sweatshirts, tracksuits, socks, underwear), luxury brands (t-shirts, jumpers, pullovers, underwear), shoes and sports shoes, as well as accessories, belts, sunglasses, jewellery, watches, caps, hats, etc.

In addition to the above categories of goods, during the operation, hundreds of thousands of 'other' products were detected. These were mostly labels, wrappings or figurative elements of each brand, as well as other products such as electronic products, household goods, toys, foodstuffs, mobile phone chargers, games, phone cases, beach towels, flip-flops, towels and swimming suits, candies and sweets or boxes, and vials of well-known perfume brands.

Fig. 4 Types of seized goods

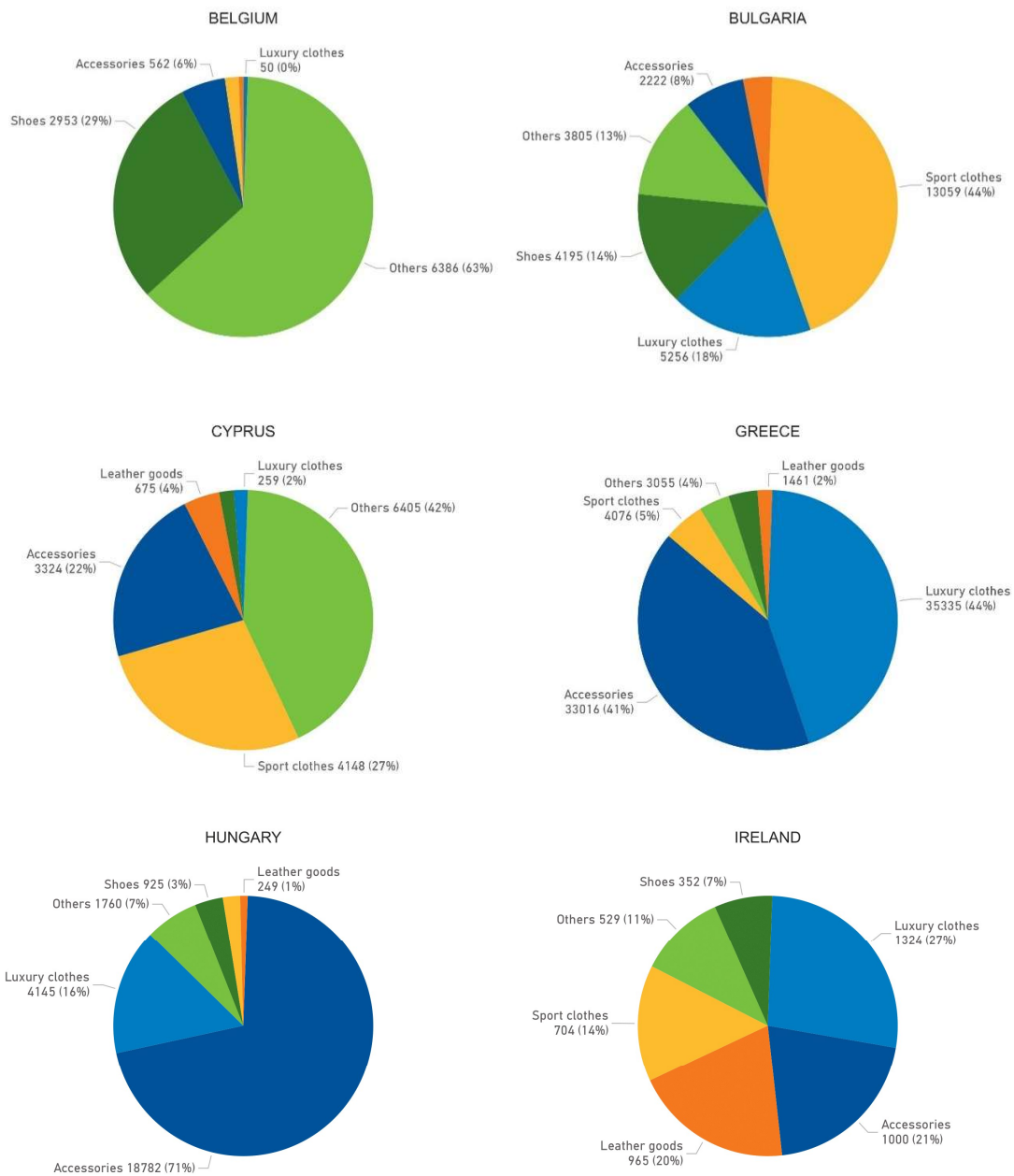


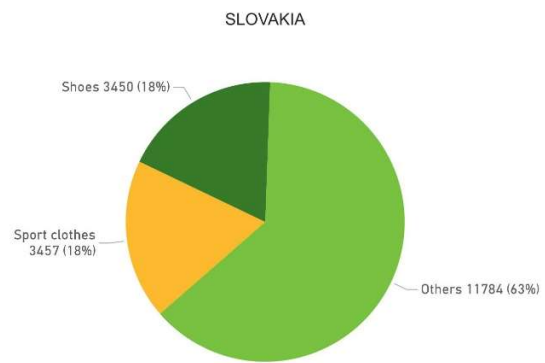
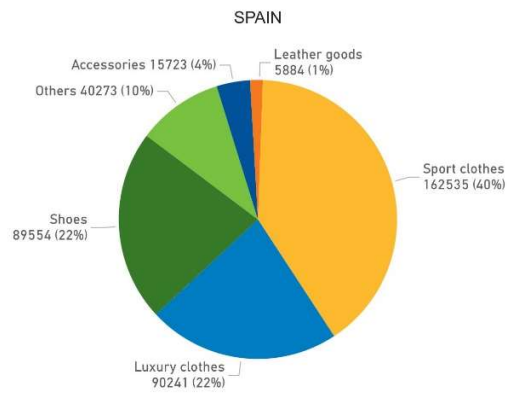
