



Intellectual  
Property  
Office



# IP CRIME REPORT 2015/16



# AT A GLANCE

Chapter 1  
Welcome

Chapter 2  
IP Crime Today

Chapter 3  
Tackling IP crime

Chapter 4  
Trading Standards  
Survey Results



FOREWORD	5	IP CRIME TODAY - OVERVIEW	11	TACKLING IP CRIME - OVERVIEW	39	STATISTICS	82
INTRODUCTION	6			CRIME GROUP REPORTS:			
EXECUTIVE SUMMARY	7			3A GOVERNANCE	40		
				3B CONNECTIVITY	46		
				3C ACTION	59		
				3D INTERNATIONAL	73		

## DISCLAIMER

THIS REPORT IS AN AMALGAMATION OF INFORMATION FROM DIFFERENT ORGANISATIONS AND THE INFORMATION INCLUDING FACTS AND FIGURES SUPPLIED BY THE CONTRIBUTORS HAS NOT BEEN SUBSTANTIATED BY THE IPO.

Chapter 1

# Welcome

# FOREWORD – BARONESS NEVILLE-ROLFE



This is the eleventh year in which the IP Crime Group and Intellectual Property Office have collaborated to produce an assessment of the level of IP crime in the UK and to highlight the actions taken by businesses, law enforcement and government to respond to it. There is no doubt that our rights holders face relentless infringement on an enormous scale. However, it is also a fact that we are responding to this threat in ever more collaborative and co-ordinated ways.

In May this year I launched the Government's IP enforcement strategy for the next four years - IP enforcement 2020<sup>1</sup>. Our ability to meet challenging strategic ambitions, like tackling the trade in counterfeit goods and making the online world a place of legitimate activity for businesses, is entirely dependent on the kind of collaborative action this crime report highlights. We have also committed in the strategy to further strengthen the legal framework to facilitate easier access to justice for businesses and consumers, as well as increasing our international engagement with key partners such as China and the US.

As the newly re-appointed Intellectual Property Minister, I am delighted that this year's report contains so many operational successes, from so many organisations. A few highlights include:

- FACT, Trading Standards and the Police dealing with the proliferation of internet protocol TV services
- ACG members removing dangerous counterfeit electrical consumer goods
- Social media sellers of counterfeits being targeted by Operation Jasper

The use of social media to sell counterfeits and share pirated content illustrates the way IP criminals will adapt their business models to reach new markets. To counter this we need to continue to keep pace with these criminals by developing innovative ways to address IP crime.

This report shows that progress is being made, but there is no doubt that challenges remain. For example, Strangeways in Manchester has acquired a reputation for being the 'hub' of counterfeit goods supply in the UK. I am determined to change this and tasked the IPO to investigate and make recommendations to deal with this problem<sup>2</sup>. Through collaborative actions we are beginning to see results – traders in counterfeits are being evicted by Manchester Council and partner agencies, and we are targeting and prosecuting 28 individuals who are known to be significant traders in counterfeits. I am pleased to see this response and look forward to further progress in the coming months.

The recent EU membership referendum may change our relationship with our fellow Europeans. However, it will not change the collective desire throughout Europe to deal with IP crime. This Government, law enforcement partners and IP Crime Group members will continue to work with our international colleagues to do all we can to keep our consumers safe and to provide an environment in which legitimate businesses can thrive.

I congratulate all contributors to this IP Crime Report. Your collective efforts are making a difference and I look forward to many more years of IP enforcement successes led by IP Crime Group members.

**Baroness Neville-Rolfe DBE CMG**  
**Minister of State and Minister for Intellectual Property**

<sup>1</sup> <https://www.gov.uk/government/publications/protecting-creativity-supporting-innovation-ip-enforcement-2020>

<sup>2</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/492514/Counting\\_the\\_cost\\_of\\_counterfeit\\_goods.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/492514/Counting_the_cost_of_counterfeit_goods.pdf)

# INTRODUCTION – GILES YORK



It is with great pleasure, as Chair of the IP Crime Group, to deliver an IP Crime Report which presents a broad and fascinating view of the diverse work and progress achieved tackling IP Crime over the last year. The UK is recognised as a global leader, a position reinforced this year by the US Chamber of Commerce stating the UK is now the highest ranked country for IP enforcement. We should be encouraged but of course never complacent as it has been estimated by the EU IPO and OECD<sup>3</sup> that in the

European Union (EU) counterfeit products amount to up to 5% of all EU imports, worth up to €85 billion.

This year the Government published a new IP Enforcement Strategy to 2020, outlined by the IP Minister Baroness Neville-Rolfe, which will focus on continuing the effective partnership work with domestic and international partners from industry, law enforcement and governments in order to tackle the extensive and evolving challenges presented by IP infringement and counterfeiting. The referendum result to leave the EU after 40 years of membership, will no doubt bring significant changes and may influence future collaboration and cooperation with our trading and enforcement partners on IP enforcement.

Other changes include that to design law in the 2014 IP Act, which have made it simpler and more robust to apply legislation, for what is one of the fastest growing sectors within the creative industries, along with a new criminal offence covering the intentional infringement of registered designs.

Pressure from online infringement continues, with illegal downloading presenting a threat to the stability of markets for digital content. PIPCU is becoming recognised as a world leader, having taken down 11,000 websites selling counterfeit goods and

initiatives such as Operation Creative being taken up by other countries. The volume is staggering, with recent cooperation between companies and agencies across industry sectors leading to the submission of 100 million URLs to Google and Bing for removal of links to infringing content, and the rise of pirated digital content using set top boxes and Internet Protocol (IPTV) being significant. This proliferation has led to potential changes considered in the Digital Economy Bill 2016, that the existing maximum sentences for online copyright infringement be raised from two to ten years in line with physical copyright infringement.

I am, as ever, very grateful for the contribution made by Trading Standards to the IPO's IP Crime survey, presented in Chapter 4, as it provides a significant part of the complete picture on IP Crime and underpins the vital role they perform in seeking to protect consumers and tackle significant contributors to the problem like Fulfilment Houses. I urge any reader to review Chapter 3 of the report as it describes many outstanding case studies, often in collaboration between the IPO, industry and law enforcement where individuals and organised crime have been disrupted or prosecuted for the production, movement and sale of infringing goods and digital content into and across the UK.

Finally, I welcome the formation this year of the Illicit Trade National Policing Portfolio led by Commander Greany (National Coordinator for Economic Crime). This will enable increased collaboration across a broad range of sectors like tobacco, alcohol, medicines and health care products, which can fall outside the scope of IP Crime but also fuel the shadow economy, undermine legitimate business and harm communities.

The success of UK IP enforcement speaks for itself, and I commend the diverse members of the IP Crime Group for their commitment in tackling the threat of IP Crime to UK economic growth and stability, bringing innovation, expertise and sustained capability.

**Giles York Chief Constable Sussex Police**

3 Trade in Counterfeit and Pirated Goods: Mapping the Economic Impact

## EXECUTIVE SUMMARY

This year the development of the UK's creative industries as an economic driving force continues. The Department for Culture Media and Sport currently estimates the value of this sector exceeds £84 billion.<sup>4</sup> In this report Anti-Copying in Design (ACID) draw attention to the specific success of the design industry and the challenges designers now face in an active increasingly challenging enforcement environment. ACID claim design is the fastest growing sector within the burgeoning creative industries, in the 5 years between 2008 and 2013 the design sector grew by 34%. In the UK today 350,000 people are employed in the design industry.

The success of this sector is due, in part, to the achievements of all IP-aware businesses. Design is a component of all production. Dr Ralph Speth, the CEO of Jaguar Land Rover famously summed up the value of design:

**If you think good design is expensive, you should look at bad design.”**

We can, perhaps, follow his train of thought and apply it to the enforcement environment.

**If you think IP enforcement is challenging, you should consider the alternative.”**

4 <https://www.gov.uk/government/news/creative-industries-worth-almost-10-million-an-hour-to-economy>

The enforcement of rights is the footing upon which the value of IP-intensive industries rests. Without the security offered by effective legal frameworks, without the cooperation of law enforcement bodies, government agencies, industry-specific trade groups, business associations and individual IP-intensive companies, it would be not be possible to guarantee the continued success of the UK's burgeoning creative businesses.

### Only connect

Interconnectivity characterises our 2015/16 report. Whilst the administrative differences between online piracy and offline counterfeiting remain important in our quantification of IP crime, and whilst specific industries and individual enforcement authorities occupy and understand their own niches, the increasing importance of online trade in organising, promoting and effecting illicit activity connects hitherto unrelated sectors. This effect is heightened when one acknowledges that piracy and counterfeiting do not occur through exclusively illegal sites on the dark web. The use of widely available and trusted platforms like Facebook, eBay, Amazon and trusted brands like Google, in association with the promotion and distribution of pirate/counterfeit products, means that collaboration between brand owners and enforcement groups is crucial. For example, 84 percent of the online market place takedowns reported by Trademark and Rights Holders Against Piracy (TRAP) relate to Amazon or eBay listed sites. Indeed, the role of trusted brands in legitimising illegal content through advertising has already been highlighted in a recent successful online IPO video.<sup>5</sup> Following the success of interventions like Operation Jasper<sup>6</sup> last year, cooperation between high profile, trusted brand owners and enforcement specialists characterises many of the online and offline enforcement projects described in this report.

5 [www.youtube.com/user/ipogovuk](http://www.youtube.com/user/ipogovuk)

6 Operation Jasper – A large enforcement operation combating the sale of counterfeit and pirated goods on social media in England, Wales and Northern Ireland

## Define value

A further complicating factor challenging IP enforcement practitioners was been revealed in reports and surveys conducted by the IPO during 2015/16. A key finding of the IPO's 2015/16 survey of IP awareness amongst UK businesses was the fact that 96% of companies had not valued their intellectual property.<sup>7</sup> Without an understanding of the value of IP, the scope and scale of IP crime becomes harder to characterise. Further research reveals additional challenges. Even today, many members of the public and business communities are not merely misled and defrauded by IP criminals (without necessarily understanding the nature of their offences), they may be complicit in IP crime themselves. Only 28 percent of companies check to make sure they are not infringing others IP rights. In the field of piracy, content providers seem to be regarded by a large portion of society as 'fair game'. According to the <sup>8</sup>IPO's Online Copyright Infringement Tracker, which focussed on the period March-May last year, 96 million music tracks were accessed illegally during this period (this represents a little under a third of the entire market). In this sector, consumer's treatment of musical content seems to suggest that music is perceived as part of the public, not the private domain. A balance must be struck between action against IP criminals and a continual raising of awareness, engaging the wider public, offering positive messages concerning the value of IP and the destructive impacts of IP crime.

## Cooperation into action

In 2016 the IPO produced its 'IP Enforcement 2020' strategy, mapping the direction of travel for the next four years. Interconnectivity and the need to respond positively to the unique challenges of IP enforcement characterise the motivation behind this report. The IPO is the communications hub for enforcement practitioners. This report is produced by the IPO and it enables all partners collaborating in the field of IP enforcement to contribute and learn from one another. In 2014 the UK hosted the first global enforcement summit, the take home message from this event was the need for greater cooperation. This report exemplifies our desire to transfer intentions into actions.

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7 [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/500211/IP\\_awareness\\_survey\\_2015.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/500211/IP_awareness_survey_2015.pdf)

8 IPO - Online Copyright Infringement Tracker – July 2015 – [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/449592/new\\_OCL\\_doc\\_290715.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/449592/new_OCL_doc_290715.pdf)



## The UK Creative Industries and the Economy

**Value (GVA)**  
**£84.1bn**

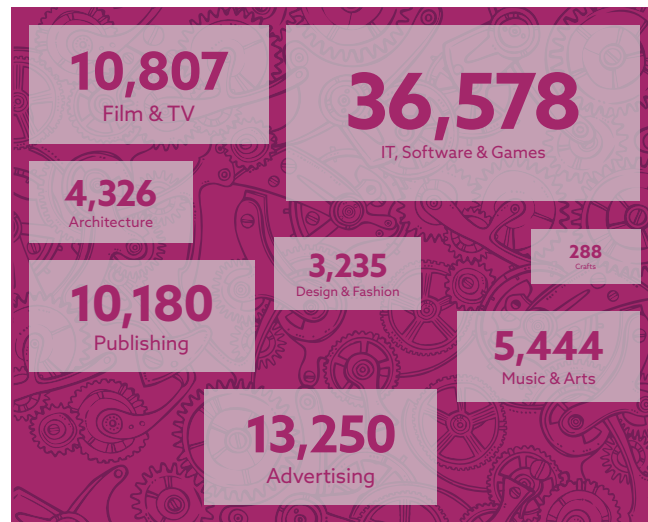
**AN HOUR**  
**£9.6m**

**8.9%**

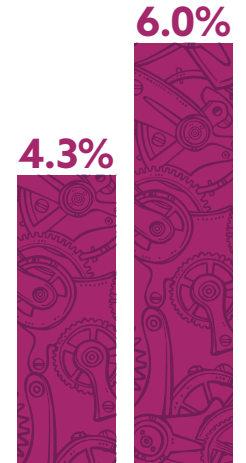
Increase in GVA of the creative industries between 2013 and 2014

GVA of UK Creative Industries (£)

Total £84.1bn



Annual Change in GVA 1997-2014



[www.thecreativeindustries.co.uk](http://www.thecreativeindustries.co.uk) Source: DCMS Creative Industries Economic Estimates January 2016

### The UK creative economy 2015

**2.9m JOBS**

**1 IN 11 UK JOBS**

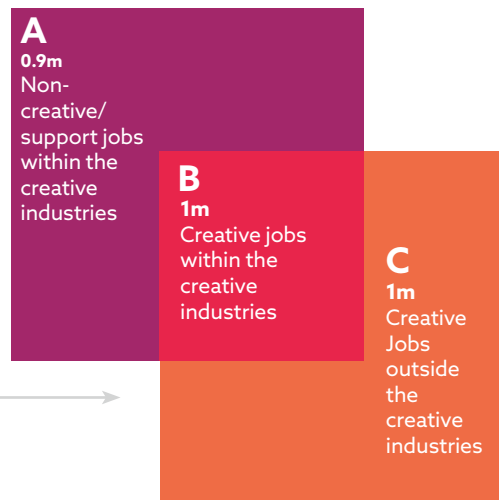
**9.0% OF UK TOTAL JOBS**

Total 2.9m jobs in the creative economy

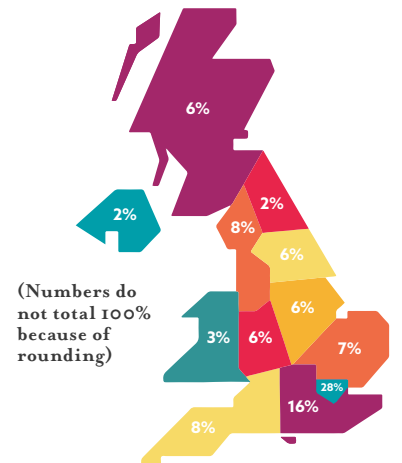
Creative economy = A+B+C

Creative industries = A+B

### Employment in the UK creative economy



### Proportion of jobs in the UK creative economy by region 2015



[www.thecreativeindustries.co.uk](http://www.thecreativeindustries.co.uk) Source: DCMS statistics 2016

Chapter 2

# IP Crime Today

## OVERVIEW

### The scale and scope of IP crime

Perhaps the area where IP crime statistics most often reach jaw dropping levels is in relation to the industries providing digital content. During a sample three month period last year, 28% of those questioned admitted their music downloads in the UK came from illegal sources. Similarly, 23% of films, 22% of software, 16% of TV and 15% of games were downloaded in breach of copyright. In some areas these figures show a decline (the number of illegal music downloads has dropped from a peak of 157 million between March and May in 2013 to 96 million during the same period in 2015), however, in other markets the appetite for illegal content increases. For example, a comparison of illegal TV programme downloads over the same period reveals a 33 percent increase from 12 million to 16 million.<sup>9</sup>

The reasons for the spike in TV copyright infringement appear to be, in part, technological, with ‘unofficial services’ such as uTorrent, BitTorrent, TV catch up apps and established sources such as YouTube offering content without legal certainty. Uncertainty as to the provenance of downloads is a real problem for consumers as this quote from a young downloader for the IPO report suggests:

“I prefer streaming things on Youtube rather than those illegal downloads. If it’s on Youtube then it’s obviously going to be strict. Finding Nemo is on there. Something like that would be taken off if it was illegal.”

<sup>9</sup> IPO - Online Copyright Infringement Tracker – July 2015 – [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/449592/new\\_OCI\\_doc\\_290715.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/449592/new_OCI_doc_290715.pdf)

The headline figure of the IPO Online Infringement Tracker - July 2015 is quoted below.

“Sixty-two per cent of UK internet users aged 12+ consumed at least one item of online content (legally or illegally) over the three-month period March-May 2015. Forty-two per cent had downloaded content, and 57% had streamed or accessed content. The streaming activity has grown significantly from previous waves. This is the highest level of streaming or accessing content online we have seen to date.”

## The front line

The British Phonographic Industry (BPI) confirms the trend. Between January 2015 and March 2016 the BPI referred 100 million URLs to the Google and Bing search engines requesting the removal of infringing search results. The BPI describe the 200 million submissions to search engines for removals of illegal content since 2011 as ‘astronomic’. Similarly, PRS for Music reports new threats to content from stream-ripping and the Federation Against Copyright Threat (FACT) cites the proliferation of Internet Protocol TV sets (IPTV) as contributors to the rise in illegal content downloading.

The effect of the general availability of illegal content is as visible in relation to text as it is to sound and moving images, as witnessed by the Professional Publisher’s Association (PPA) who estimate the scope of digital magazine piracy to be ‘significantly larger than the UK’s legitimate digital magazine market’. Similarly, enforcement partners with an international presence also refer to pressure from online activity. For example, Netherlands based REACT took action on 800 UK cases, involving 300,000 items ranging from fashion to electronics and toys. 610 of these seizures were UK Customs cases (280,000 items), the remaining 190 cases were led by Police & Trading Standards (20,000 items).