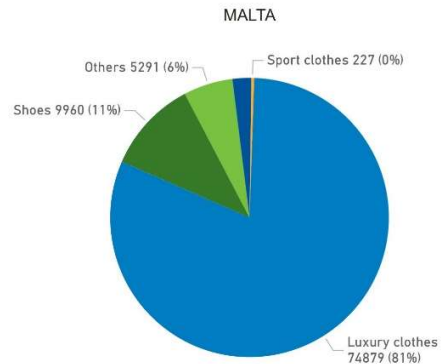
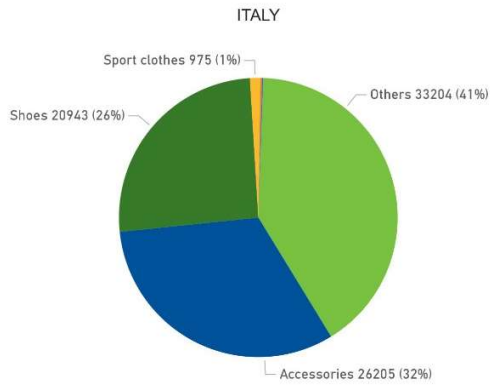
*In the category of 'others', countries have included all kinds of products such as: labels, paper bags, stickers, certificates of authenticity, footwear components, cardboard boxes and mobile phone chargers (Portugal); games (Belgium); fragrances and handbags (Bulgaria); hats, suitcases, perfumes, toys, phone cases and beach towels (Cyprus); flip-flops, towels and swimming suits (Greece); candies and sweets (Romania); boxes and vials of well-known perfume brands (Serbia).

5.2.2 By country

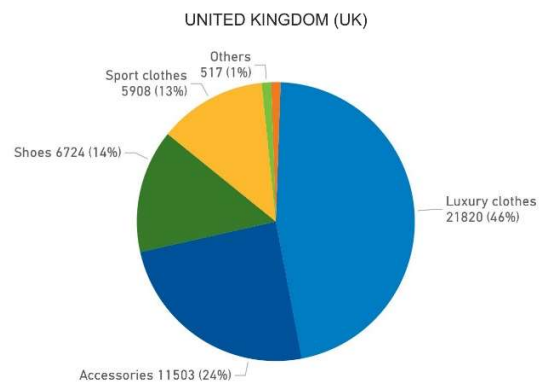
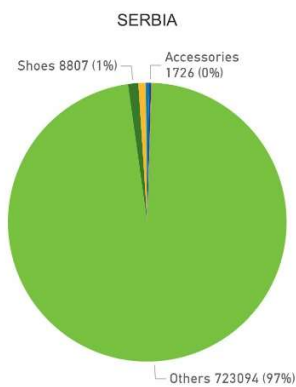
The typology of fake items seized from several participating countries is illustrated in the following charts (see more details in Annex 1 for national highlights):