The sophistication of online markets has an impact beyond content fraud. Number one in the Anti-Counterfeiting Group (ACG)’s headline actions has been ‘the continual growth of E-commerce’ which is having a significant impact on the availability of counterfeit merchandise to both criminal businesses and the consumer alike.

YEAR	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
TMA Cautioned	187	187	201	118	66	54	39	40	23	17
CDPA Cautioned	247	187	180	79	45	41	16	15	7	4
TMA Found Guilty	920	884	913	801	662	502	506	469	456	490
CDPA Found Guilty	249	365	478	563	366	99	92	100	61	69

The ACG refers the role organised crime plays in developing the sophisticated criminal networks necessary to action IP crime. Specifically, ACG draws attention to the use of fulfilment houses in the UK supply chain to facilitate the importation and distribution of often unsafe counterfeit goods. The ACG also reports the need to increase enforcement resources, both at the border and inland it stresses the threats posed by IP crime to innocent and often, vulnerable victims.

At street level initiatives to improve the quality of markets throughout the UK have been focussed on the Real Deal which recognises the value of traditional markets offering local authorities, traders and customers information on how to avoid IP crime. Similarly the National Markets Group (NMG) has been active in the UK’s 2000 markets.

According to the Ministry Of Justice, 490 people were found guilty of offences under the Trade Mark Act (TMA) and 69 under the Copyright, Designs and Patents Act (CDPA) during 2015, compared with 456 and 61 the previous year. The number of people cautioned for TMA offences in 2015 was 17, compared to 23 the previous year. In addition, 4 people were cautioned for CDPA offences in 2015 compared to 7 the previous year.

Table showing Ministry of Justice statistics on CDPA and TMA convictions 2006-2015

## Challenges

In our report the main challenges identified by IP Crime Group members are:

- Online – illegal downloading continues to threaten the stability of markets for digital content
- Set top boxes and the proliferation of Internet Protocol TV (IPTV) offer viewers increasingly easy access to pirated digital content
- Resources – at borders and internally law enforcers require resources to improve the rates of seizure of counterfeit goods

## Successes

Cooperation between companies and agencies, across industry sectors and beyond borders is increasing, for example BPI submitted 100 million URLs to Google and Bing for removal.

PIPCU, since its launch, has overseen 79 investigations, arrested 69 individuals for fraud, copyright, counterfeiting and cyber enabled offences. It has also investigated intellectual property crime worth £33.8 million, identified over 1,000 websites providing illegal access to films, music, TV, books, games and film and taken down over 11,000 websites selling fake and potentially dangerous counterfeit goods.

Targeted operations, examples of which are detailed in the second part of this report, illustrate our developing ability to act, in concert, to fight IP crime.

## Action

The IPO's IP Enforcement 2020 strategy has been launched, this sets the IP enforcement agenda:

- to reduce the level of illegal content online
- tackle trade in counterfeit goods
- facilitate easier access to justice
- increase education, awareness and respect for IP
- make it safer for UK rights holders to trade internationally
- improve our evidence base

## Crime Group Reports

The following reports have been drafted by all members of the IP Crime Group and invited contributors. They represent an array of views, not necessarily those of the IPO. We encourage all members of our group to contribute. We aim to achieve consensus through transparency, cooperation and through understanding.

### Alliance for Intellectual Property

Established in 1998, the Alliance for IP represents trade associations across the creative, branded and design industries. We ensure that IP rights are valued in the UK and that our legislative regimes enable the value and potential of these rights to be fully realised.

Based on the latest available data, in 2013 international trade in counterfeit and pirated products represented up to 2.5% of world trade, up to €338 billion. In the European Union (EU) it is estimated that these products amount up to 5% of all EU imports, worth up to €85 billion.<sup>10</sup> Criminals will always seek new ways to exploit the IP of others whether online or in physical trading contexts. Evidence used in successful criminal prosecutions in UK courts shows the scale of IP crime: one single illegal digital content provider prevented £5m from entering the industry through legitimate distributors<sup>11</sup>. Counterfeit medicines, tobacco and alcohol<sup>12</sup> and dangerous toys endanger lives<sup>13</sup>.

3D printing is one area where potential for legitimate growth and innovation for the creative, design and branded industries exists alongside potential threats to the work of creators and businesses in the design sector. The IPO has already published research reports into the legal implications of this technology and more research in this new market sector is forthcoming for the IPO and is included in their research priorities. We must also ensure that IP rights, including both registered and unregistered design rights, are fully appreciated and protected.

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<sup>10</sup> <https://euiipo.europa.eu/ohimportal/en/web/observatory/mapping-the-economic-impact>

<sup>11</sup> <http://www.fact-uk.org.uk/online-movie-release-group-sentenced-to-over-17-years/>

<sup>12</sup> <http://www.manchestereveningnews.co.uk/news/greater-manchester-news/police-seize-counterfeit-watches-clothing-9648492>

<sup>13</sup> <http://news.sky.com/story/1607404/asthma-link-to-chemical-in-fake-christmas-toys>

## Anti-Counterfeiting Group (ACG)

The Anti-Counterfeiting Group represents the voice of business in shaping an effective deterrent to counterfeiting in the UK. We are a not-for-profit trade association which celebrates its 36<sup>th</sup> operational year in 2016. ACG's membership comprises over 170 organisations globally, operating in, or providing specialist advice to, most industry sectors where counterfeiting is an issue. Collectively, our members own over 3,000 registered trademarks, the use of which plays a major role in driving and supporting the UK and global economies.

Whilst it is acknowledged by most in the IP community that the true scope and scale of IP crime is unknown, using data from just three ACG members it is evident that counterfeiting of all types of goods from automotive to luxury to electrical remains a potent threat.

## Automotive Stats<sup>14</sup>

**10%**

of total global trade  
is counterfeit

**2.5  
Million**



jobs are lost globally as a  
direct result of counterfeiting

**£28**

**Billion**

is the annual cost of  
counterfeiting to the  
automotive industry

**58%**

of all counterfeit  
car parts are bought  
online



## Electrical consumer goods

During the reporting period one member from this sector reported:

**540**

successful website  
closures

**49,686**

links removed from Google pursuant  
to the United States' Digital  
Millennium Copyright Act 2009

**3,255**

listings removed from eBay

**3,547**

listings removed from B2B  
websites (non-eBay)

**1,901**

listings removed from B2B  
websites



**5,020**

listings removed from social  
media websites

## Luxury goods and accessories

Another ACG member reports almost 534,000 counterfeit products seized by customs during 2015/2016 and worked with Police and Trading Standards to seize a further 33,000 counterfeit products from the market place and by those trading on social media.

<sup>14</sup> [http://www.bmw.co.uk/en\\_GB/topics/support/bmw-brand-protection/a-real-threat.html](http://www.bmw.co.uk/en_GB/topics/support/bmw-brand-protection/a-real-threat.html)

The following data focusses on customs and police/trading standards seizures recorded during April – March 2015/16. It provides a snapshot of recorded illegal activity in different market sectors:

### Table showing ACG Members Customs seizures

	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
Clothing & footwear	3,902	444	673	110	253	3,017	2,532	2,498	6,845	2,765	21,959	793
Luxury goods (handbags, purses etc)	487	1,574	4,248	663	692	400	979	4,534	1,140	296	416	124
Toys	0	2,582	94	1,060	1,024	3,660	40	5,195	21,850	1,119	162,270	1,918
Electronics	19,550	720	2,145	100	40	14,035	19,166	33,036	27,861	1,492	239	9,195
Accessories (jewellery, watches, sunglasses etc)	865	789	3,846	1,327	6,810	3,789	2,590	3,719	764	4,392	1,032	3,154
Labels, badges etc	2,700	0	3,000	25,714	2,453	20,000	16	4,506	51,614	99	1,532	0
<b>TOTAL amount seized = 534,446</b>	<b>27,504</b>	<b>6,109</b>	<b>14,006</b>	<b>28,974</b>	<b>11,272</b>	<b>44,901</b>	<b>25,323</b>	<b>53,488</b>	<b>110,074</b>	<b>10,163</b>	<b>187,448</b>	<b>15,184</b>
<b>TOTAL cases = 2829</b>	<b>238</b>	<b>222</b>	<b>243</b>	<b>197</b>	<b>165</b>	<b>156</b>	<b>375</b>	<b>474</b>	<b>391</b>	<b>128</b>	<b>112</b>	<b>128</b>

### Table showing ACG Members Police / TS seizures

	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
Clothing & footwear	177	1,197	120	477	560	310	446	121	332	1,977	358	663
Luxury goods (handbags, purses etc)	41	50	6	17	139	8	629	493	214	371	14	502
Toys	19	9	0	0	1	10	2	6	4	1	14	1
Electronics	1	1	0	18	11	106	0	1	400	1,980	0	1
Accessories (jewellery, watches, sunglasses etc)	330	878	355	0	60	273	133	20	240	171	105	18,146
Labels, badges etc	1	0	2	0	177	0	180	200	145	2	0	0
<b>TOTAL amount seized = 33,226</b>	<b>569</b>	<b>2,135</b>	<b>483</b>	<b>512</b>	<b>948</b>	<b>707</b>	<b>1,390</b>	<b>841</b>	<b>1,335</b>	<b>4,502</b>	<b>491</b>	<b>19,313</b>
<b>TOTAL cases = 597</b>	<b>46</b>	<b>52</b>	<b>39</b>	<b>40</b>	<b>57</b>	<b>62</b>	<b>50</b>	<b>43</b>	<b>41</b>	<b>78</b>	<b>39</b>	<b>50</b>

### Emerging trends

There are four main issues / trends impacting on ACG member brands:

**E-commerce** - has grown and now impacts significantly on the availability of counterfeit merchandise to both criminal businesses and the consumer alike.

Whilst auction sites and other online sales platforms are still of concern and the use of smart phone Apps is on the increase, the proliferation of counterfeiters using social media (in particular Facebook and Instagram) to ply their wares is the main focus of many global brands.

As evidenced in 2015 by Operation Jasper, tens of thousands of images featuring counterfeit goods are available on Facebook on a daily basis. Whilst collaborative private / public sector enforcement actions achieve some notable successes, more needs to be done to raise consumer and law enforcement awareness of the risks posed by this criminal activity.



**Fake goods** - ACG member Epson is the world's number one projector manufacturer for the last 15 years. Epson's daily spend on research and development is \$1.3 million. Counterfeiting is a major concern for Epson because it threatens the value of its investment in knowledge and IP. One of Epson's largest markets is education. Epson projectors can be found in about one third of classrooms in primary and secondary schools throughout the UK. The potential use of fake lamps in and around children, whether it's in schools or at home could have serious implications.

Counterfeit projector lamps are not rigorously tested and many prove to be dangerous, causing projectors to overheat, melt and in some cases for lamps to explode. Quite apart from the financial cost of replacing valuable projectors damaged by counterfeit lamps, they can be a dangerous fire risk causing damage to the home, classroom or users.

**Organised Crime Groups (OCGs)** - illegal, UK based, fulfilment houses are facilitating the import and distribution of often unsafe counterfeit goods. Whilst goods are manufactured and distributed from countries such as China, the use of UK based fulfilment houses enables the OCG to bypass UK legislation and border checks and dupe consumers into believing that the goods are genuine and manufactured in the UK.

**Resources** - the reduction in enforcement resources both at the border and inland is placing an unprecedented strain on brands in the fight against the trade in counterfeit goods. Brand owners are bearing the burden of increasing financial and resource demands as a result of declining law enforcement resources. One ACG member cited a 99.25% decline in unit seizures of counterfeit goods by UK customs and law enforcement between April - March 2015/16, when compared to the same period in 2014/15.

Despite this decline, market surveys of counterfeit hot spots, both online and offline, do not suggest that there has been a decrease in the availability of counterfeit goods.

## Anti-Copying in Design (ACID)

We are a membership organisation representing thousands of designers from 25 different industry sectors. We are the leading UK Design and IP organisation. ACID's core objectives are: raising IP education and awareness; IP crime prevention and deterrence; supporting and influencing future design policy to encourage a safe trading environment for designers to achieve growth and maintaining jobs. ACID's members have a collective turnover of approximately £6+ billion. We are committed to raising awareness about intellectual property infringement within the creative industries and encouraging respect for IP within declared corporate social responsibility. ACID's remit is to encourage intellectual property creation within design as a positive force.

Design is a success story punching above its weight:

- it is the fastest growing sector within the Creative Industries and in 5 years between 2008-2013 it grew by 34%
- it is worth over £72bn to UK, 7.7% GVA
- there are 350,000 designers and the design economy employed 1.6 million people in 2014
- UK businesses spend over £33.5 billion on design, graphic and fashion design services increased by 79% since 2009
- for every £1 invested in design, business can expect over £4 in net operating profit
- export of product, graphic and fashion design services increased by 76% since 2009

Design rights are fundamental building blocks in the creative economy. Threats through piracy and counterfeiting cannot be allowed to undermine the success of the UK design sector.

The Intellectual Property Act 2014, which received Royal Assent on 14 May 2014, harmonised EU and UK design law to help better protect their IP rights. The Act also implemented reforms to designs legislation recommended by Professor Ian Hargreaves in his 2011 'Digital Opportunity'<sup>15</sup> report. Here, he pointed out that an update of the design regime was overdue. Design reform was included as one of the Prime Minister's ten IP objectives.

Changes to design law - Design law is often considered messy, complex and confusing, and small businesses, which don't have the time or resources to disentangle it, can lose out. The 2014 IP Act introduced a number of new measures and made some changes to the law in order to make design law simpler, clearer and more robust. Key changes included:

- a new criminal offence for the intentional infringement of registered designs which included liability for company directors
- changes to design ownership in relation to commissioned designs
- private use of unregistered designs
- scope of an unregistered design right
- introduction of a design opinions service
- online access to documents relating to registered designs

Since the introduction of the 2014 IP Act and the introduction of criminal provisions for registered design infringement, this has had a positive impact and fewer cases have been reported. If this is true, extending criminal provisions to cover unregistered designs may also have a significant, positive impact.

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15 [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/32563/ipreview-finalreport.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/32563/ipreview-finalreport.pdf)

## British Phonographic Industry (BPI)

We represent the UK's recorded music industry. British artists account for one in eight albums purchased by fans around the globe. The BPI's Content Protection team of investigators, analysts, member services, executives and forensic experts work to reduce piracy, promote the value of music and encourage fans towards legal services.

There are three main areas of concern for the BPI with regard to IP Crime:

- the ever-evolving threat from online piracy
- the manufacture, distribution and sale of illegal physical goods
- a combination of these two activities, with internet-enabled physical piracy proving to be a particular issue: i.e. social media accounts run by rogue operators to promote their services, with online marketplaces being used to sell illegal goods to unsuspecting consumers

The main online piracy threats to the UK recorded music industry at present come from BitTorrent networks, MP3 aggregator sites, cyberlockers, unauthorised streaming sites, stream ripping sites and pirate sites accessed via mobile devices. Search engines – predominantly Google – also continue to provide millions of links to infringing content and websites that are hosted by non-compliant operators and hosts that cannot be closed down have needed to be blocked in the UK under s.97A court orders (website blocking).

Between January 2015 and March 2016, BPI submitted over 100 million URLs to the Google and Bing search engines requesting the removal of infringing search results. The URLs submitted cover a number of site types including aggregators, streaming sites and cyberlockers. This brings the total number of submissions to search engines for removals to over 200 million since BPI started sending removal requests in 2011. These astronomic numbers demonstrate the large quantity of infringing content that is available online and which is easily accessible to search engine users.

YEAR	2015				2016
QUARTER	Q1	Q2	Q3	Q4	Q1
URLs sent to Google for removal	9,937,803	20,280,224	17,004,362	17,227,704	16,681,712
URLs sent to Bing for removal	2,592,695	1,621,095	5,055,860	11,704,255	2,357,144

Website blocking has become a key part of the BPI's content protection strategy. To date, the BPI has obtained court orders requiring the UK's five biggest Internet Service Providers (ISPs) to block 63 infringing websites and hundreds (700+) of related URLs, IP addresses and proxy sites/proxy aggregators.

Site blocking is proving a successful strategy, and the longer the blocks are in place, the more effective they tend to be. The latest data available shows that traffic to sites blocked for over one year has reduced by an average of around 80%; with traffic to sites blocked for less than a year reduced by an average of around 50%.

In the physical marketplace, counterfeit goods are still being made available for purchase in significant quantities, be it at street market level or through high quality counterfeit discs that are increasingly flooding in from outside of the UK.

These high quality counterfeit imports are proving particularly corrosive, typically, they impact the most popular chart releases and specific music genres, with the result that a growing number of music consumers across all fan-bases are being duped into believing they are buying the genuine article by unauthorised sellers. At the same time legitimate trading at local retail stores (which already operate in a challenging market) is being further undermined.