European Union countries





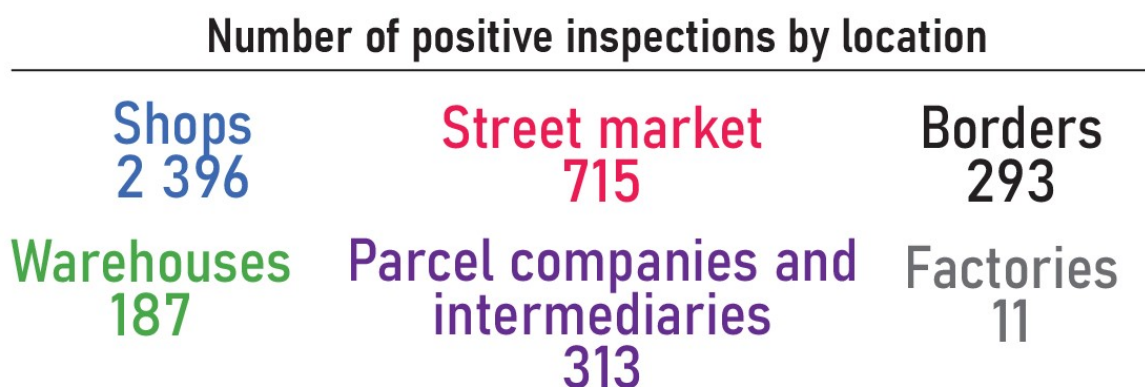
Non-EU countries



5.3 Locations inspected

As defined in the action plan, inspections were carried out both in the internal market and at borders, with the following number of positive inspections. The following data refers to the number of inspections, not to the number of items seized at each location.

Fig. 5. Types of locations inspected in the internal market



5.4 Main countries of origin

According to the data provided during the operation, the seized counterfeit products originated mainly from outside Europe, namely China, Hong-Kong, Türkiye and Vietnam, and were transported either through land borders or by sea.

However, domestic production sites were also detected during the operation (i.e. in Spain, Hungary and Portugal).

5.5 Detected modus operandi (MO)

In relation to the methods of production, distribution, marketing and direct sales, the following MOs were detected.

5.5.1 Manufacturing

Incoming product forms were detected, which indicates that the assembly phase of products is sometimes finished in the country of destination.

As the authorities described using the 'relevant note' documentation, they have detected that criminals buy unlabelled 'white goods' products, and then add the counterfeit part to the appliances. In this way, the criminals commit the counterfeiting in the country of destination and not at the origin.



5.5.2 Distribution phase

The following forms of distribution were detected in the countries producing the counterfeit goods:

- business to consumers (B2C) trafficking of counterfeits by means of small consignments handled through courier services;
- express courier parcels.

5.5.3 Marketing phase

Other forms of business that do not consist of physical sales were identified, such as the use of social network marketplaces for the promotion and sale of counterfeit goods. In terms of physical sales, counterfeit products were found in physical areas such as shops, street markets, hawker shops and car boots.

5.6 Counterfeiting trends identified

As described above, thousands of products were detected in the different identified subcategories of counterfeit products. In addition, numerous other products needed for the production and marketing of the counterfeit products (labels, tags, packaging material, etc.) were also seized.

Moreover, hot-presses for *in situ* embedding of the logos or the trimmings of well-known brands to the falsified products were also found during the operation. These are clear indicators that intra-EU clandestine assembly sites are more and more present due to the easier movement of counterfeit goods within the EU compared to importing already finished counterfeit products from outside of the EU.

As for the typology of counterfeiting by country, it is noteworthy that some countries detected mainly national brands, a clear indicator of consumer demand.

In some cases, it emerged that criminals exposed only a minimum quantity of goods on the markets, only showing samples for each counterfeit trademarked product, hiding the rest of the goods in secure storage places to minimise the risk of being detected with the full load of counterfeit items.