The table below summarises the total number of counterfeit goods seized under operations and investigations instigated by the BPI. This high volume of seizures underlined the nature and extent of the physical goods counterfeit problem:

	2015					2016		
	Q1	Q2	Q3	Q4	TOTAL	Q1	Q2	TOTAL
CDs	5,762	23,880	17,169	10,505	57,316	15,018	6,941	21,959
Digital Tracks	3,117,986	1,733,812	904,565	1,062,348	6,818,711	2,270,720	189,438	2,460,158
Music DVDs	1,128	6	0	161	1,295	600	0	600
Vinyl	0	0	0	0	0	0	9,100	9,100

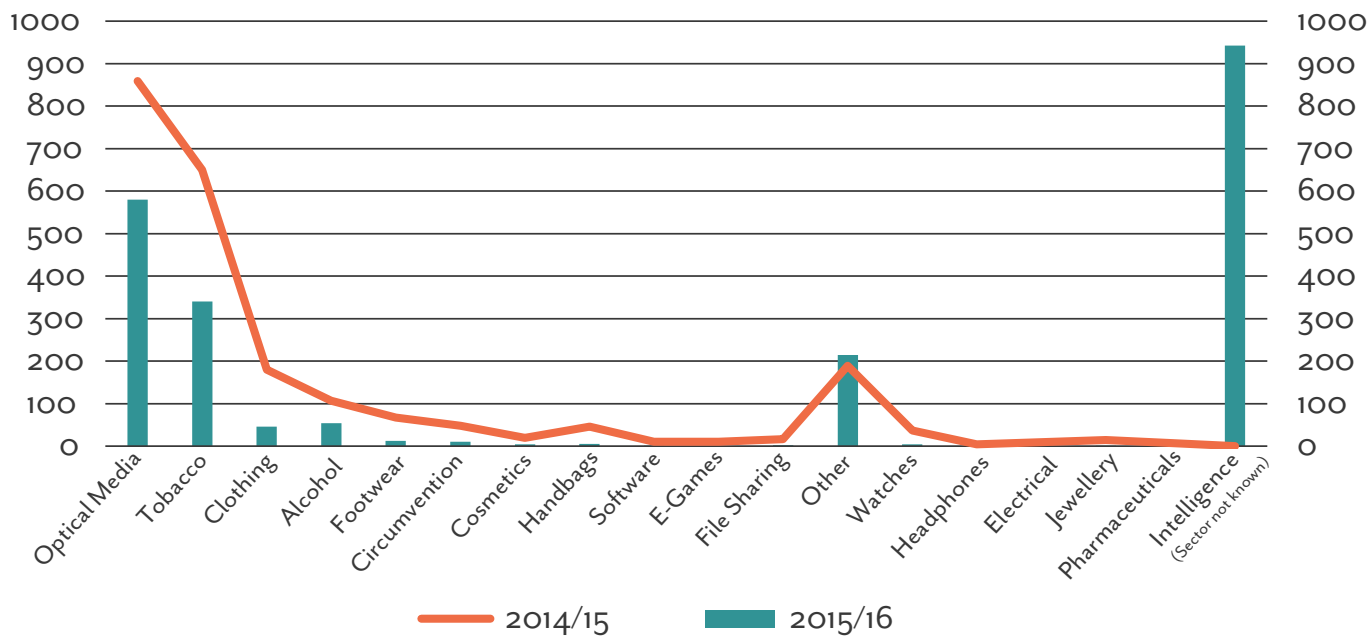
## Crimestoppers

Crimestoppers is an anonymous, independent charity which, after over twenty five years, continues to provide a vital link between the victims of crime and enforcement officers through its anonymous hotline and new online and offline communication channels. This report details Crimestoppers interventions in the field of IP crime.

During 2010 the IPO assisted Crimestoppers with the launch of a four week IP crime campaign designed to highlight the links between the provision of fake goods and serious organised crime. Our objective was to deter the public from buying fake goods and to generate information on fake goods and serious organised crime which could be used by the wider law enforcement community. Since this campaign, the IPO's Intelligence Hub continues to receive intelligence reports from Crimestoppers.

During 2015/2016 the IPO Intelligence Hub received 2,224 reports from Crimestoppers, this represents a decrease of approximately 3% from the previous year.

## Crimestoppers by sector



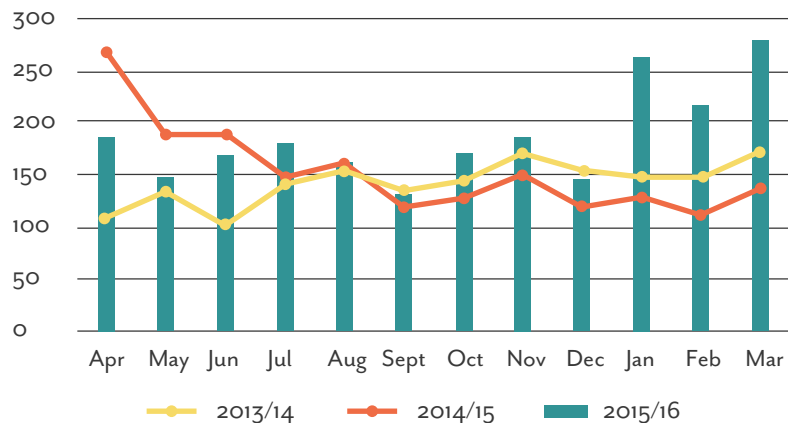
## Crimestoppers reports to the IPO Intelligence Hub - by sector

	2014/15	2015/16	%(+/-)
Optical Media	859	580	-33%
Tobacco	650	340	-48%
Clothing	180	46	-75%
Alcohol	107	54	-50%
Footwear	67	12	-83%
Circumvention	48	10	-80%
Cosmetics	19	4	-79%
Handbags	46	5	-89%
Software	10	1	-90%
E-Games	10	0	-100%
File-Sharing	16	2	-88%
Other	189	214	13%
Watches	37	4	-89%
Headphones	4	2	-50%
Electrical	9	4	-56%
Jewellery	14	1	-93%
Pharmaceuticals	7	2	-72%
Intelligence (Sector not known)*	0	943	100%

The table above shows a comparison between the number of reports received by the IPO Intelligence Hub from Crimestoppers between 2014/15 and 2015/16.

\*Crimestoppers reports are received by sector but not all reports are clearly specified.

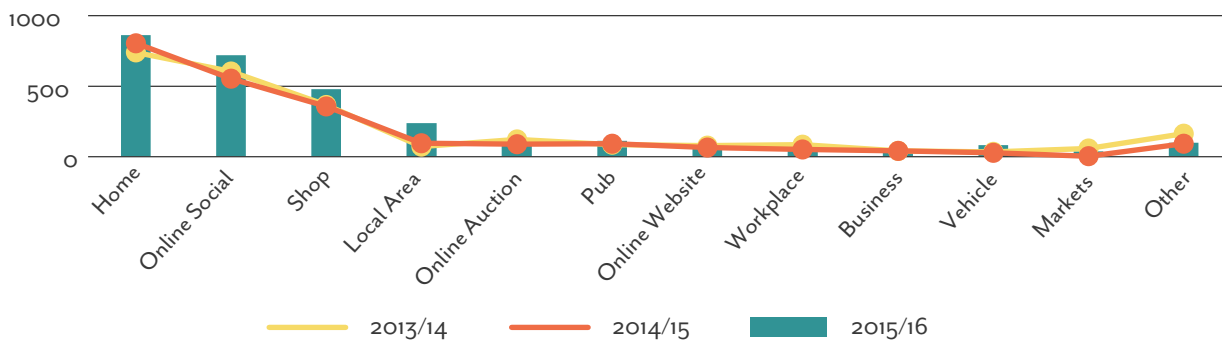
## Crimestoppers reports to IPO Intelligence Hub - totals



	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
2014/2015	144	177	135	187	204	179	194	227	205	195	195	230
2015/2016	186	148	167	180	156	131	169	186	145	262	261	278
% (+/-)	29%	-14%	24%	-4%	-14%	-17%	-13%	-19%	-29%	34%	33%	20%

## Crimestoppers reports by location

The sale of counterfeit goods from 'home' remains the most prevalent location reported from Crimestoppers in 2015/2016; 'with online social, shop, local area and online auction all in the top five. The popularity of the top three locations – home, online social, shop – has steadily increased over the last three years.



The biggest increase has been Crimestopper reports on markets – with a 92.31% increase. Other areas reported via Crimestoppers are airport, car-boot sales, cinemas, fairs, festivals, ports, postal hubs, schools, self-storage and 'not given'.

## Crimestoppers reports by location

	HOME	ONLINE SOCIAL	SHOP	LOCAL AREA	ONLINE AUCTION	PUB	ONLINE WEBSITE	WORKPLACE	BUSINESS	VEHICLE	MARKETS	OTHER
2014/2015	805	555	356	96	89	91	66	51	40	28	3	92
2015/2016	861	719	478	238	113	113	66	80	53	81	39	99
% (+/-)	6.50	22.81	25.52	59.66	21.24	19.47	0.00	36.25	24.53	65.43	92.31	7.07

## Crown Prosecution Service (CPS)

The CPS prosecutes intellectual property crime investigated by the police and the National Crime Agency (NCA) (where the case meets the test for prosecution set out in the Code for Crown Prosecutors, regardless of how complex and difficult the cases may be). The majority of these cases involve fraudulent conduct on the part of individuals and corporate bodies. While local CPS Areas prosecute the less complex cases, the CPS Specialist Fraud Division (SFD) have a great deal of experience in prosecuting a wide range of cases and are fully equipped to prosecute those that are more complex.

Complex cases have been relatively few in number. Where criminal prosecutions are brought by way of private prosecution, the CPS has the power to take over proceedings but this is rarely exercised. The creation of the specialist Police Intellectual Property Crime Unit (PIPCU) in the City of London Police, provides added focus and SFD works closely with PIPCU to plan the future pipeline and to make sure that the CPS is fully prepared for these cases and that we have a consistent and co-ordinated approach going forward.

## Federation Against Copyright Theft (FACT)

Established in 1983, FACT works closely with statutory law enforcement agencies to combat all forms of copyright piracy. Our members include global and UK film distributors, TV broadcasters and sport rights owners to protect the rights of its members. We have prioritised an emerging threat to the audio-visual industry, internet protocol TV (IPTV) boxes. In their original form, these boxes are legitimate. However, with the use of

apps and add-ons, they allow users to access copyright infringing material, from live TV and sports, to premium pay-for channels and newly released films. Once configured these boxes are illegal.

FACT's efforts to combat this issue have centred on two areas - awareness raising and copyright infringement enforcement.

- **Awareness and education:** a strategic assessment profiling the problem was developed and circulated to industry. This work resulted in FACT representatives presenting and providing information and advice. FACT are currently leaders in the field.
- **Enforcement and disruption:** in the last year FACT has worked with a wide range of partners and law enforcement bodies to tackle individuals and disrupt businesses selling illegal IPTV boxes. Enforcement action has been widespread across the UK with numerous ongoing investigations. In June 2015 a joint investigation was launched between FACT and the Metropolitan Police Service, which saw warrants executed in Walsall and Middlesex whereby more than 1,000 IPTV boxes were seized. This operation was supported by the West Midlands Regional Organised Crime Unit (ROCU), the Government Agency Intelligence Network (GAIN), and Trading Standards.

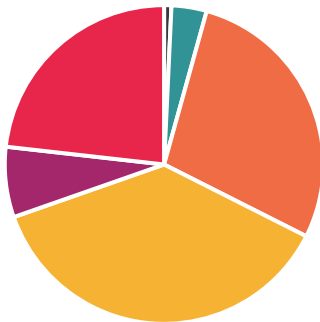
Another significant day of action took place in March 2016 following intelligence supplied by FACT. A multi-agency operation tackling the sale of illegal IPTV boxes took place in the North East of England and included FACT, PIPCU, local police and Trading Standards. Six people were arrested and the investigation continues.

## FACT stats:

- 70%** 70% of public complaints received to FACT relate to online copyright infringement
- 33%** Nearly a third of public complaints received to FACT relate to IPTV
- 50%** Nearly 50% of our ongoing cases are involving IPTV boxes

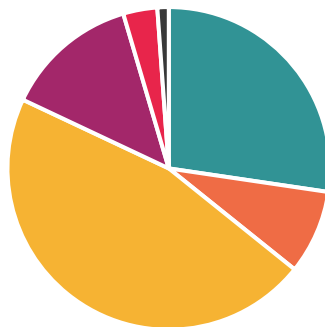
### Public Complaints 2015/16

- Online Digital Content (source) 1%
- Online Digital Content 4%
- Content screened via IPTV/CWS devices 28%
- DVD Distribution (online) 37%
- DVD Distribution (online) 7%
- DVD Manufacture 23%



### FACT active cases 2015/16

- DVD Manufacture 1%
- Online Digital Content (Source) 27%
- Online Digital Content 9%
- Content screened via IPTV/CWS devices 46%
- DVD Distribution (online) 14%
- DVD Distribution (offline) 3%



## Federation Against Software Theft (FAST)

FAST was formed in 1984. We are a not-for-profit organisation limited by guarantee and wholly owned by our members<sup>16</sup>. IP underpins the investment made in software products, enabling use of these products through a licensing regime in the UK and internationally. A stable, assured and certain IP helps secure investment in the software development lifecycle.

FAST aims to reduce, restrict and lessen the incidence of unauthorised dealings in computer software. We work with our members, law enforcement communities (trading standards officers and local police forces), to detect and combat the sale of infringing software. We also help organisations regularise their software estates when reports of possible misuse or under-licensing have been received about them.

In order to effectively reduce IP software crime, FAST assists the law enforcement communities in their action to protect both businesses and consumers by supporting investigations and prosecutions against software pirates operating online or otherwise.

FAST campaigns for clear IP legal rights, strong deterrents for IP convictions and affordable access to justice. We want to prevent infiltration of illegal software into the supply chain which harms customers and erodes trust in software and services.

A recent announcement from the BSA/The Software Alliance stated that the level of unlicensed software in the UK had dropped to 22% in 2015. This encouraging figure must be seen in context. According to the BSA/The Software Alliance survey – ‘Seizing Opportunity Through License Compliance’<sup>17</sup> – the commercial value of unlicensed software in the UK stands at £1.3 billion, the second highest in Europe. Software fraud remains a large, potentially lucrative, criminal market.

<sup>16</sup> Visit our website at: [www.fast.org.uk](http://www.fast.org.uk)

<sup>17</sup> <http://globalstudy.bsa.org/2016/index.html>



Software is seen as part of the “tech” sector or industry. In “Tech Nation 2016”<sup>18</sup> – an annual publication on the UK’s digital economy from Tech City and Nesta (formerly NESTA – National Endowment for Science Technology and the Arts) – the digital tech economy is shown as increasingly diverse, encompassing digital tech businesses and digital workers across all industries. Tech Nation 2016 demonstrates the extent to which digital innovation is having an impact across businesses and the people working for them:

- Growth; in 2014, the GVA [‘Gross Value Added’] of the nation’s digital tech industries was estimated at £87 billion. Between 2010 and 2014 GVA in this sector grew 27%, adding an additional £19 billion to the economy.
- Turnover; digital tech industries are measured at £161bn
- Numbers: 58,000 identified active digital tech businesses. Top sectors include app & software development at 17%.

## Intellectual Property Office (IPO) – report on online copyright infringement

The Online Copyright Infringement Tracker (Wave 5) is the fifth in an ongoing series of research waves intended to generate a series of time specific benchmarks, tracking access and use of copyright material online. The annual survey focusses on the activity of online copyright users over 12 years old, drawn from the UK population, during the three months from March to May each year. The results for the 5<sup>th</sup> wave of the survey in 2015 (published in July 2015)<sup>19</sup> demonstrate an increasing trend in online consumption over time while infringement has remained relatively stable. Approximately 62% of the 12+ UK population accessed the internet at least once in the three months from March to May 2015, with 31% of this online active population infringing

at least one good in the same period. Streaming has reached its highest level to-date in this year’s survey, making it the most popular means of online consumption (above downloading and sharing). This has driven the recent increase in online consumption.

In all of the six content areas covered by the survey content infringement levels have remained steady. In the most recent survey, music and film have the highest level of infringement with 26% and 25% of consumers having consumed some content illegally between March and May 2015, compared with 21% for TV, 20% for computer software and 18% for video games. E-books saw the lowest levels of infringement among consumers at 11%.

The reasons given for infringement do not appear to have changed significantly over time: ‘its free’ (49%); ‘it’s convenient’ (43%) and ‘it’s quick’ (37%). In addition to this, an increasing proportion of infringers have said nothing will make them stop. The most common motives to reduce infringement include cheaper legal alternatives and better availability of these. There is also a desire for it to be clearer what is legal and what is not, although the proportion citing this motivation to reduce infringement has fallen significantly over time.

The proportion of content users paying for at least some content has remained stable over time, approximately 56% in March-May 2015. Similarly, the proportion of content users who consume entirely for free has not changed significantly, at 44%. Looking at individual services used: those using peer-to-peer services has fallen to its lowest level (26% of illegal content users), while licensed services such as Netflix have seen significant increase in use by the same group (13% to 21% between this and the last wave). Such findings are optimistic and suggest that there is potential for ‘quick’ and ‘convenient’ legal alternatives in deterring infringement.

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18 [http://www.techcityuk.com/wp-content/uploads/2016/02/Tech-Nation-2016\\_FINAL-ONLINE-1.pdf](http://www.techcityuk.com/wp-content/uploads/2016/02/Tech-Nation-2016_FINAL-ONLINE-1.pdf)

19 [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/449592/new\\_OCI\\_doc\\_290715.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/449592/new_OCI_doc_290715.pdf)

## National Markets Group (NMG)

The National Markets Group was established in 2008 to provide a forum for a national, coordinated, cross-sector approach to tackle the trade in counterfeit and pirated goods at markets and car boot fairs. More recently the group has added social media and online platforms to its remit. Our collaborative approach in tackling counterfeiting and piracy brings together partners from industry, government and law enforcement whose combined knowledge, resource and aptitude in this crime area has realised some fantastic results. With over 2,000 markets and car boot sales in the UK the temptation and opportunity for counterfeiters to infiltrate and take advantage of this great British culture, on the vulnerable and/or those that 'like a bargain' is enormous.

Intelligence gathering and research carried out by the NMG and our members shows that there are still tens of thousands of counterfeit and pirated goods openly available to the UK consumer at markets and on social media such as Facebook. Products ranging from clothing, footwear, handbags, purses, caps, jewellery, watches, perfume, cosmetics and electrical goods, many of which have the ability to maim or even cause fatal injury are available to purchase at far reduced prices to that of the genuine articles. Sourced from China, Pakistan, India and closer to home in cities such as Leicester, Manchester and London thousands of counterfeit goods enter the UK daily via sea, air and fast parcel ports which end up for sale at markets, car boot sales and online market places.

IP crime impacts on the wellbeing of the local community, including consumers, the retail sector and government. The economic loss to the legitimate retail trade harms the local and national economy, causes job losses and damages the reputation of the UK. An example of the scale and proximity of the problem can be seen in the case of Bristol Fruit Market, a Sunday Market held in the St Phillips area of Bristol where, at the height of season, over 300 consumers can be found buying counterfeit goods from local and transient traders. The goods on offer carry the brand names of leading manufacturers and retailers, as evidenced by one NMG member from the retail sector. The activity in Bristol seriously undermines the legitimate trade. It is estimated that counterfeit versions of almost 80% of their genuine stock can be found on the market.

The increase in the availability of counterfeit electrical products such as headphones, hair straighteners, phone chargers and electronic cigarettes pose an even greater threat as many consumers face the trauma of serious injury and in some cases death. Whilst the availability and threat from the sale of counterfeit goods at markets is prevalent, a concerning and growing threat comes from social media in particular Facebook, Instagram and associated smart phone apps.

All of the above platforms, whilst populated by millions of genuine users, have been infiltrated by thousands of counterfeiters and pirates engaged in the manufacture, supply and distribution of an array of counterfeit and pirated goods. Work by the NMG and partners shows that illicit traders set up bogus Facebook accounts using closed groups to attract customers and sell infringing products including unsafe goods.

The speed of transactions through Instagram and smart phone Apps linked to social media sites provides anonymity to counterfeiters and rips off the consumer, legitimate business and the UK economy.

## NOMINET

Nominet is an international, internet company based in Oxford and London. It is a public benefit company, which has managed and run the .UK domain name registry since 1996. Nominet's terms and conditions of domain name registration expressly prohibit the use of .UK domain names for any unlawful purpose. Nominet has developed relationships with UK public law enforcement agencies and has worked with them to establish procedures for notifications leading to domain name suspensions. Suspended domain names cannot be used as part of website or email addresses.

Statistics detailing the number of suspensions under this policy are published in an annual report<sup>20</sup> as well as through updates as part of the company's bi-monthly Board Reports<sup>21</sup>.

The most recent annual report covers the period 1 November 2014 to 31 October 2015. Over this period:

- A total of 3,905 notifications relating to .UK domain names were received
- In total 3,889 domain names were suspended as a result of these notifications
- Notifications resulting in suspensions can be broken down by requesting authority as follows:

3610

Police IP Crime Unit

149

Medicines and Healthcare Products Regulatory Agency

104

National Fraud Intelligence Bureau

17

Trading Standards

8

Metropolitan Police

1

National Crime Agency

- 16 notifications didn't result in a suspension. This was usually because the domain name had already been suspended due to another request or had already been transferred as a result of a court ruling
- Five suspensions were reversed after a request by the domain name registrant. Nominet refers requests to lift suspensions back to the relevant law enforcement agency

While it is difficult to evidence any clear trend, when looking at IP infringement and the sale of counterfeit goods, it does seem that last year saw fewer .UK domain names suspended that explicitly refer to brand names. Often the domain names suspended have no obvious link to the brands being targeted through the attached websites. This suggests that perpetrators are using means other than domain name recognition to drive traffic to the sites.

<sup>20</sup> [http://www.nominet.uk/wp-content/uploads/2016/02/Tackling\\_online\\_criminal\\_activity.pdf](http://www.nominet.uk/wp-content/uploads/2016/02/Tackling_online_criminal_activity.pdf)

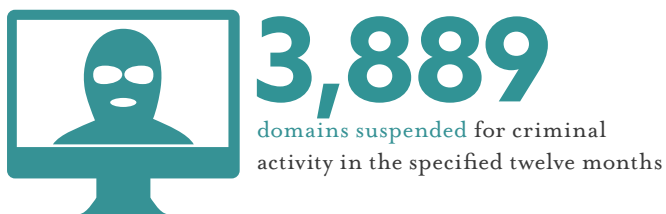
<sup>21</sup> <http://www.nominet.uk/about/corporate-governance/board-documents/>

## Criminal Activity

Nominet expressly protects .UK domains from being used for any unlawful purpose. When alerted by law enforcement agencies, we work quickly with our registrars to suspend domains. Suspended domains cannot be used as part of website or email addresses.

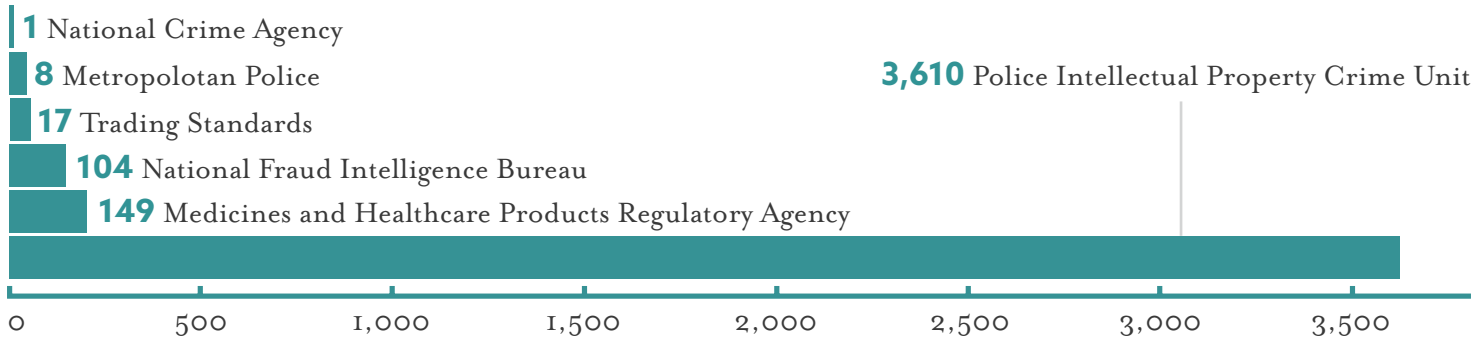
### Suspensions by requesting agency

Agencies request suspensions under a range of legalisation. Most requests relate to supply of counterfeit goods and/or fraud under Section 2(1) of the Trade Marks Act 1994 and Section 92(1) of the Fraud Act 2006 (Police Intellectual Property Crime Unit, National Fraud Intelligence Bureau); and supply of controlled drugs under Regulations 279 and/or 284 of the Human Medicines Regulations 2012 (Medicines and Healthcare Products Regulatory Agency). Many requests cite more than one office.



**10.6 million**  
.UK domains registered

**0.037%** of the **10.6 million**



Nominet's Dispute Resolution Service (DRS) seeks to settle disputes over .UK domain names through mediation and, where that is not possible, by a binding decision from an independent expert. In order to make a complaint a complaining party must be able to demonstrate rights (such as trade mark rights) in a name that is the same or similar to the domain name. To succeed, the complaining party must prove, on the balance of probability, that the registration or use of the domain name is abusive (as defined by the DRS policy). In many cases this means that something about the registration, or use of the domain name is unfair to the complaining party, confusing to internet users, or both.

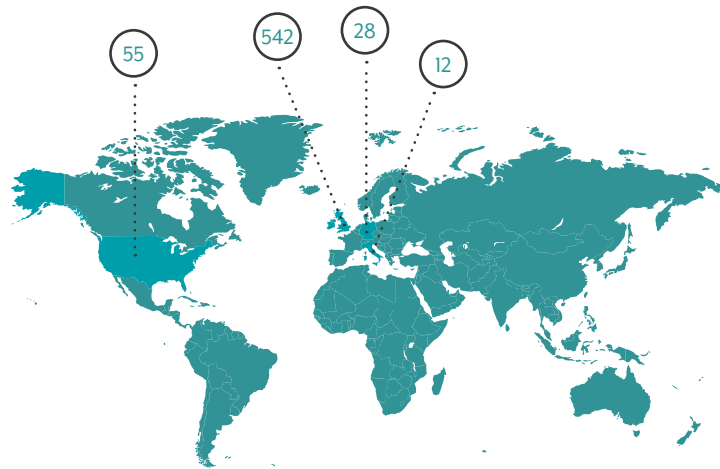
Figures collated for the calendar year 2015 show a total of 728 complaints were made via the DRS, just two more than in 2014. The value of Nominet's mediation service was re-enforced by a 26% increase in the number cases resolved with the help of a Nominet mediator, as compared to 2014.

There were five appeals against independent expert decisions, with four original decisions being upheld, and one decision to take no action being overturned.

Brands using the DRS to address problem domain names during 2015 include: Microsoft, McDonald's, Google, the BBC, Cash Converters, Amazon and Aldi. Other users of the service included a former Government Minister, one of Scotland's oldest archery clubs and a former British number 1 ranked tennis player.

The industries most frequently employing the DRS were retail (18 domain names disputed); automotive (15); internet, software, and fashion (each with five).

The year saw cases brought by complainants from 40 different countries, led by the UK (542 cases) followed by the US (55), Germany (28) and Italy (12). Respondents were even more widely dispersed, coming from 46 different countries. Again the UK leads (553 cases), with the US second (26), and China third (23).



Nominet has worked hard to streamline the DRS process while ensuring that it continues to deliver equitable outcomes. The average length of DRS cases is decreasing. Mediated cases took an average of 41 days to resolve in 2015, compared with 47 days in 2014 and 69 days in 2010. Expert decisions also took less time to complete in 2015.

## Noteworthy cases in 2015



### **bankofscotland.co.uk & hallifaxbnk.co.uk**

Classic examples of typo-squatting where there were concerns about the potential use of the domains for fraudulent activity. Domain transferred.



### **starwars.co.uk**

Chosen by the Registrant because of the "pulling power" of the trademark to help market its fancy dress costumes. Domain transferred.



### **mango.co.uk**

A case where the Complaint pursued the dispute in frustration at the Respondent's unwillingness to sell the domain for a price it was willing to pay. Domain not transferred.



### **televisionlicensing.co.uk**

Confusion was caused by an official-looking website offering television licenses for an increased fee, which in some cases was not passed on to the Complainant. Domain transferred.

The figures quoted in this summary sit against a context of over 10.6 million .UK domain names on the register at the time of writing.

## Professional Publishers Association (PPA)

The PPA represents around 220 companies, ranging from consumer magazine publishers to business-to-business data and information providers, customer magazine publishers and smaller independent companies.

We believe that the value of digital magazine piracy is significantly larger than that of UK's legitimate digital magazine market.



# £300-600m

the global value of pirated UK magazine content, which is still rising



# Over 100m

copies of digital magazines were downloaded last year

Recent studies have identified a number of problematic websites, notably hosted outside the UK, offering consumer access to pirated copies of UK magazines titles. Coupled with this, there is a trend towards user generated content, where websites offering users the opportunity to upload and make available files with no verification of their ownership, allowing pirates to supply magazine content to consumers through 'third party' platforms.

Advertising accounts for the largest source of revenue for sites hosting pirated content, both websites that exist solely to offer pirate content to consumers and hybrid sites that host both legitimate and pirated content.

We also continue to see 'traditional' magazine piracy, with magazines outside the formal supply chain making their way to market.

## Police Intellectual Property Crime Unit (PIPCU)

We are the specialist national police unit dedicated to protect UK industries that produce legitimate, high quality, physical goods and online digital content. Our operationally independent unit launched in September 2013 with funding from the Intellectual Property Office (IPO). We are based within the Economic Crime Directorate of the City of London Police, the national policing lead for fraud. In October 2014 it was announced that the unit would receive a further £3 million to fund its work until 2017.

Since PIPCU's launch the unit has overseen 79 investigations, arrested 69 individuals for offences for fraud, copyright, counterfeiting and cyber enabled offences. It has also investigated intellectual property crime worth £33.8 million, identified over 1,000 websites providing illegal access to films, music, TV, books, games and film and taken down over 11,000 websites selling fake and potentially dangerous counterfeit goods.

## Real Deal

Established in 2009 by the Industry Trust for IP Awareness, the Real Deal Campaign for Fake-Free Markets is a nationwide, cross-sector, awareness raising initiative, focused on reducing the volume and impact of counterfeit products at UK markets and car boot fairs. At its heart is the voluntary Real Deal Charter which market operators sign with their local trading standards service to confirm a joint commitment to working together to ensure fake-free trading.

The Real Deal's emphasis on preventative, collaborative strategies complements the intelligence-led enforcement work of the National Market Group for IP Protection. By facilitating closer working relationships between market operators and local trading standards services, the Real Deal scheme offers benefits and solutions to a range of stakeholders. Real Deal provides local authorities with a cost-effective, preventative strategy which recognises and rewards market and car boot venues that are committed to keeping their venues free from counterfeit and other illicit products.

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

This approach has achieved significant results in terms of positive engagement with the markets sector and direct assistance to trading standards, resulting in reductions in the sale of counterfeit goods at markets within local authority areas that have adopted the Real Deal charter.

Uptake of the Real Deal Charter has grown year-on-year. The campaign is on target this year to reach the milestone of 500 markets across the UK all of whom have embraced the Real Deal Charter and made a public commitment to fake-free trading.

Real Deal provides markets and trading standards authorities with a range of practical resources, including an advice leaflet for market traders on How to Stay IP Legal and, for enforcement officers, a Practical Guide to IP Protection at Markets and Car Boot Fairs, which is an in-depth compendium of case studies, legal approaches, best practice and template documents.

In 2016, the Real Deal campaign, extended its message to a new audience of young market traders participating in the National Association of British Market Authorities (NABMA) and National Market Traders Federation (NMTF) National Youth Market.



The strength of the Real Deal campaign is its cross-sector, collaborative approach including backing and endorsement from a wide range of partner organisations and financial support from its industry sponsors: the Industry Trust for IP Awareness, BPI, PRS, the Premier League, Surelock, WRi and members of the ACG such as SuperGroup PLC.

In 2015, following a submission by the Industry Trust for IP Awareness, the organisation responsible for the creation and continuing management of the Real Deal project, the Real Deal was selected by the EU Intellectual Property Office (formerly OHIM) as part of its call for proposals for support for activities which raise awareness of the value of intellectual property and the damages of counterfeiting and piracy on the everyday lives of EU citizens. The Real Deal campaign was one of the eleven projects across the European Union selected for funding by EUIPO.

In the first joint initiative of its kind in the UK, six neighbouring local authorities across North Wales joined forces to keep the region's markets fake-free by simultaneously introducing the Real Deal charter at 16 markets<sup>22</sup>.



<sup>22</sup> For more information on Real Deal go to [www.realdealmarkets.co.uk](http://www.realdealmarkets.co.uk)

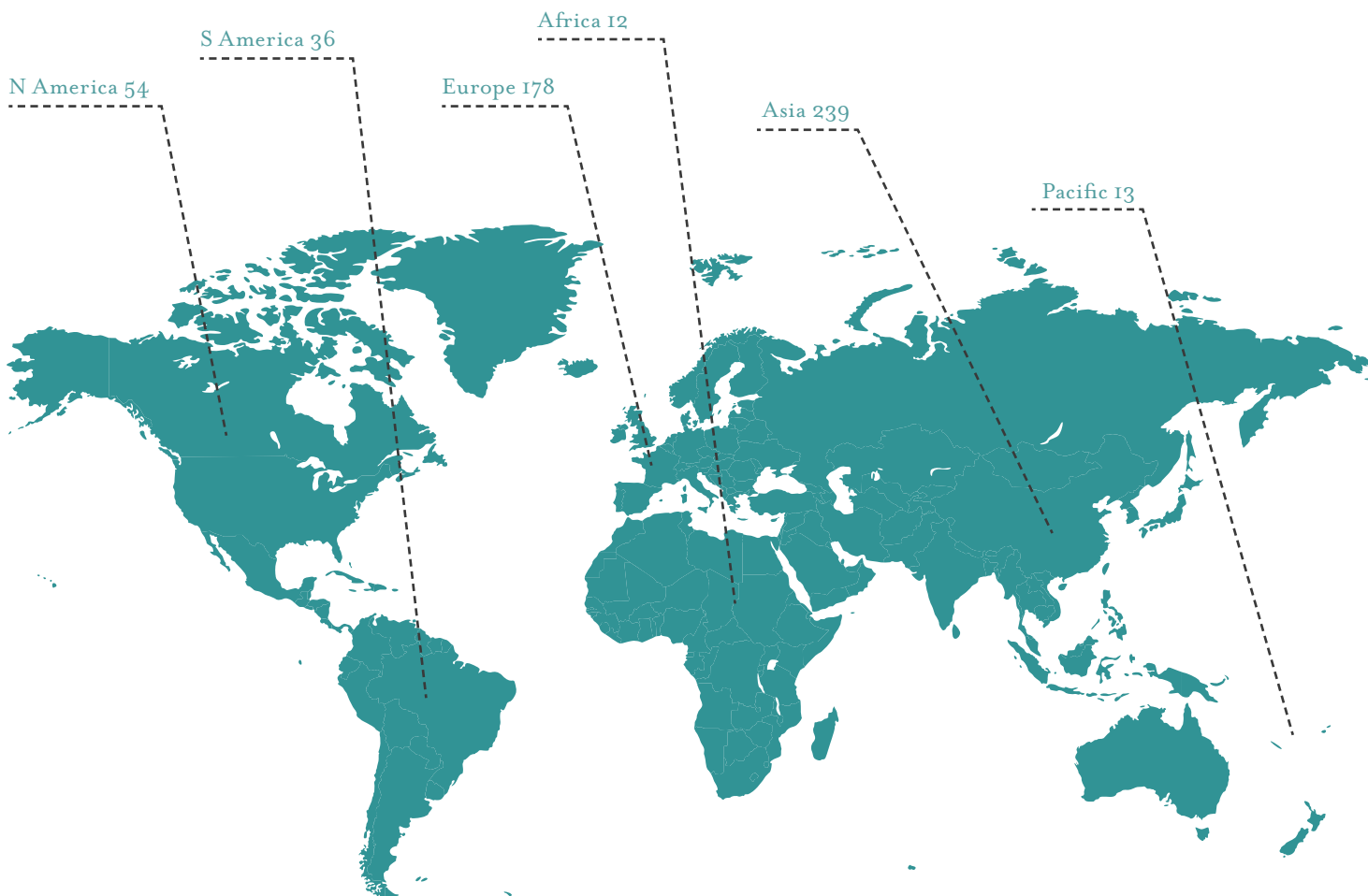


## React

React is a not-for-profit international organisation with over 210 members, fighting counterfeit crime. Our anti-counterfeiting network operates in 52 countries either through our own offices or through regional partnerships, and 2016 sees the organisations 25<sup>th</sup> Anniversary.