The co-existence of counterfeiting with other serious crimes in the same areas was also identified in some instances. Therefore, tackling one offence can have a knock-on effect and help tackle other offences.

6 Conclusions

The results of the first edition of Operation Fake Star are significant, with almost **2 million counterfeit items seized with an estimated retail value of EUR 87 million**. These results clearly show that the sale of counterfeit clothes, shoes and accessories in the EU is a very profitable market that needs continuous attention by enforcement authorities.

According to the results of Operation Fake Star, **sport and luxury goods** were the most seized goods, within the targeted categories³, with millions of seized items intended to be sold on the European market.

The seized counterfeit products originated mainly from **outside Europe**, namely China, Hong-Kong, Türkiye and Vietnam and were transported either through land borders or by sea.



However, **domestic production sites** were also detected during the operation. The analysis of the results shows that, in some instances, fake products entered the different countries as semi-finished products, pending the final assembly of the counterfeit goods in the country of destination.

Similarly, the significant presence of **clandestine intra-EU assembly sites** was also identified. Furthermore, the numerous products needed for the production and marketing of the counterfeit products, such as labels, tags and packaging materials were seized by the participants. In the case of clothing, some countries detected sewing machines and laser screen-printing machines, used to carry out the final screen-printing.

Although different participants noted a considerable use of **social media platforms**, to advertise counterfeit goods, the results of this operation clearly show that **conventional offline/physical markets** are still an important reality that deserve law enforcement focus.

Finally, in some instances, the co-existence of counterfeiting with other serious crimes in the same areas was also identified. This is an indication of the **poly-criminal features** of some OCGs

³ Targeted goods included clothing, sports shoes, leather goods, as well as accessories such as glasses, watches of well-known brands. However, other types of goods detained during the operation have also been included in the final figures of the operation.



involved in IP crime. Consequently, fighting IP crime could help tackle other offences committed by the same or linked OCGs.



7 Annexes

7.1 Annex 1: National highlights

The following data reported by the participating countries during Operation Fake Star illustrates several criminal cases linked to the relevant seizures.

7.1.1 Spain

Operation Bambos

In Operation Bambos, a well-organised OCG was dismantled. Members of the group were present in all the possible operational steps, from the acquisition of the goods, the posterior production (through hot-melt adhesives, labelling and packaging of the counterfeit goods) to the distribution and managing of the marketing of the products. In total, 12 persons from Belgium, Paraguay and Spain were investigated during the operation for IP crime, documents forgery and organised crime.

The OCG obtained plain shoes and clothes without logos from China and Portugal (Porto area), and then produced the counterfeit goods by embedding labels into the goods, using identical or similar packaging for their sale. The dismantling of the OCG was possible due to international cooperation with the Portuguese Autoridade de Segurança Alimentar e Económica (ASAE) through Europol (AP COPY). The investigation started when the Guardia Civil received information that counterfeit goods were stored in a warehouse in the town of Archena (Murcia).

From the registry carried out in the warehouse, criminal investigators seized 10 000 counterfeit clothes and shoes, more than 16 000 forged labels of well-known registered trade marks, tools to produce the goods, packaging for the products, documents and high-end vehicles. The judicial police from the Guardia Civil discovered that direct sales to consumers (some of them were buying large quantities) took place in this warehouse and that there was a continuous flow of parcel courier company vehicles.

For these reasons, they obtained an entry and search warrant that enabled them to discover all the described evidence. Criminal investigators were able to analyse the variety of documents and digital files to reveal another modus operandi. This was that the OCG was also making the counterfeit goods available to the public through social media platforms such as Facebook and Instagram and sending orders through an on-demand system of marketing.

In total, 34 trademarks were infringed and the estimated value of the items sold by the OCG was EUR 1.7 million, revealed from the notes, invoices and digital files. This shows the importance of carrying out parallel financial investigations.



Operation Mare

In Operation Mare, the police received various complaints from legal representatives of well-known brands because there were various open-market establishments that were storing and marketing goods. This operation seized 18 322 counterfeit goods that were ready to be sold, and stored in those establishments. These goods consisted of sports clothes and equipment, sneakers, caps, t-shirts, as well as leather products such as bags and purses.