Last year we were involved with 52,000 IP crime cases with more than 26,581,000 items intercepted in 2015/16. Of these, 800 cases were in the UK, involving 300,000 items ranging from fashion to electronics and toys. 610 of these seizures were UK Customs cases (280,000 items), the remaining 190 cases were led by Police & Trading Standards (20,000 items).

Through our own in-house web-crawler we monitored 532 platforms located as follows:



This resulted in over 1,430,000 infringing advertisements being removed, of which 46,111 were on UK platforms.

We removed 2,949 infringing advertisements on social media as follows:



Facebook 672



Twitter 13



Instagram 383



Blogspot 5



SinaWeibo 1,141



TenzenWeibo 735

We also removed 230 “apps”, of which:



Microsoft 40



Google Play 44



Amazon 21



iTunes 125

Additionally, 18,323 unique commercial websites were closed down, of which 730 of these were hosted by ISP’s from the UK.

188 .co.uk domains were removed, involving 28 UK ISP’s.

Social media has developed into a commercial platform and it continues to be a popular sales tool for the distribution of fake goods. The emergence of “closed groups” is a worrying trend, which adds to the challenges of finding these groups and those behind them.

Platforms based in China have made a big “push” into selling directly to Europe, with many now having European extensions. We believe this has played a part in the continued increase in the use of postal delivery services, where we see large volumes of parcels containing smaller quantities of counterfeit goods.

There is some evidence to suggest that some suppliers of counterfeit goods based in China are moving away from China Post as a preferred carrier, and moving to other fast parcel services, and this may be a cause in the decline of UK Customs seizures.

Going forward, React is now looking to cross-reference web-crawler data with customs seizure data to identify clusters of illegal counterfeit goods shipments and conduct further on the ground investigations, with a view to raid actions.

## Trademark and Rightsholders Against Piracy (TRAP)

TRAP (Trademark and Rightsholders Against Piracy) is a worldwide collective of rights holders and publishers working with the biggest names in music, film, TV, art and sport. David Shack the MD of Iron Maiden’s Management Company, Phantom Music explains why TRAP is so important to the music industry.

“Protecting our fans from sub-standard products bearing our artist’s name is something we rigorously police. We fully endorse an organisation, like TRAP, that shares our values and acts upon them. We wish them continued success in enforcing our rights.”

## A growing threat to the creative industries of the UK

As revenue from recorded music struggles to regain lost ground due to both piracy and changing methods of music consumption, income from merchandise has become an increasingly important component of an artist's income in league with ticket sales. Modest! Management, who represent One Direction, 5 Seconds of Summer and Little Mix understand the value of protecting clients IP.

“Our artists create music and merchandise for the retail market. Unofficial product which infringes artist's intellectual property rights not only takes away an important revenue stream, but takes away creative control from the artist and gives the fan an inferior product. For this reason we are extremely supportive and happy with the work TRAP take on our behalf.”

Piracy of an artist's creative output is not, however, limited to music. The public will no doubt be familiar with a poor quality of bootleg t-shirts that are often to be found for sale outside live music venues or on rails in independent record and counter culture shops. The public will be less aware that many of the products being sold on legitimate websites such as Amazon and eBay are also fakes.

### TRAP action

As a collective of merchandise, poster and calendar manufacturers and distributors we have chosen to take direct action to tackle an ever-increasing problem and employ the services of specialists in their fields to disrupt, confiscate and prosecute. Our main areas of concern are:

**Marketplaces** - the sale of IP infringing products on legitimate websites being used as marketplaces including eBay, Amazon and Rakuten.

**Print to order** - Websites that allow users to upload any image, printing these images onto product “on demand” as product is sold. The uploader receives a royalty on each product sold. Examples of this type of site are Redbubble, Zazzle and Spreadshirt.

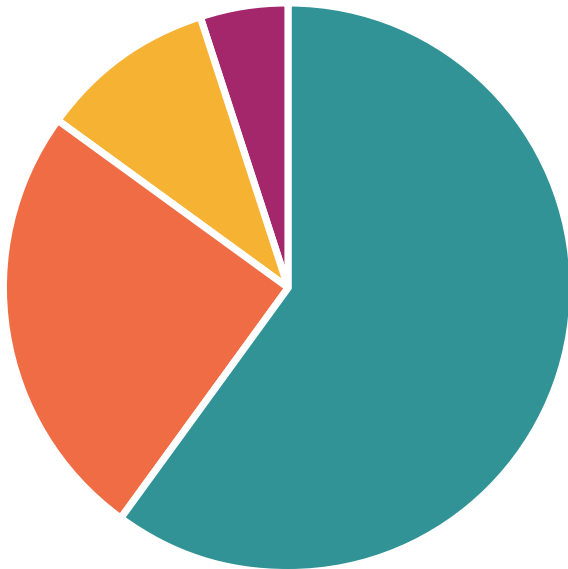
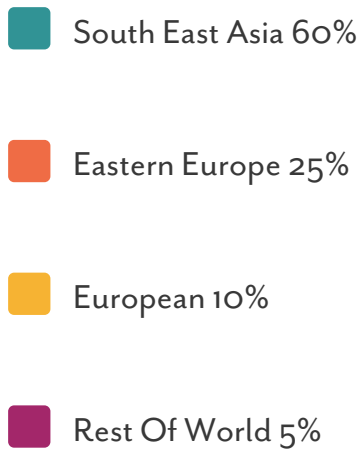
TRAP initiates laborious takedown procedures with most sites but the root of the problem, as we see it, is that (even though both marketplace sites and the print-to-order sites take a commission for the sale of IP infringing product) illegal traders use their terms and conditions of sale (in that sellers and uploaders agree not to sell or upload infringing product) to mask their illegal activity.

### Key facts

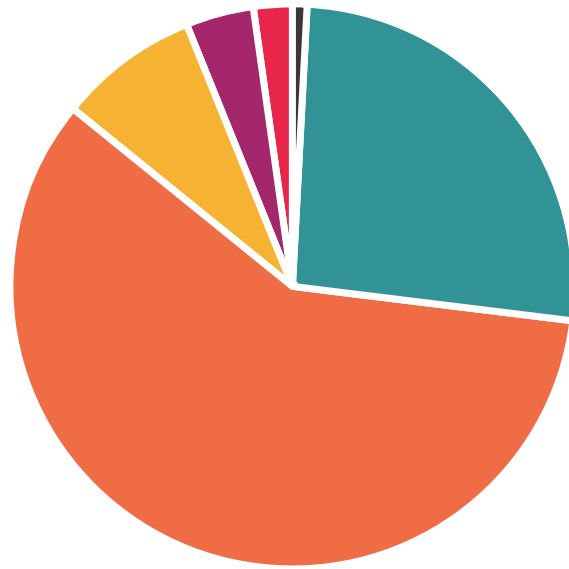
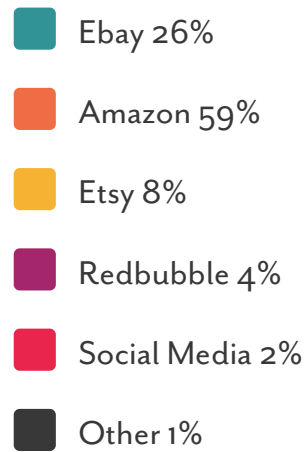
- The current TRAP campaign commenced in November 2014.
- TRAP only targets commercial enterprises.
- TRAP operatives have taken part in 144 raids and enforcements.
- £2.6m value of goods and equipment seized
- 32 convictions secured with sentences ranging from large fines to imprisonment. 474,648 notices of infringement (online) have been issued.
- TRAP reports infringement worldwide.
- 20 - 30,000 listings per month are reported globally across all marketplaces. Auction sites are monitored daily 7 Days a week.
- In 2016 alone 132,529 complaints have been made, following a surge in piracy after the recent deaths of Lemmy Kilmister, David Bowie & Prince as bootleggers seek to capitalise with memorial shirts. Over 832 seller Accounts have had Selling privileges removed in 2016 alone, with over 6,239 in total since 2014.
- Counterfeit hot spots Bulgaria, China, Thailand & Ukraine.

## TRAP Stats:

### Online Piracy Hotspots



### Online Marketplace Takedowns



## UK Interactive Entertainment (Ukie)

Ukie is the only trade body for the UK's games and wider interactive entertainment industry. We are a not-for-profit and are passionate about games, games businesses and their place in the world. Our aim to quantify the overall level of IP infringement and to provide better protection for all game developers and publishers.

Games can be played on a range of devices from consoles and PCs to Smart TVs and virtual reality headsets. Due to the diverse range of platforms the scope of IP crime varies. There remains a high volume of PC game titles that are made available via illegal download and torrent sites. In the last year there has been an increase in unauthorised and 'mod' versions of mobile games being made available on the same type of sites as the popularity of mobile games increases. Mod mobile games change the original code of a game so there is no longer the ability to make purchases within the app which results in lost revenue for the app developer. Furthermore, improved DRM (Digital Rights Management) for consoles means there is no longer the same level of piracy seen for earlier consoles instead the focus has moved to counterfeit hardware (e.g. controllers).

Merchandise for popular games are being targeted by counterfeiters especially the brands where there are hundreds of different products. It has become essential to monitor online marketplaces to identify unauthorised sellers of software and hardware and to prevent consumers buying low quality and potentially dangerous items.



The volume of links for the entire games sector is much higher and in order to disrupt and prevent this type of activity Ukie is reaching out to game developers and publishers to encourage them to use the IP protection services.

Chapter 3

# Tackling IP Crime

## OVERVIEW

The UK's work in the field of IP enforcement is highly regarded throughout the world. The US Chamber of Commerce<sup>23</sup> stated that

**the UK is now the highest ranked country for IP enforcement and a global leader”**

Our success as a trailblazing group will be developed through practical enforcement operations, viable legislative changes, exciting educational interventions and outcome-focussed, measurable collaborations. The contributions outlined in this part of the report represent a small portion of the planning, painstaking preparation and action taken by administrators, enforcement officers, business groups and brand owners.

### In this section

We have grouped together developments in legislative frameworks, awareness raising, operations/action taken by IP enforcers and international perspectives.

PIPCU and Nominet's collaboration in suspending 3610 infringing domain names confirms the value of close contact between partner organisations. Border Force's operation OPSON was an international, multi-agency operation targeting sub-standard food and drink fraud involving organised crime, the success of this operation represents a major achievement.

The details of Trading Standards operations Sandpiper, Carmen, Polo and Sure Shot demonstrate the value of well researched, deliverable operations in action.

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23 [www.theglobalipcenter.com/gipcindex/](http://www.theglobalipcenter.com/gipcindex/)

The Intellectual Property Enterprise Court has been established, with a small claims track specifically set up to deal with low value claims.

Anti-Copying in Design (ACID) highlights the delicate balance that must be achieved when new technology, like 3D printing, changes a market, creating tremendous opportunities for imaginative companies, and challenges the enforcement community to adapt our legislative framework and update our practices.

In a bid to streamline and strengthen legal procedures the IPO has recently concluded a consultation proposing an increase in the custodial penalty for online copyright infringement from two to ten years. This will align copyright infringement with the current maximum custodial sentence for infringement in respect of physical goods (ten years).

The IPO's increasing battery of educational interventions, from Shaun the Sheep to a Karaoke shower demonstrate the imagination and energy required if the message (particularly regarding digital content downloading) is to get through.

Internationally, the IPO's IP attachés raised the profile of international cooperation to facilitate successful IP development across the globe. In the UK, in June 2015 Operation Jasper brought together 63 local authority trading standards' teams, police officers, industry bodies and government agencies, building on the success of 2014's Operation Watch in England, Wales and Northern Ireland's biggest enforcement operation ever launched to combat piracy on social media.

The following series of reports submitted by IP Crime Group members focus on action planned and delivered at local, national and international levels, from the work trading standards operations in the Isle of Man to international initiatives to fight organised crime in China. One theme prevails – strong linkages between strategic and local operations are the keys to success.

## Plan ahead

For the next four years the IP enforcement agenda will be driven by the IPO's 2020 commitments. Our strategy can be characterised as evolution rather than revolution. As a group we are building from a position of strength. This year's IP Crime Report demonstrates our collective ability to collaborate, our understanding of one another's roles, our mutual support and trust and our shared desire to safeguard the interests of British consumers, businesses, IP holders and creatives.

The defining feature of IP crime prevention is that it protects innovation through innovation. There are many challenges facing us. We have proved we have the soft skills needed for effective collaboration, the hard heads required to bring criminals to justice, the vision to update and manage the legal frameworks we operate in and the creativity necessary to change minds and win public esteem. In a successful twenty first century economy, effective IP enforcement is indispensable.

## IP Crime Group reports

### 3a Governance

#### The Alliance for Intellectual Property

We welcome recent legislation to strengthen IP rights and we continue to campaign for further protection to allow creators and businesses, especially SMEs, to be able to protect their works. In the IPO's 'IP Enforcement 2020'<sup>24</sup> strategy there is a focus on driving innovation and supporting legitimate businesses by tackling IP crime as well as through education, awareness and respect for IP and this is supported by the Alliance.

The publication in the Digital Economy Bill of legislation to harmonise criminal penalties for online copyright infringement with offline crimes is welcomed. This will mean that large scale copyright fraud operations can be targeted more effectively, protecting UK creators.

The Government's manifesto commitment to reduce the availability of infringing content and counterfeit goods on the internet and accessed via search engines was welcomed by the Alliance. However, more progress is needed to ensure that search engine providers take action to make it harder for users to find infringing content. The Alliance believes that there should be a continued dialogue with search engines that sets targets and measurements to ensure that infringing content is removed from search listings and that genuine content is allowed to appear prominently.

The Alliance and its members are actively engaged in the proposals for the Digital Single Market and Single Market put forward by the European Commission and are keen to ensure that enforcement is a top priority throughout and that where best practice is identified that it is adopted and used to deliver more effective results across the EU. There are some initiatives such as 'follow the money' that can be delivered with existing legislation but that require better cooperation across borders and agencies.

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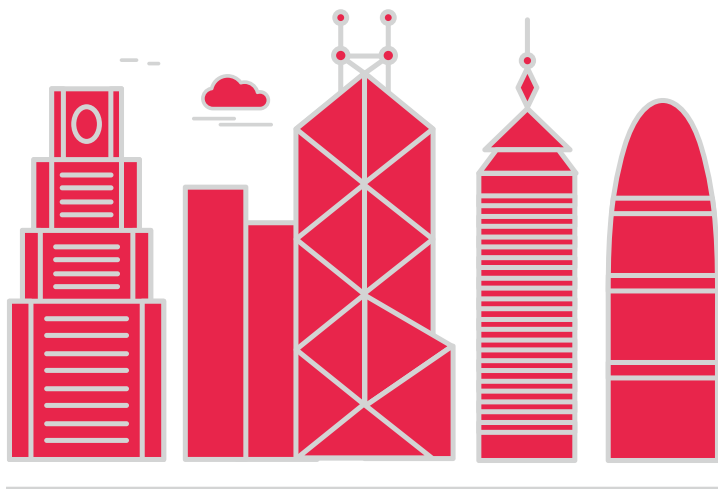
24 [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/522847/IP-Enforcement-Strategy.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/522847/IP-Enforcement-Strategy.pdf)



PIPCU is now a crucial part of the UK IP enforcement landscape and is becoming recognised as a world leader, with initiatives such as Operation Creative being taken up in other countries. The Alliance supports the need for sustained long term Government funding for the unit.

## Border Force

China and Hong Kong remain the predominant source countries for IPR infringing goods seized at the UK Border. Other countries that feature prominently within seizures of IPR infringing goods are Turkey, Poland and Pakistan. The majority of detections continue to involve IPR infringing goods imported via the postal / fast parcel and air freight routes from China and Hong Kong. Detections of IPR goods include clothing (including sportswear), footwear (including football boots), tobacco pouches, electrical items and cosmetics.



As far as container traffic is concerned, China and Hong Kong continue to be the principal countries of origin.

There has been an increase in the number of detentions involving IPR infringing goods originating from China in respect of the nature of the goods seized and the geographical spread of illegal activity. There have been a significant number of detections including clothing, footwear and electrical items such as earphones. These have occurred primarily at Dover but also at

Coquelles near Calais. French customs colleagues have also made detections at Dunkirk, Calais and Coquelles in transit to the UK. It is highly likely the majority of these goods originated from China and arrived into the EU primarily via container ports in the near continent.

## Crown Prosecution Service (CPS)

Over the last 12 months our Specialist Fraud Division (SFD) have continued to build strong relationships with both public and private partners to develop their knowledge and expertise in this developing area of law. SFD works with the film industry through FACT and regularly attends and participates in FACT's seminars and conferences. SFD are members of the IP Crime Group where, at bi-monthly meetings, SFD staff have been able to broaden their knowledge and awareness of the innovative work taking place to tackle IP crime. SFD also attends and supports the European Intellectual Property Prosecutors Network (EIPPN). SFD have provided an initial high level training session to prosecutors and are preparing to provide additional training sessions modelled around the cases which are sent to the CPS by PIPCU.

## Intellectual Property Office (IPO)

### Enforcement strategy 2020

In May 2016 the Government published a new IP Enforcement Strategy setting out how the UK will make effective, proportionate and accessible enforcement of IP rights a priority for the next four years.

The strategy sets out three core ambitions:

- UK businesses, including small businesses, are more confident in operating internationally as a result of better IP protection globally
- Rights owners and rights users have access to proportionate and effective mechanisms to resolve disputes and tackle IP infringement
- Consumers and users are educated to the benefits of respecting IP rights, and do so

To deliver this the government will continue to work with domestic and international partners from industry, law enforcement and governments, to address the multiple and growing challenges posed by IP infringement and counterfeiting.<sup>25</sup>

### Online copyright sanctions: 2-10

The government is clear: criminals who undermine the work of creators face tough sentences. As a result legislation to increase the maximum custodial sentence for online copyright infringement from two to ten years will be introduced.

In a recent consultation response the Baroness Neville-Rolfe, Minister for Intellectual Property said:

**“In the summer of 2015, and following the publication of an independent report ‘Penalty Fair?’ and other supportive evidence, the government made it clear that the maximum sentence for online copyright infringement needed to be harmonised with the penalty for infringing physical goods offline - at 10 years. The current disparity has existed for many years and, just as the range of legitimate content services online has grown, so too has there been an increase in infringement of content online. Because the specific intellectual property legislation is not suitable at the moment due to its low maximum sentence of two years, law enforcement agencies and prosecutors have had to use other mechanisms, such as fraud legislation.”**

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<sup>25</sup> <https://www.gov.uk/government/publications/protecting-creativity-supporting-innovation-ip-enforcement-2020>

Last year government consulted on increasing the maximum term to 10 years. We received over a thousand responses and these have played a significant part in helping to shape the discussion. As a result we are now proposing changes that include increasing the maximum sentence, whilst at the same time, addressing concerns about the scope of the offence. The revised provisions will help protect rights holders, while making the boundaries of the offence clearer, so that everyone understands how the rules should be applied.

This proposal fits into a wide range of interventions to tackle online crime; from education through to more punitive measures to bring offenders to justice. The provision of a maximum 10 year sentence sends a clear message to criminals; exploiting others' intellectual property without their permission is not acceptable. Where serious infringement is conducted online, the law will allow courts to apply sentences that truly reflect the serious nature of the offence using IP specific legislation.

### Search & copyright round tables tackle 'accidental infringement'

Since October 2014, Baroness Neville-Rolfe, Minister for IP, has chaired a series of eight roundtable meetings, with attendees including representatives from the biggest three UK search and engines (Google, Yahoo! and Bing), as well as creative industry representatives (MPA, BPI and Alliance for IP), and officials from OFCOM, DCMS and IPO. Our aim was to discuss options for voluntary measures to reduce the incidence of accidental infringement, in which well-motivated consumers are led to copyright infringing websites through legitimate search results. Specific topics discussed include the promotion/demotion of websites, the role of Autocomplete, the role of blocking injunctions and regulatory options, the increased use of proxies, the efficiency of notification and takedown systems, and the role of education. To support the group in their work, OFCOM have carried out several waves of research looking at the prevalence of copyright infringing websites in search results, and the incidence of potentially problematic terms being suggested by Autocomplete.

## Professional Publishers Association (PPA)

Publishers take a pro-active approach to combatting digital piracy, issuing take-down notices to websites hosting infringing content, both directly and via the Publishers Association Portal.

Magazine publishers have also contributed to the Creative Content UK 'Get It Right' campaign, supplying advertising pages across a number of titles to promote the message to consumers about the harm caused by pirated content, and the impact on creativity.

Collectively, with the Publishers Association, PIPCU and our sister magazine, association Rettigheds Alliancen in Denmark, we have challenged one specific website that allows users to upload content without verification of the ownership of the IP. We are anxious to further develop this process of collaboration to address infringements that affect multiple-IP owners. We were also pleased that the IPO's 5th tracker wave report<sup>26</sup> on online copyright infringement included questions that raised reference to unauthorised digital magazine publications for the first time.

## Publishers Association (PA)

The Publishers Association is the leading representative voice for books, journal, audio and electronic publishers in the UK. In an era of global copyright law reform the need for greater copyright protection through both enforcement and policy development is at the heart of The PA's work. The UK publishing industry relies heavily on the 43% of its revenue that is generated through exports. The industry is adversely affected by both physical and digital piracy in overseas territories, as well as digital piracy within the UK.

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<sup>26</sup> <https://www.gov.uk/government/publications/online-copyright-infringement-tracker-survey-5th-wave>

In international markets the PA works wherever possible with local partners and in particular the IPO attachés. Recently the PA worked with the Association of Publishers of India to launch, with funding via the IPO, a new toolkit for raising awareness of copyright and its importance for academic institutions. In China the PA also participated in UK-China Copyright Week, a week of events curated by the UK's IP Attaché to China, with the overall objective of sharing common issues on copyright and enforcement between China and the UK. Highlights of the week included the signing of an MOU on copyright protection between the International Publishers Copyright Coalition (IPCC) and Baidu (China's biggest search engine), and a round table workshop with the legal team of Alibaba and Taobao.

Within the UK the PA continues to support publishers in sending takedown notices by providing access to the Copyright Infringement Portal. The PA's approach - providing easy-to-use anti-piracy tools - was complemented by the launch of Member Anti-Piracy System (MAPS), a member-only, anti-piracy system developed by the PA for PRS for Music. MAPS is based on the PA's own highly-successful Copyright Infringement Portal, and the two systems work in harmony to provide an advanced and sophisticated response to managing the reporting of online infringements.

## Chartered Trading Standards Institute (CTSI)

The Chartered Trading Standards Institute is a professional membership association formed in 1881. We represent trading standards professionals working in the UK and overseas - in local authorities, the business and consumer sectors and in central government. The CTSI promotes and protects the success of a modern vibrant economy and safeguards the health, safety and wellbeing of UK citizens by enhancing the professionalism of its members.

Trading standards services are delivered by Local Authority Trading Standards Services (LATSS). These services have a key role to play in protecting Intellectual Property rights. Each service has a statutory duty to enforce the criminal provisions of the Trade Marks Act 1994, and the Copyright, Designs and Patents Act 1988 within the relevant area.

Trading standards officers have statutory powers under the Trade Marks Act 1994, Copyright, Designs and Patents Act 1988 and the Registered Designs Act 1949 in order to enable them to enforce Intellectual Property rights on behalf of legitimate businesses.

CTSI recently launched its IP Strategy "Intellectual Property for Local Councils"<sup>27</sup>.

## National Trading Standards - (NTS)

The National Trading Standards was set up in 2012 by the government as part of the redevelopment of the consumer protection landscape. Our role is to provide leadership, influence, support and resources to help combat consumer and business detriment nationally, regionally and locally. We bring together trading standards representatives from England and Wales to prioritise, fund and coordinate national and regional enforcement cases.

### Fulfilment houses

Our strategic approach to tackling the problem of UK based fulfilment houses – acting as hubs for counterfeit goods – exemplifies the well-planned, well researched and well-targeted approach to IP crime prevention that we advocate. Since early 2015 an NTS national fulfilment house project has been developed to address the problems associated with UK-based fulfilment houses. NTS has identified that unregulated fulfilment houses present a national threat and significant problems for consumers, businesses and enforcement agencies across all regulatory sectors.

The NTS National Tasking Group (NTG) funded a research project in 2014-15 into this issue and a report was produced for NTS and the Consumer Protection Partnership in March 2015. In 2015-2016 further funding for the fulfilment house project to take a phased approach, from intelligence development to investigation work and enforcement, working with other enforcement agencies was agreed.

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27 <http://www.tradingstandards.uk/policy/IPstrategy.cfm>

As part of the project a number of fulfilment houses in England and Wales were identified, predominantly operated by foreign nationals, that appear to be importing unsafe and counterfeit products onto the global market. As well as product safety and IP offences, fulfilment houses appear to be involved in other criminality including subscription traps and breaches of consumer protection regulations.

Regional Tasking Groups were funded to undertake intelligence and financial investigation development work and all trading standards services were asked to ensure that they have recorded any additional intelligence they may have on fulfilment houses within their authority. Based on the intelligence gathered, some Regional Tasking Groups were then directed to investigate and take enforcement action, if required, on a number of fulfilment houses within their areas, some of which appeared to be linked. Trading standards services have engaged with Her Majesty's Revenue and Customs (HMRC), IPO and other agencies to take enforcement action against a number of fulfilment houses. Some specific fulfilment houses have been visited by trading standards services and a large quantity of non-compliant goods have been removed from sale, including large numbers of unsafe electrical products and counterfeit goods.

Further reports were produced in April 2016 and ongoing support is being provided by NTG for the NTS fulfilment house project work in 2016-17. This project has helped ensure the recognition that trading standards is a small but key part of the solution and that in many cases the fraud is primarily financial. Feedback from HMRC colleagues has shown that HMRC now fully recognise the impact the fulfilment house model on revenue.

The government has recently given HMRC new powers to tackle VAT evasion through online sales affected overseas businesses and online market places as overseas businesses who sell goods (located in the UK at the time of sale). These goods are normally shipped to the UK before sale and stored in fulfilment houses close to their final delivery point. NTS welcomes these new powers that will enable HMRC to deal with fulfilment houses more effectively and there is an acknowledgement from partners, particularly HMRC that the NTS fulfilment house project has acted as a catalyst for broader government action.

## **UK Interactive Entertainment (Ukie)**

Raising awareness within the games and interactive entertainment industry of the scale and scope of infringement has been crucial in highlighting the issues affecting our industry. Demonstrating that there are more responses to IP crime than notice and takedown is central to our strategy. Ukie is a stakeholder of Operation Creative and therefore supports the 'Follow the Money' approach to tackle IP crime. Working as part of a collaborative group with other trade associations to target the most egregious sites has produced results by changing attitudes to infringing sites. Ukie submits information on infringing video game related sites and to the Infringing Website List (IWL) our objective is to extend this service so that we reach mobile app games. We will also undertake research to enable us to target our actions so that our impact is maximised.

Originally funded by the Mayor of London, Digital Schoolhouse is based in secondary schools and aims to work with a growing network of local primary teachers to deliver creative and cross-curricular computing lessons. Through this Ukie support, the new Computing Programme of Study for the National Curriculum is inspiring a new generation of game makers. By learning to code and creating IP, students learn how to value their IP and therefore respect IP created by others.

## 3b Connectivity

### Alliance for Intellectual Property

Industry has been at the forefront of helping consumers to navigate the new digital environment and promoting awareness of the role that IP plays in ensuring that consumers can access safe, legitimate goods and services online.

The government has taken positive steps to support education of consumers through support of campaigns such as Creative Content UK's 'Get It Right From A Genuine Site'<sup>28</sup> – a joint initiative of the BPI, the Motion Picture Association and the major UK Internet Service Providers. This public awareness campaign encourages consumers to help support the UK's creative sector by signposting sites where consumers can access content legitimately rather than from illegal sources.

"Design Out IP Crime"<sup>29</sup>, offering guidance for small and medium size business on protecting their IP from the very start of the creative process, has been developed by Anti-Copying in Design and PIPCU.

### Anti-Counterfeiting Group (ACG)

The ACG and its members are at the forefront of several campaigns and initiatives to reduce the availability of counterfeit goods and evidence the scale of this serious criminal activity.

Below is a snap-shot of the activity conducted between April 2015 and March 2016.

An ACG member from the sports apparel sector attended 25 to 30 raids, providing over twenty storage containers for goods seized by law enforcement, on-going storage and destruction facilities at a cost of £100,000 and support for enforcement agencies in seizing counterfeit goods with the equivalent retail value of £4 million.

Automotive member, BMW, takes brand protection very seriously and has developed its first consumer facing campaign to raise awareness, educate and engage customers on all aspects of product counterfeiting<sup>30</sup>.

A group of seven global brand owners and ACG members carried out extensive research and surveillance activity in the M8 area of Manchester. This industry-funded project evidenced an increase of 113% in infringing activity with some 68 shops selling counterfeit products. The research also revealed clear links to other serious criminality.

ACG member Epson is committed to protecting consumers from the very real dangers of using counterfeit lamps in projectors. The Epson brand is synonymous with the highest quality and safety standards so the removal of these potentially dangerous lamps is of the utmost importance to Epson and Epson's customers alike.

Epson has adopted a strategic approach to fight the issue of fake lamps which has led to numerous raids across the UK and Europe. Epson has developed an international IP enforcement team who collaborate with other manufacturers via trade associations such as the ICCE (Imaging Consumables Coalition of Europe) and the ACG.

Epson has strong links with policy makers and law enforcement bodies and seeks to identify and restrict counterfeit operations. Epson has developed a specialist team who solely focus on online infringement and can report listings of potentially counterfeit lamps found on popular online market places.

In addition Epson collaborates closely with their channel and service partners to increase awareness of counterfeit lamps and have a section on their website dedicated to fake lamps and to inform consumers how to spot a counterfeit. By implementing these measures they have been able to seize a substantial quantity of counterfeit goods, helping to protect customers and guaranteeing the performance of their products.

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28 <https://www.getitrightfromagenuinesite.org/>

29 [http://www.acid.uk.com/tl\\_files/2015/PIPCU%20A5%2019.12.2014...pdf](http://www.acid.uk.com/tl_files/2015/PIPCU%20A5%2019.12.2014...pdf)

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30 For more information go to: [http://www.bmw.co.uk/en\\_GB/topics/support/bmw-brand-protection/a-real-threat.html](http://www.bmw.co.uk/en_GB/topics/support/bmw-brand-protection/a-real-threat.html)

ACG is recognised for its lobbying ability, networking and, more recently, its intelligence coordination role. Our commitment to the delivery of targeted, successful interventions enables the ACG to act as a trusted partner, at a strategic level, in the development of long term governmental policies in the field of IP enforcement.

## Anti-Copying in Design (ACID)

### Current Concerns – Unregistered Design Rights (UDRs)

The lack of criminal provisions for UDRs is no longer in step with the criminal provisions for Registered Designs (RDs). Despite improvements to the Intellectual Property Enterprise Court (IPEC) and Small Claims Track, this route can be cost prohibitive for micro and SME designers anxious to take infringement action. As the majority of designers rely on UDRs the door is open for organised criminals seeking to infringe UDRs.

### 3D Printing

3D printing technology is developing rapidly and all areas of bespoke manufacture and prototyping, from robotic hands, to car and aircraft parts, from fashion to furniture. As the cost of 3D printers falls and the cost of manufacturing is reduced, organised criminals will see opportunities in this area and there are currently no mechanism to take any legal action.

3D printing also presents cross-border concerns. If a copy of an article is made outside the UK and the file containing the information is e-mailed to the UK, copies can be made in the UK without legal redress. Moreover, the portability of 3D printing machines renders them difficult to track. It is likely that, as in the case of other new technologies – digital technology, e-mail, desk top publishing – 3D printing, will present multiple challenges to IP enforcement authorities. The potential for infringers to mass-produce products with the same outward physical appearance as legitimate goods, by way of 3D printing, could result in a significant volume of counterfeit goods reaching the marketplace.

3D printing offers opportunities to new entrants in many businesses and to those in the public health and medical sectors. The potency of the threat posed by 3D printing is easy to see when one considers that pirated 3D goods would be combined with potentially flawless imitation packaging, labelling and instructions for use, since the overall product could appear to the relevant consumer as identical to the genuine item. Furthermore, current design law will not protect designers and manufacturers.

Potential solutions to the problems posed by 3D printing include the introduction of criminal provisions for the infringement of unregistered design. Additionally, we would like to see analogous provisions to Section 107 and 110 of the Copyright, Designs and Patents Act (CDPA) introduced in respect of unregistered design rights. We believe that because unregistered design rights grew out of copyright laws and has more in common with copyright laws than registered designs laws.

The introduction of measures which prevent the copying of protected 3D designs would provide support for designers. Machines could be engineered to recognise only authenticated plans containing, for example, a digital signature. Documents could be encrypted so as to prevent them from being visible on more than one computer. We should improve access to stronger, more accessible enforcement for design infringement and exemplary damages, are vital if the economic health of the design sector is to be maintained.

## Audiolock

### The business of anti-piracy<sup>31</sup>

AudioLock music anti-piracy is a company which helps to maximise its client sales through the provision of anti-piracy services. AudioLock's strategy has three distinct elements:

#### A route to real

The crux of AudioLock's commercial service is link removal to help drive traffic to our clients' official sites. By removing as many infringing links as possible to a given release it makes it harder for people to find pirated versions. This process also has an Search Engine Optimisation effect by elevating the releases' official stream and download links, SoundCloud, Facebook, YouTube and PR links onto the all-important first page of search results - a space which opens up after the pirate links have been removed.

#### Spread the word

By sharing expert information with the music industry we aim to educate music rights holders and in doing so help equip them with the right knowledge to make informed decisions about tackling music piracy. AudioLock does this through a variety of talks, panels, written guides and via our unpaid Ambassadors network of experienced music professionals like Judge Jules, Emika and Goldie. To broaden the reach of this message further we work closely with a number of music trade bodies including AFEM, AIM, IFPI, MPA and VUT. In recognition of AudioLock's work in this area Tristan Hunt, our Director of Business Development, was elected last October along with Elizabeth Muirhead, BMAT's Head of Legal and Business Affairs, to the Executive Board for the Association For Electronic Music (AFEM) to represent the sector of Technology and Software.

When speaking at the Brighton Music Conference (BMC) Keynote panel 'Get Played Get Paid', hosted by the Association for Electronic Music (AFEM), Tristan Hunt, noted that "it was clear from an audience show of hands that though half were music creators or rights holders only about a quarter understood the need to deploy music anti-piracy in order to help safeguard their releases and maximise income. Longstanding clients of ours like Ministry of Sound, Domino, Ninja Tune, Hospital, RAM, Warp and Mute know well the value of high quality anti-piracy protection which is why they use our service."

#### The war against piracy

Music piracy was once perceived as an intractable issue with no resolution. We don't think this is still the case. Over our last seven years we have seen a paradigm shift as music rights holders have moved from begrudging acceptance of piracy to seizing back control of their music and tackling piracy head on with services like our own. We think there has also been a reluctance by labels and artists to take a strong stance against music piracy for fear that they be seen as authoritarian and uncool by their fans. This is also changing as trade associations like AIM and AFEM continue to champion their members' rights and make them feel empowered to speak out and protect the music which is their livelihood.