All the goods were seized and 16 people were arrested for IPR crimes. In total, 19 establishments were inspected in Lloret del Mar (Girona), where they found the counterfeit goods, as well as hot presses for *in situ* embedding of the logos or the trimmings of the well-known brands to the falsified products. This just-in-time technique was used for concealing the illegal activity, and is becoming a trend used by this type of criminal. The market value of the seized goods was of EUR 549 660.

Criminals exposed a minimum quantity of goods, using them as a sample for each counterfeit trademarked good, hiding the rest in storage places. In this operation, a very large number of infringed trade marks is notable.

The goods were sold in open-to-public shops, mainly for tourists, who ignore the origin or nature of the goods. This operation was carried out by specialised groups from the Judicial Police in Barcelona and Girona, the Spanish National Police and the Spanish Customs Surveillance

Service, who dealt with recidivism in the establishments they investigated.

Operation Sexto

In Operation Sexto, a wholesale distribution network was dismantled with the detention of the perpetrators and the seizure of 17 667 counterfeit t-shirts of well-known registered trade marks, found in two industrial units.

In this operation, both the Judicial Police and the Local Police of Benidorm (Alicante) intervened in specific zones where the criminals were peddling the counterfeit goods. The investigators were able to locate the two industrial units by identifying the two main providers of the counterfeit goods. Following the surveillance of those units, the police intervened and inspected both places. They were able to identify two legal companies that were carrying out the production of the counterfeit goods by embedding the trade marks into clothes and then selling them wholesale.



Operation Vega

Operation Vega was carried out by a unit from the Judicial Police of Benidorm and another unit from the General Headquarter of the Judicial Police of the Spanish National Policed. They had received information from a previous operation carried out in Finestrat (Alicante) where many counterfeit goods were seized and it was determined that two companies located in Albatera (Alicante) were the main providers of counterfeit goods for the region.

Both units inspected two industrial units in that location and found that they produced and sold counterfeit textile products. Each industrial establishment was linked to one of the abovementioned companies. In one of them, they seized a total of 506 t-shirts of well-known trade marks. In the other, 17 161 fake clothes were found.

In total, 17 667 counterfeit textile clothes were seized, two people were arrested. Furthermore, a digital inkjet printing machine was seized, which is the machine that produced the goods. This is done by the introduction of the protected picture, logo or serigraphy, establishing size parameters and place for its embedding to producing the desired final result.



Operation Rosemary

In Operation Rosemary, the legal representative of a well-known brand filed a complaint because they noticed that there was an Instagram profile with around 200 000 followers that was offering and selling possible counterfeit goods. Thanks to public-private collaboration, criminal investigators were able to prove the illicit selling through social media, carried out by an OCG settled on the Mediterranean coast.

The OCG was storing counterfeit goods in commercial premises and warehouses in Murcia and Barcelona, where they also produced the illicit goods. In total, the seized goods of this operation were: 29 540 plain clothes that were going to be forged, EUR 20 780 in cash, EUR 50 000 in blocked bank accounts, five mobile phones, one hard drive disk (HDD), two computers, various pen-drives, four serigraphy irons, one label printer, one sewing machine, thousands of labels, two notebooks with relevant information of the activity of the OCG, and relevant documentation.

This OCG carried out direct sales through their physical points of sale, but also sent orders to various points around Spain. They sent the goods using parcel courier companies and usually received the money in a bank account directly or in its bank account but through a mobile phone bank service that can be used to send and receive money.



Operation Rebastion

Operation Rebastion was carried out by the provincial delegation of the Spanish National Police in Jaén. Criminal investigators noticed that there was an increase in counterfeit goods in the province, mainly in street markets, and started an investigation to find their origin.



The modus operandi, as described by the criminal investigators, was that a complete infrastructure for the forgery and wholesale of counterfeit goods had been constructed over years. From these activities they had obtained a high return (e.g. luxury cars). This had raised suspicions because the perpetrators were not known to be working.