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31 [Edited and republished courtesy of Music Week and AudioLock]



In some territories such as Scandinavian countries the availability of legitimate streaming services is impacting on the demand for piracy. However the IFPI notes that still

# the recording industry's ability to develop the digital marketplace is undermined by piracy ”

and “estimates, based on comScore/Nielsen data, that 20 per cent of internet users worldwide regularly access unlicensed services.” This position chimes with AudioLock’s own experience derived first hand from the clients we serve. Although the increased shift towards streaming is having a positive impact on providing more accessible and affordable alternatives to piracy the need to protect the exclusivity of streams and downloads with effective music anti-piracy remains paramount to maximising sales and chart positions. Highlighting this point the IFPI also states that “downloads remain a significant offering, accounting for 20 per cent of industry revenues”. This point is of particular importance to electronic music rights holders where downloads form a particularly large segment of their income due to DJ culture where there’s a high demand for the newest, latest tracks which a DJ can download and play out in their sets. The AFEM noted that “estimates suggest that the illegal DJ download market is at least 10x greater than the combined turnover of legitimate online stores, so the lost revenue for this area of the music industry is very significant.”

## Industry's role

It’s no secret that the music industry was initially slow to react to piracy. However, as touched on previously, trade bodies like AIM and AFEM, under the leadership of Alison Wenham and Mark Lawrence respectively, are doing sterling work at both a grassroots level and that of policy to help effect reforms which benefit the members their associations represent. As mentioned there remains a strong need for labels, artists and rights holders across the board to speak up and tell their fans more loudly, unashamedly that they need to pay for the music they make, otherwise that music will cease as new talent stops getting funded. So many fans and young musicians remain in the dark about the damage piracy does and there continues to be a misconception with them that somehow indie labels have the incomes of the majors so can afford the loss of sales that piracy causes.

What are the challenges faced by the wider industry to prevent music piracy?

AudioLock's Founder and CEO Ben Rush, who also participated on two panels at the 2016 Brighton Music Conference 'Stealing Our Own Success - are DJ's accidentally killing sales?' and 'Fighting Piracy In Dance Music' stated

**“the high quality presentation of today's pirate sites often makes it hard for consumers to discern them from legitimate sites. As well as looking similar to sites like Beatport or iTunes, which can confuse consumers, these sites such as soundeo.com offer all you can eat downloads sometimes for just £10 per month - a model similar to that of legitimate services like Netflix, but with none of the revenue going to the rights holders.”**

AudioLock believes that shutting down these sites is an integral aspect to helping prevent consumer confusion so it's an issue which AudioLock continues to tackle via initiatives like the AFEM's 'Stealing Our Own Success' campaign.

## Government's role

Continued reforms by the Government on policy which mitigates music piracy are key to improving safeguards for music content owners. This point is most true when it comes to the Government working with search engines to reduce the availability of piracy online. AudioLock would warmly welcome any additional initiatives which the Government can introduce to help further protect our music industry from enterprise piracy.

## British Phonographic Industry (BPI)

### Raising awareness: 'Get it right from a genuine site'

Representatives from the UK's creative industries led by BPI and MPA - Trade Associations whose members are copyright holders in the audio-visual and music industries – and with support from many other industry groups and entities/individuals and major Internet Service Providers (BT, Sky, Virgin and TalkTalk) came together in 2015 (with the support of the UK Government (DCMS, BIS and IPO)) to launch Creative Content UK – and, as a deliverable of that partnership - the “Get it Right from a Genuine Site” consumer awareness and education campaign (“Get it Right”).



“Get it Right”<sup>32</sup>, which was launched in Q4 2015 with TV, online and print advertising aiming, primarily, to reach young people between the ages of 16 and 24 years of age (plus the adults including parents, guardians, teachers, coaches etc. who influence them), is a behaviour change initiative intended to boost consumer awareness of the wide array of legitimate online content services<sup>33</sup> to help to reduce online copyright infringement.

32 For more information see: <https://www.youtube.com/watch?v=BQYACIKuKp4>, [www.getitrightfromagenuinesite.org](http://www.getitrightfromagenuinesite.org) and the campaign's social channels Twitter, YouTube and Instagram (@getitright, #genuine)

33 For more information see: <https://www.getitrightfromagenuinesite.org/genuine-sites/>

A further component of the “Get it Right” campaign is a subscriber alert programme that will, starting by the end of 2016, advise ISPs’ residential subscribers when their accounts are believed to have been used to infringe copyright. Account holders will receive an Alert from their ISP, advising them that unlawful uploading of a copyright content file may have taken place on their internet connection and offering advice on where to find legitimate sources of content.

Using a “first in the world” model, the “Get it Right” campaign benefits from a comprehensive assessment programme intended to determine the extent to which the messages of the campaign are reaching and influencing the target audiences and to measure the impact of the various components including the Alerts themselves. Very early indicators are encouraging – and the Creative Content UK team including its UK Government partners look forward to learning more as the campaign continues to address the public via its various online and other avenues.



## Industry Trust for IP Awareness

The digital revolution continued apace in 2015 with digital entertainment services reaching a tipping point as consumers took their long-standing love affair with film and TV to a whole new level. In fact, it was a prosperous year for the industry as a whole: whether at the cinema, at home, or on the go, consumers are watching more content than ever, fuelled by the growing wealth of ways to watch.

Growth of authorised digital services sky-rocketed (with paid for services growing by five points to 54%) while infringement remained flat at 23%. But there's no room for complacency. Despite the vast majority of consumers doing the right thing by choosing to pay for their content, and the same proportion of the population accessing unauthorised content today as they were a year ago, a closer look shows that those that do infringe are accessing more content illegally than they were before. It also reveals some significant peaks within subgroups – most notably amongst women and pre-teens as they move their viewing online, lured by the ease and convenience of infringement.

Amid a backdrop of rapid technological development, wider industry support through initiatives like Creative Content UK and greater collaboration, in 2015 The Industry Trust continued to shift audience behaviour through its established Moments Worth Paying For and FindAnyFilm.com campaigns as the one voice that unites all aspects of the ecosystem in this increasingly multi-channel audio-visual market.

### Moments Worth Paying For and FindAnyFilm.com

The Industry Trust's well established Moments Worth Paying For consumer education campaign continued to evolve its message in line with audience insights with collaborations targeted at key audiences. It had a blockbuster year with some truly outstanding executions thanks to unparalleled support from content providers. Trailers for Star Wars: The Force Awakens in partnership with the Made Great in Britain campaign, Inside Out and Magic Mike XXL rubbed shoulders with Suffragette, The Peanuts Movie and Shaun the Sheep, to name a few.

Thanks to the flexibility of the campaign, the Trust were able to drive tailored messaging that works for our key audiences, with 56% of campaign recognisers intending to pay for authorised content to support the UK film/TV industry and 51% intending to pay because the experience of authorised content is worth paying for.

Partnerships with DCM, Pearl and Dean and Clear Channel, helped drive a total audience reach of 610m (23% up YOY), a media value of £7.5m (an increase of £1.11m) and a campaign ROI of 50:1.

FindAnyFilm.com, the industry-backed film and TV search engine, continued to underpin all of the Trust's consumer education activity, with a view to continuously nudging and signposting all audiences towards legal sources of content as they migrate their viewing online. FindAnyFilm.com 'book, buy or watch' messaging was further dialled up in Moments Worth Paying For trailers resulting in 25% awareness of the site among 16-34-year-old male infringers and 26% awareness among the youth audience of 11-15-year-old infringers. Outside of the trailers, the Trust focused its FindAnyFilm activity and investment on technical build, a design refresh and bringing in feeds to ensure a great user experience, ahead of plans for a more consumer-centric activation in 2016/7. The service attracts over 2.5 million users annually.

### Youth campaigns

The 50,000+ strong ScreenThing social media audience has grown up with the page over the years. Originally a way to engage youth audiences with messages around respect for the creative industries and the filmmaking process, the audience is now older and more in line with the Moments Worth Paying For audience. 2015 activity included amplifying the Moments Worth Paying For trailers, message rich posts reinforcing the hard work that goes into creating content as well as competitions and trailers reaching 1.3m people aged 13 – 34.

The Trust entered its second year of in-school activities with film education organisation Into Film advising them on their classroom, online and in-cinema based activities to promote

copyright and respect for creative content to 5-19-year-olds. 2015 resources included Creating Movie Magic (1&2), Vin Diesel's Socks Assembly resource and the Totally Worth Paying For trailer. Collectively these activities reached just shy of 365,000 young people.

The Trust also continues to work closely with Creative Content UK to ensure a coordinated approach that maximises impact and engagement across education programmes.

### Face-to-face learning

We offer successful interventions for users who want the benefits of direct contact.

## Intellectual Property Office (IPO)

### Business support

Key objectives of IPO business-centred communications concerning IP are to enable business people to:

- understand IP and its relevance to them
- facilitate good decision making regarding IP
- maximise revenue and growth from IP

We seek to achieve these objectives through a combination of online and face-to-face support as well as collaborating and working with partner organisations.

### Online learning

We offer a number of online tools to help businesses identify their IP needs.

### IP Equip

Free, e-learning tool to help advisors identify assets which may be protected by IP rights. IP Equip contains four short modules and provides links to more detailed information and professional services.

### IP Crime Report 2015-16

This accessible information package takes around one hour to complete.

During the last year 2,844 modules have been completed by users. The collative total is 8,320 modules completed since launch.

### IP Equip App

This free app provides users with an accessible introduction to intellectual property. It also contains case study videos and tips for the use of IP in business. Content of the app includes an overview of patents, trade marks, designs, copyright and intangible assets, plus links to further IP resources.

The IP App is available to download from the Apple store iTunes and Android App store; 383 businesses have downloaded the app, taking the total to 2,360 since launch.

### IP Health Check

This is a free online tool that allows businesses to identify and add value to their IP. Users answer a series of simple questions and receive a tailored confidential report. There are health checks covering the four main IP rights as well as issues such as licensing and franchising.

The IP Health Check series of tools has recently been refreshed; 1,617 reports have been generated so far this year, taking the cumulative total to 22,658 since launch.

### IP Master Class

An intensive IP advisor training course which takes two and a half days. An online version of the course is also available.

The IPO has provided IP Master Class training to advisors from the (now-closed) Business Growth Service (previously GrowthAccelerator), UKTI, MAS, UK PatLib and BIPC Network. This year we have extended the offer to cover the Enterprise Europe Network (EEN) and the Growth Hubs. This has allowed us to widen our network of trained advisors and ensure that IP advice is integrated into public sector business support programmes. Since April 2012 the IPO has trained over 350 advisors.

## Seminars and events

The IPO has a small team that runs seminars and workshops on IP for businesses and advisors. The team works with a range of national partners, including the devolved authorities, other Government Departments including Companies House, UKTI and HMRC along with regional level Chambers of Commerce and local business and enterprise organisations.

The team delivered 191 workshops, seminars and exhibitions all across the UK with positive IP messaging from Apr 2015-Jan 2016. The focus is to train trainers or advisors within networks to build IP capability and achieve a multiplier effect.

## Partnerships and other initiatives

We are involved in a number of collaborations with co-partners.

### UK Patent Libraries (PatLibs) and Business and IP Centres (BIPCs)

The PatLib UK network comprises 16 regional centres, offering free practical assistance on a variety of IP rights. To date the IPO has trained 108 advisors across the whole network who between them dealt with over 4,500 IP enquiries in 2015.

The UK Business and IP Centre network is made up of six Patlib UK members offering an increased range of services. These centres are based on the British Libraries successful model and have been created with the help of the IPO's financial support.

From a recent evaluation conducted by the network they have found that 96% of customers would recommend the centres and they have helped to create 2,775 jobs.

## Business Growth Hubs

The IPO has been working with the Growth Hub network to ensure that IP is embedded into their service offering, the support varies from web content, joint events and training of staff within the Growth Hubs.

The Midlands Business Support Network was created following meetings between the IPO and a number of business support organisations within the region with the aim of helping partner business support organisations share information, discuss best practice and look of ways of working together to support the SME community within the region. There are currently about 30 members including government bodies as well as local Universities and Growth Hubs.

## IP Audits Plus

The IPO currently part-funds 250 audits for high growth SMEs engaged with business support programmes run by Enterprise Europe Network (EEN), Welsh Government or Scottish Enterprise. This specialised service is administered by the IPO and carried out by an IP professional; it gives an in depth analysis of a business's IP, including opportunities for increasing revenue as well as any potential risks, together with recommendations for maximising the value of their IP.

## IP Insurance

The IPO has been working with the insurance industry to stimulate the market and has developed a number of interventions to encourage this, including:

- working with the Chartered Institute of Patent Attorneys (CIPA) and the Institute of Trade Marks Attorneys (ITMA) to develop a database of providers of IP insurance products that is available on both websites
- guidance for business relating to IP insurance, including the benefits/costs, the on-cover and claims process and resolving disputes
- we are also working to develop broker IP knowledge through our online tools, IP Master Class training and network engagement



## Training and outreach

In February 2016 the IPO delivered training to Trading Standards Officers on trade mark and designs. With the support and close collaboration of the British Brands Group (BBG), the session paid particular attention to the issue of lookalike packaging.

Lookalike packaging has been a key concern to the BBG, and to brand owners more generally. The session enhanced Trading Standards Officers' knowledge of the issue and helped inform them about any appropriate action that they should take to support brand owners.

In November 2015 we launched [www.crackingideas.com](http://www.crackingideas.com), an and interactive hub that brings together educational material for all forms of IP, along with resources developed by our key stakeholders. The IP resources are aimed at all levels of education from primary school to higher education. This hub achieved a huge 184% increase in traffic over that of the previous website, indicating a high level of interest and demand for the materials provided.



In February 2016 we launched 'Think Kit', a schools based resource, linked to the curriculum, targeting Key Stage three and four. "Think Kit" puts IP issues in a relevant context for students, by getting them thinking about how they

would feel if their ideas were copied and the use of social media and technology in the sharing of those ideas. "Think Kit" gives teachers access to brand new online resources, video case studies and toolkits designed to improve the next generation's understanding of IP.



In March 2016 we attended two of our flagship events simultaneously: The Education Show and The Big Bang UK Young Scientists & Engineers Fair. The largest education sector - specific events of their kind, attracting in excess of 85,000 visitors. The Karaoke Shower, Shaun the Sheep, our educational resources and a host of fake verses real goods donated to the event by the enforcement team were all loaded onto the van destined for the

NEC. We distributed over 1,000 educational packs, generated 1,060 entries to the enforcement competition and 380 cracking ideas competition entries, it was a very successful couple of days.

The IPO, in partnership with the National Markets Group (NMG), recently produced a film highlighting the challenges law enforcement officers face in dealing with counterfeit goods at markets and in shops.

The film focuses on Camden Market and its work with local law enforcers and the NMG to reduce the availability of counterfeit and pirated goods.

The IPO's enforcement team would like to thank Camden Trading Standards, the NMG and the EUIPO who helped fund the film, for their support in making this film.<sup>34</sup>



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<sup>34</sup> The video has been viewed over 535 times and can be found at - <https://youtu.be/BMZ3MEGdcyl>



## Trading Standards - IP awareness event

The Intellectual Property Office, along with partners hosted an IP Enforcement Event for trading standards officers which was held in Birmingham in March 2016. The event was organised in response to a 2014/15 IP Crime report survey of trading standards officers which indicated that TS officers across the UK wanted more information on the subject of effective IP enforcement.

This pilot event included a wide range of speakers including representatives from HMRC, PIPCU, IPO and Trading Standards and was attended by 35 officers from across the Central England region. The event provided opportunities to network, share best practice and experiences with colleagues and government departments and was well received. Due to its success it is hoped that this event can be made available across other regions to enable all TS officers the opportunity to attend an event.

## IP education in further and higher education

A key priority for the IPO has been to equip students with a knowledge of IP and ensure that teachers and university lecturers can access learning resources to improve that knowledge.

The IPO have been working with the Quality Assurance Agency for Higher Education <sup>35</sup>(QAA) to include IP into their subject benchmark statements for relevant courses. QAA form part of the UK Quality Code for Higher Education (HE) which sets out the expectations that HE providers are required to meet. IP now features in the QAA's Engineering, Business and Management, Masters in Business and Management, Biosciences, and Biomedical Sciences standards.

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35 <http://www.qaa.ac.uk/en>



In 2015 the IPO launched IP Tutor<sup>36</sup>, a new online tool for lecturers to help increase IP teaching in universities and students' knowledge on IP. Since its launch, IP Tutor has been viewed by over 8,000 visitors. The free online tool provides discipline specific content on IP rights and the issues to consider when protecting innovations and building businesses based upon it.

The Lambert Toolkit <sup>37</sup>supports the effective collaboration between businesses and universities to stimulate innovation and economic growth. The Toolkit, hosted on the IPO's website, provides a range of template agreements which can be used as a starting point for negotiations around the ownership of any IP generated during a joint university-business project. A survey in 2013 highlighted that nearly 80% of respondents found that the Toolkit simplified the process of constructing and securing agreements over IP, and nearly half found the agreements saved money and time.

In October 2014 the latest Studentship Enterprise Awards <sup>38</sup>were launched resulting in 10 winning projects receiving individual prizes between £15,000 and £80,000 for projects deliverable in 2016. The Studentship Enterprise Awards promoted the value of IP skills within the growing enterprise culture among university students. The competition was designed to encourage the practical application of IP skills by university students working in collaboration with universities and/or businesses.

## Medicines & Healthcare products Regulatory Agency (MHRA)

The Medicines and Healthcare products Regulatory Agency regulates medicines, medical devices and blood components for transfusion in the UK.

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36 <http://www.ipo.gov.uk/blogs/iptutor/>

37 <https://www.gov.uk/guidance/lambert-toolkit>

38 <https://www.gov.uk/government/news/750000-competition-announced-to-help-students-with-clever-ideas>

MHRA took part in Operation HANDCRAFT in conjunction with several other agencies in the Cheetham Hill area of Manchester in February 2016. Whilst partner agencies concentrated on IP issues, the MHRA focussed on public health concerns and seized several thousand unlicensed medicines including erectile dysfunction and sleeping tablets. A number of shops and parked vehicles were searched with the assistance of a specially trained sniffer dog which had been trained to detect medicines.

## PRS For Music

In our fight against online music piracy, the Anti-Piracy Unit has partnered with The Publishers Association to develop a bespoke system for 'notice and takedown'. The system is known as the 'Member Anti-Piracy System' (MAPS) and it has been developed to track and remove copies of the PRS for Music repertoire which are made available on unlicensed and infringing sites, by serving notices to those sites. It also allows users to send notices to Google to have them de-list search results.