Criminal investigators discovered that there were five centres for the production and storage of counterfeit goods (two industrial units and three houses) and the production was carried out in clandestine workshops. Firstly, they bought plain clothes without logos in Spain, and then they bought all the elements for the forgery of the clothes (serigraphy elements, logos, labels, etc.) on the black market, as well as the production machines. They produced the counterfeit goods using the acquired material, and finally sold their counterfeit goods, mainly in street markets and online.

7.1.2 Greece

The Hellenic Financial Police Division

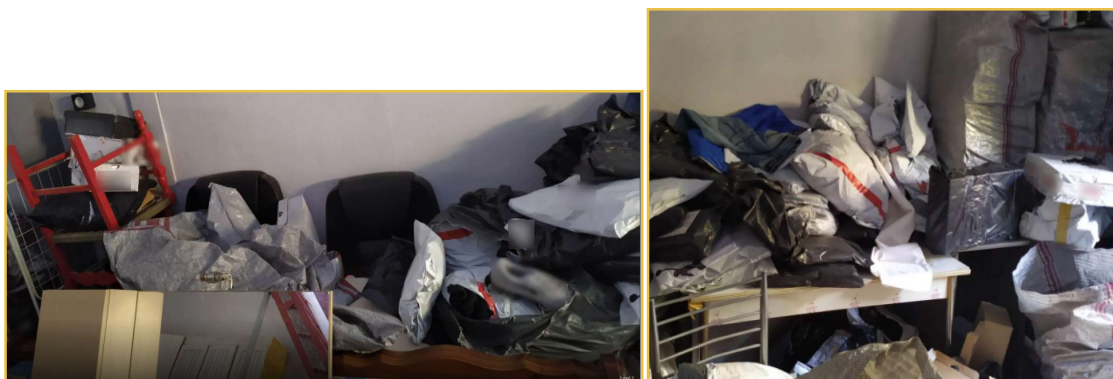
In early November 2022, the Hellenic Financial Police Division dismantled a criminal organisation dedicated to the import and distribution of counterfeit goods through social media profiles and websites.

The criminal organisation had been selling counterfeit products through social networks and websites since the beginning of September 2020 and, in order to conceal their actions, they

managed 'virtual' companies into whose accounts the money from the sales was deposited and then withdrawn from ATMs.

To achieve their goals, they advertised their products on the internet at prices 40 % below normal prices, thus persuading suspicious consumers of the authenticity of the product. The orders were sent to customers via courier companies without issuing the necessary tax documents, by registering natural or legal persons, front men, or by members of the organisation physically delivering them.

From the investigation, it was concluded that the members of the organisation created and managed four different websites through which they had distributed 23 000 shipments of goods, the total value of which exceeded EUR 1.5 million. Seven members of the criminal organisation were arrested for involvement in the crimes of counterfeiting, fraud, money laundering, drugs and possession of weapons.



7.1.3 Hungary

Hungary National Tax and Customs Administration

During the implementation of Operation Fake Star in Hungary between 1 December 2022 and 9 December 2022, a total of 21 infringements were detected, of which 11 were the subject of criminal proceedings and 10 were considered as misdemeanours. The operation was carried out by plainclothes and uniformed patrols of the National Tax and Customs Administration. The established financial loss was approximately HUF 549 796 445. (EUR 1.34 million). 26 408 items of suspected counterfeit and/or low-quality goods (typically luxury brand products and accessories) were seized. During the operation, printing clichés, hydraulic and electric presses and large quantities of sew-on labels were found.



7.1.4 Malta

Malta Custom Service

New trends were detected within the jewellery sector, such as the one detected by the customs in Malta, which carried out the detention of illicit goods in all kinds of packages, having detected and seized more than 1800 pieces of jewellery of luxury brands that infringed intellectual property rights.



7.1.5 Portugal

The Portuguese Authority for Economic and Food Safety (ASAE)

During the operation, the authorities identified factories producing components to manufacture counterfeit products:

- moulds to manufacture shoe soles,
- metal moulds for printing trade marks,
- labels and tags to affix to products,
- cardboard boxes for footwear.

In addition, they found companies that assembled the components, and online and physical shops at trade fairs and open-air markets that sold counterfeit products of top brands such as Armani, Hogan or Dsquared.

In the first phase of Operation Fake Star alone, ASAE investigated two shops and three factories and seized more than 53 000 products with an estimated value of EUR 215 000. Five court cases were opened.





7.1.6 Serbia

Serbia Department of Economic Crime in the field of Business Fraud and Intellectual Property, which is part of the Criminal Investigation Directorate.

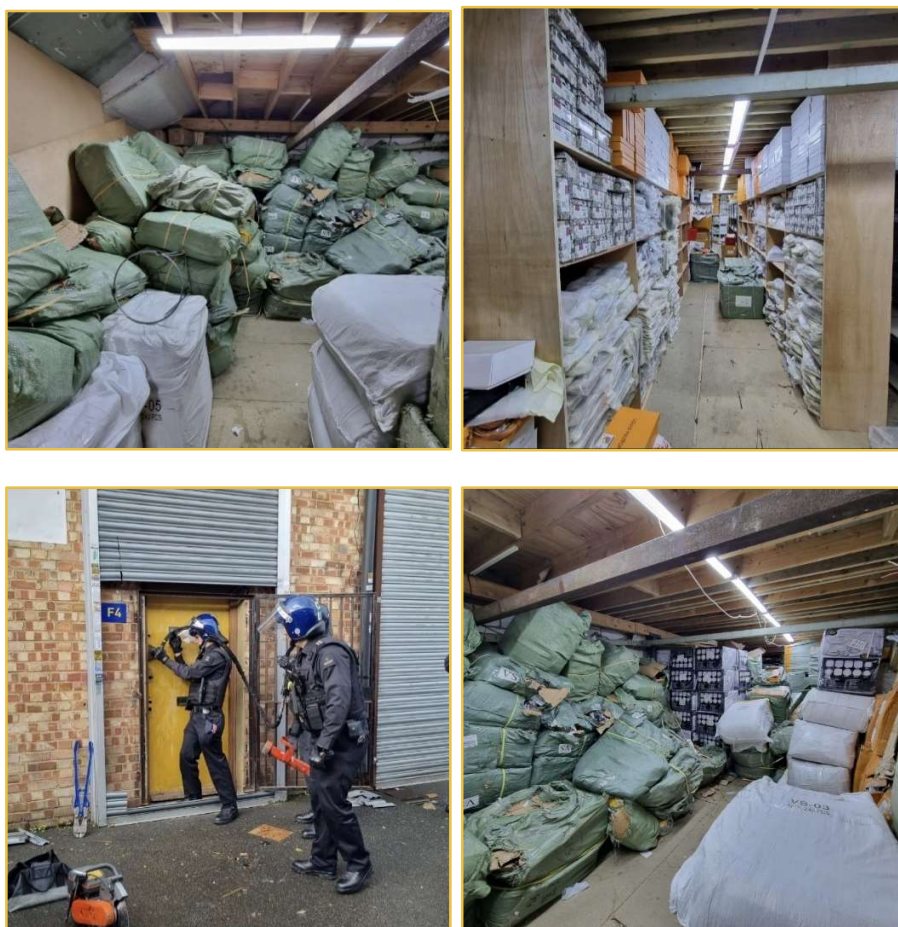
In 2021, they opened the file of the criminal operation FAST MAIL. The team identified goods on social networks and online marketplaces, made controlled purchases and obtained the necessary data to carry out an investigation.

Between March and December 2022, the Department for Economic Crimes in the Field of Business Fraud and Intellectual Property, in cooperation with the Ministry of Trade, initiated coordinated actions by economic crime police officers from police departments in eight Serbian cities. Police officers filed 139 criminal charges against 139 suspects and temporarily confiscated 775 620 different counterfeit goods worth EUR 754 675: shoes, clothes, accessories, watches and accessories (labels, boxes, etc.) in shops and flea markets



7.1.7 United Kingdom

The City of London Police Intellectual Property Crime Unit made a mass seizure of 44 tons of counterfeit goods that included clothing, shoes, accessories, perfumes and football shirts. The exact number of goods was not able to be determined due to the difficulty of counting the extremely large number of goods that were seized in the operation that lasted three days.



North West Regional Organised Crime Unit, and City of London Police, the United Kingdom

Operation Vogue, which targeted seven shops based on information already in databases, uncovered 37 519 counterfeit items worth between EUR 21 million and EUR 23 million:

- 16 450 luxury clothing items;
- 14 916 accessories;
- 5 332 shoes;
- 799 sportswear items;

- five leather goods.

12 suspects were arrested, and three court cases opened.

The North West Regional Organised Crime Unit planned a week-long intensification of Operation Vogue to cause maximum disruption in the Cheetham Hill area of Manchester, known as the counterfeit capital of the UK. A total of five warrants were executed in 5 days, with work including Operation Jericho and Operation Nomad, which resulted in the arrest of nine suspects, goods worth between GBP 20 million and GBP 22 million and GBP 18 500 in cash, which police detained under UK law. The goods were transported by lorry and stored prior to destruction.

In the City of London, as a result of the same operation (Vogue), police executed two warrants targeting known individual shops selling counterfeit goods and located over 7 000 items from 35 designer brands, with a loss value to the industry in excess of GBP 1 278 000. The team also arrested three suspects and opened three prosecutions.

Some of the highlights include good cooperation with the brands on how to identify the items and the co-existence of counterfeiting with other serious crimes in the same areas, so that tackling one problem has a knock-on effect and can help tackle other offences.





7.1.8 Slovakia

Slovak authorities searched almost a hundred shops as well as warehouses and seized a large quantity of counterfeit sports shoes and clothing.



7.1.9 Cyprus

Clothing, footwear, and leather goods were detected. In most of the inspections carried out by the participants, this typology of products has been accompanied by not only accessories such as hats, sunglasses, bags, belts, but also other products catalogued under 'Others', such as labels; paper bags, stickers, certificates of authenticity, shoe components, cardboard boxes, mobile phone chargers, games, perfumes, fragrances, hats, suitcases, perfumes, toys, phone cases, beach towels, flip-flops, swimming costumes, even candies and sweets. In Cyprus, accessories were detected together with mobile phone cases and backpacks.



7.1.10 Portugal

ASAE

Fake sunglasses were detected. As these products can cause health risks, they require exhaustive controls. The use of fake sunglasses can cause permanent ocular damage and affect the vision. A coordinated action of an analysis of the products by specialised professionals is required in order to determine if these lenses could cause damage such as superficial burns in the cornea, damage to the conjunctiva, age-related macular degeneration, tearing and photophobia.



Regarding fake jewellery, there may be a risk of allergies. However, this has not been noted in any of the cases.



7.1.11 Hungary

Items such as perfumes were found during the inspections, as well as other items, according to an image provided by the Hungarian customs authorities.



7.1.12 Slovakia

During the inspections carried out, other illicit goods were found, such as electronic and mobile phone accessories.

Financial Administration, Slovakia, action JABLKO

In August 2022, customs officers conducted coordinated checks to identify violations of intellectual property rights in selected retail stores in 12 Slovakian cities. The operation, which focused on three brands that had filed Customs Application for Actions (Apple, Samsung, and PopSockets), benefited from quick cooperation by the affected rights holders. Slovakian LEAs seized 5 910 counterfeit items, mainly phone cases, covers and protective glasses. During the inspections, customs officers also focused on obtaining photocopies of commercial documents to confirm the flow of goods.

Invoices and packaging found at the scene showed that the goods were sent from EU countries (Czech Republic and Italy) and third countries (China, Hong Kong, and Vietnam).



7.2 Annex 2: Acronyms and Abbreviations

Acronyms	
AFIS	Anti-Fraud Information System
AP COPY	Analysis Project Copy
ASAE	Portuguese Autoridade de Segurança Alimentar e Económica
ATM	Automated teller machine
EU MS	European Union Member State
HDD	Hard Disk Drive
IP Crime	Intellectual Property Crime
IPEP	IP Enforcement Portal
IPR	Intellectual Property Right
LEA	Law Enforcement Agency
OCG	Organised Criminal Group
SIENA	Secure Information Exchange Network Application
UK	United Kingdom
Organisations and Institutions	
EU	European Union
EU COM	European Commission
EUIPO	European Union Intellectual Property Office
EUROJUST	European Union Agency for Criminal Justice Cooperation
FRONTEX	European Border and Coast Guard Agency
OLAF	European Anti-Fraud Office