MAPS has been designed to give users greater control in protecting their content by giving them the ability to select the repertoire they want to search and to determine when it is searched for.

The system will also streamline other areas of the APU's work, in particular it can identify egregious infringers which can be tackled through PRS for Music's working partnership with The City of London Police IP Crime Unit (PIPCU).

## Scottish Anti-Illicit Trade Group (SAITG)

The Scottish Anti-Illicit Trade Group (SAITG) held a public event on 27<sup>th</sup> May 2016 at George Square, Glasgow under the banner of "The Real McCoy", while a simultaneous cross sector Summit took place at Glasgow City Chambers. The public event took the form of an open air market, where stalls displayed a host of products highlighting the scale, cost and harm of illicit trade, demonstrating that this is not a victimless crime.

A local youth theatre group formed a flash mob and performed scenes from Oliver, demonstrating how young people are drawn into organised crime; while the charity Just Enough carried out youth workshops to highlight the links with human trafficking and labour exploitation.

A celebrity compere maintained the carnival atmosphere in the "fake market", which was energised by features such as the IPO's Karaoke Shower (including one 94 year old participant!) and Dixie the tobacco detection dog from Trading Standards. The events aimed to show individuals, organisations and communities how they may be vulnerable from illicit trade and how to protect themselves and others, highlighting how a culture of accepting illicit trade erodes communities; while showcasing on-going multi-agency intervention activities and future opportunities to help communities flourish.



The event provided a blueprint for similar events around the country and demonstrated the benefits to Scotland of legitimate trade. School competitions took place on the run up to the events for pupils to suggest appropriate ways to prevent illicit trade and highlight the importance of legitimate trade. The events received wide and positive media attention, supplemented by high levels of public engagement on the day by means of leaflets being handed to consumers, posters being displayed in retail premises and wide use of #therealmccoy by SAITG members on social media to help positively influence attitudes and behaviours, leading to an increase in the reporting of concerns by individuals. It remains to be seen if there is any reduction in demand for illicit products; however a survey carried out on the day by Police Scotland Youth Volunteers showed that consumers would be less likely to buy illicit products after attending the market.

## 3c Action

### Anti-Counterfeiting Group (ACG)

In partnership with the National Markets Group and Trading Standards, ACG and its members have provided actionable criminal intelligence, physical assistance on raids, transportation, storage and destruction of seized items, reducing the burden on enforcement and enabling them to take more intelligence led coordinated actions.

In partnership with HMRC, Border Force and the IPO's Intelligence Hub we have provided data on active importers of counterfeit goods and physical assistance during intensification exercises at key border locations, leading to the detention of several thousand counterfeit items destined for the UK market place.

ACG has supported an array of enforcement partners including -

**Border Force** at Coventry International Postal Hub, Southampton, Felixstowe, Heathrow Airport, Birmingham Airport, East Midlands Airport, Langley postal hub

**Trading Standards** – Cambridge, Warwickshire, Hertfordshire, Lincolnshire, Sheffield, Leicester City, Leicester County, Manchester, Salford, Brent & Harrow, Camden, Northern Ireland, Nottingham City, Tower Hamlets, Birmingham, Rhondda Cynon Taf, Merthyr Tydfil, Swansea, Ealing, Kent, Essex, Suffolk, Wandsworth, Caerphilly, Devon and Somerset, Glasgow, Aberdeen, Nottingham County, Liverpool, North Yorkshire, York, East Sussex, West Sussex, Surrey, Flintshire, Gwynedd, Powys, Newport, Blaenau Gwent

**Police** – PIPCU City of London, Metropolitan Police, Sussex, Devon and Somerset, South Wales, Gwent, Dyfed Powys, Northern Ireland, Garda, West Mercia, Surrey and Avon and Somerset

**Other** - Intellectual Property Office Intelligence Hub, National Trading Standards e-Crime Centre, National Trading Standards Intelligence Team, National Crime Agency, National Fraud Intelligence Bureau, HMRC, Government Agency Intelligence Networks, Europol and Interpol

**Our IP roadshows** - held 4 times a year these training days raise awareness amongst Police, Trading Standards and Customs/ Border Force officers. The ACG road shows allow enforcement and government partners to interact with ACG member brand representatives in order to learn more about product counterfeiting, methodology of the counterfeiter, how to spot a fake as well as input from key IP organisations such as Trading Standards Institute and the Intellectual Property Office.

**Customs Training days** – ACG and its members provide in-depth training to Customs and Border Force staff on site at various locations across the UK. Borders are the first line of defence against counterfeit goods, this training has proven to be both popular and effective.

### Border Force

Border Force Intelligence Analysis (BFIA) continues to produce threat assessments, in conjunction with partners within the IPO, in addition to specific assessments such as those provided for the UEFA European Football Championship in France. Although the UK is not the host country for these types of events, there remains a likely to be a high level of demand for merchandise, both official and counterfeit. There have been several seizures regarding football sports items particularly in connection with Euro 2016. Border Force worked closely with the IPO to identify and escalate the risk.

Intensification exercises have been undertaken based around the (courier) facility at Heathrow. Working alongside HMRC, Border Force officers search for counterfeit IPRs, shipped via (for example) declared goods channels.

An operation conducted over two days during November and December 2015 involved visiting parcel company premises and made seizures originating from China. Items encountered included DVDs, Apple iPhones, clothing, watches and footwear.

Border Force can now examine goods in transit. As a result, there were some successes in identifying shipments in transit from China to South America (on 23 March 2016) one seizure involved half a tonne of clothing.

## British Phonographic Industry (BPI)

The BPI makes a difference by targeting and prosecuting specific infringers and by raising awareness of IP crime. The following case studies represent some of our work during the last year.

### Counterfeit CD & DVD trading – ‘persistent illegality’ curtailed

On 11 January 2016, Andrew Thornton pleaded guilty at St. Albans Crown Court to an all-encompassing charge of fraudulent trading in respect of the manufacture, wholesale and retail distribution of counterfeit CDs and DVDs at Bovington Market in Hertfordshire. Thornton held an effective monopoly over the sale of large quantities of counterfeit CDs, regularly controlling four or more stalls every market weekend. His gang also acted as wholesalers, manufacturing for other traders. Thornton drew on a network of individuals of all ages to assist him in his illicit activities, not least to create a measure of distance between himself and any connection to his market stalls operation. Over the period September 2011 to June 2014 and despite many raids at the market, at Thornton’s home and at other premises used for production, he persisted in this illegal trade.

On 10 May 2016 at St. Albans Crown Court, Thornton was sentenced for fraudulent trading (Section 9 Fraud Act). For sentencing purposes it was agreed that there was a nominal loss to the music industry of £2.03 million with a retail turnover of £560,000. For this Thornton received a two and a half year jail term. The judge spoke of Thornton’s contemptuous attitude and lack of remorse in what was a persistent and deliberate campaign of illegality sustained over a period of years.

### Unauthorised repressing – vintage Northern Soul rip offs removed

Operation Redwood relates to the sale of unauthorised re-presses of rare Northern Soul records through eBay and Amazon across the UK. A number of online marketplace accounts have been in operation for a number of years and have yielded significant levels of profit.

On 13 April 2016, seven search warrants were executed across the UK, resulting in the arrest of six people. On 20 April 2016, two further search warrants were executed with one additional arrest being made. Further arrest warrants have been issued in relation to two nominals who have failed to attend Police stations.

Over 10,000 vinyl records were seized along with computer equipment and supporting documentation. Financial restraint orders have since been served on property and other items of value belonging to the individuals.

All defendants are currently on Police bail until 18 October 2016, during which time all of the products will be scheduled and examined by the BPI.

### Counterfeit CD – test purchase reveals fraud

Information was received by the BPI that the person using the email address gazp55@yahoo.co.uk was offering counterfeit music, films, games and software for sale. The BPI undertook a test purchase via PayPal. In conjunction with the IPO and Caerphilly Trading Standards Department a full investigation was carried out.

On 29 April 2016 at Newport Magistrates court Gareth Parker pleaded guilty to six counterfeiting offences. The following sentence was passed: an eight week imprisonment, (suspended for 12 months), 120 hours work in the community to be carried out over 12 months. £1,268 prosecution costs and £80 victim surcharge to be paid in full in 28 days. Along with forfeiture and destruction of all items seized.

The BPI continues to work closely with the City of London Police, collaborating also with other industry partners, including advertisers and payment service companies, to reduce the harm caused by infringing websites and to disrupt the revenue streams generated by digital advertising on such sites.

BPI has welcomed the Gambling Commission's proposal to introduce a new licence condition which will require its licensees to ensure that they do not place digital advertisements on websites providing unauthorised access to copyrighted content. BPI will work closely with the Commission and its members to support the monitoring of compliance.

## **Federation Against Copyright Theft (FACT)**

In the past year FACT has seen several major intellectual property cases come to fruition as a result of co-ordinated action. These case studies provide an accurate snapshot of the work we are involved with.

### **£1 million football fraud**

A joint investigation by FACT, the Premier League and Surrey Police saw a duo jailed for fraudulently selling access to Premier League football. Simon Hopkins and Leon Passlow were each sentenced to three and half years in prison after running a company offering businesses unauthorised access to Sky Sports through the use of domestic cards, without paying the legitimate commercial rate. Between 2008 and their arrest in 2012, Hopkins and Passlow sold well over a thousand such cards, cashing in on almost £1 million.

### **Online movie mugger**

A month later in September 2015, following a joint investigation with FACT and the Police Service of Northern Ireland, a man was sentenced to four years imprisonment after admitting running a website which facilitated illegal access to films on the internet. Paul Mahoney made almost £300,000 through advertising revenue and put the film industry at risk of losing £120 million.

## **Payback time for £5 million 'release group'**

December saw a landmark case for FACT as five members of an underground piracy group that sought to be the first to release the latest blockbusters on the web were jailed for more than 17 years. The case marked the first time that members of a 'release group' have been prosecuted. The five men were arrested at their homes on 1 February 2013 following an investigation by FACT with support from the police from West Midlands, Derbyshire, Hertfordshire and West Mercia, and the West Midlands Government Agency Intelligence Network (GAIN). Over a number of years, the group illegally released online more than 2,500 films including blockbusters such as Argo, the Avengers and Skyfall. The reach of their criminality was vast; on just one website where the group shared their films there had been millions of downloads. Their criminal actions are estimated to have cost the industry many millions of pounds. During the sentencing hearing all five men accepted that they had caused total losses in excess of £5 million, each accepting an individual loss of more than £1 million.

## **eBay Global Asset Protect (GAP) Team**

As the world's leading e-commerce company, eBay Inc.'s global portfolio of businesses enables hundreds of millions of people to buy and sell online. eBay Inc established a Global Asset Protection (GAP) team to promote the safe use of its platforms and to collaborate with local, national and international law enforcement in apprehending and prosecuting criminals. The following cases exemplify what we do and why.

## Counterfeit goods investigation concludes with convictions:

A GAP investigation with South Gloucestershire and Plymouth Trading Standards in 2012, helps dismantle a gang that sold £140,000 of counterfeit One Direction clothing through their eBay account. The suspects were just handed suspended sentences and community service for their criminal actions.<sup>39</sup>

## Five due in court after Suffolk Trading Standards pirate DVD probe:

An individual was identified as being involved in the mass creation and selling of approx. 450 eBay accounts. These accounts were set up with fake/stolen details and any subsequent documentation, held on file by eBay was either stolen or false. The eBay accounts were being used by a gang to sell copied DVD and CD's on eBay and were also being sold via a UK website for use by other individuals. GAP's Investigation revolved around identifying all the accounts set up by the gang and identified a series of documents which matched Law Enforcement seized computer files belonging to the gang leader - Howard Davey. Collaboration with Suffolk trading standards allowed for an arrest to be made and on the 13 April, Howard Davey pleaded guilty to 10 counts of fraud, including the supply of fraudulent eBay accounts and sale of counterfeit DVD's. He will be sentenced in October 2016<sup>40</sup>.

## Counterfeit seller ordered to pay £4000:

GAP worked with Cornwall Trading standards to identify a seller who was selling counterfeit One Direction clothing on eBay. David Scott received a three year conditional discharge for trade mark offences and ordered to pay £4,000 costs<sup>41</sup>.

39 For more information see: <http://www.plymouthherald.co.uk/Revealed-huge-haul-fake-Direction-garments-sold/story-29186828-detail/story.html>

40 For more information see: [http://www.eadt.co.uk/news/five\\_due\\_in\\_court\\_after\\_suffolk\\_trading\\_standards\\_pirate\\_dvd\\_probe\\_1\\_4336539](http://www.eadt.co.uk/news/five_due_in_court_after_suffolk_trading_standards_pirate_dvd_probe_1_4336539)

41 For more information see: <http://www.surelock.org/blog/court-orders-counterfeit-seller-from-cornwall-to-pay-4000-costs/>

## Intellectual Property Office (IPO)

### Operation Goat



In November/December 2015, members of the IPO's Intelligence Hub worked alongside HMRC, UK Border Force and Industry Rights Holders on Operation Goat. Operation Goat targeted suspected infringing goods arriving at two UK airports from China, Hong Kong and Turkey.

Over five tonnes of suspect counterfeit clothing, footwear and luxury goods such as handbags and watches were successfully detected and prevented from entering the UK.





## Intellectual Property Office (IPO)

### Operation Handcraft - Cheetham Hill

During February, in the wake of the government report<sup>42</sup> about counterfeiting in Manchester and its recommendation that agencies respond in a coordinated fashion, HMRC executed Operation Handcraft. This culminated in a day of operational activity. Unprecedented in terms of its multifaceted approach to crime prevention/disruption and the extent of collaborative work it entailed. Support was provided by Greater Manchester Police, Manchester and Salford City Councils Trading Standards teams, Immigration Enforcement, the Medicines and Healthcare Products Regulatory Agency, the IPO and the Border Force. Brand representatives were also on hand to identify fakes and assist with subsequent disposal and storage, and the entire event was captured by the BBC's Fake Britain.

The IPO worked closely with HMRC, Trading Standards and Police collating, developing and providing intelligence which informed the operational activity. During the operation, which took place on 24 February 2016, two members of the IPO's Intelligence Hub were deployed and an entire block in the Strangeways area of Manchester was cordoned off, afforded the opportunity to gather further intelligence and witness how criminality has embedded itself in the area. Targeting traders that operate from premises displaying no

trading name or number, or directly from disused vehicles, who are permanently poised to abandon their businesses or leave low paid workers to face the consequences, continues to present challenges, but careful planning and an intelligence led approach ensured success.



The varied powers at the disposal of the different organisations represented also enable the 100 strong multi-agency team to operate flexibly and react to tip-offs and opportunities as they emerged. By the end of the day, illegal commodities including counterfeit goods were seized from all of the five targeted addresses. Enough trade mark infringing clothing, footwear, accessories, cosmetics and headphones were found to fill two forty-foot shipping containers.

With the assistance of a number of dogs with specialist training, 130,000 cigarettes, 70kg tobacco, 49,370 tablets, cannabis and £3,500 were also recovered. The 10 arrests made were for a variety of offences including money laundering, and assisting unlawful immigration and tobacco supply.



Following the operation, spokespersons from every agency unanimously voiced a recognition of the dangers posed by the trade in illegal products. This is demonstrative of a renewed resolve to tackle criminality in Strangeways and to reinvigorate the area by creating an environment in which legitimate businesses can flourish once again. Working towards this outcome has the potential to reduce the flow of counterfeit goods into and around the UK.

### Operation Handcraft results

#### HMRC (40 staff)

Two arrests

130,000 cigarettes recovered (£35k outstanding revenue)

70kg tobacco recovered (£14k outstanding revenue)

Four vehicles seized

Quantity of cannabis recovered

£3,500 cash seized (of which £2,000 suspected to be counterfeit)

<sup>42</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/492514/Counting\\_the\\_cost\\_of\\_counterfeit\\_goods.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/492514/Counting_the_cost_of_counterfeit_goods.pdf)

## MHRA (12 staff + 2 dogs)

49,370 tablets recovered (Viagra, diazepam, sleeping tablets)

Recovered from six locations vehicles & premises

## Trading Standards (17 TS + six Brand Reps)

11 premises searched

Approx £2 million counterfeit goods seized (inc clothing, footwear, handbags, perfume, watches, headphones)

## Immigration (15 staff)

Seven arrested in total

Six for immigration offences

One for crime offences

Three referral notices served for illegal working

One referral notice under landlords act

Two premises searched

£1,500 cash seizure

## GMP (29 staff)

One arrest for Money Laundering

One dispersal order issued

Two vehicles seized

## Intellectual Property Office (IPO)

### Advertising on IP Infringing Websites

The IPO has been working closely with senior representatives from the online advertising sector and law enforcement, to help reduce instances of legitimate advertising appearing on and funding IP infringing websites.

To help build the evidence base, the IPO commissioned research in July 2015 to identify brands, sectors and intermediaries that appear on the top 500 highest risk websites on whiteBULLET's IPI index.

The research found:

- an average of 1.8 ads are displayed per website;
- 90% of websites have on-page display ads;
- 71% of ads across the selected websites are in 'mainstream' sectors;
- 43 of companies, in the UK top 1,000 ad spend companies, have at least one of their brands appearing on illegal websites.

Some of the work undertaken by the IPO and its partners includes:

Baroness Neville-Rolfe, Minister for Intellectual Property, and Ed Vaizey MP, contacting to the 100 top UK digital brand advertisers, to highlight the Digital Trading Standard Group's (DTSG) 'Good Practice Principles' and the work undertaken by PIPCU in managing the Infringing Website List (IWL).

- Using data from the research into the IWL in March 2015, John Alty, CEO of the IPO, contacted 37 digital brand advertisers to highlight their appearance on high risk IP infringing websites. A number of these companies have responded, providing details of their ongoing advertising supply chain management processes.
- The IWL has greatly expanded, now containing 1,045 websites, and was re-launched in summer 2015 to make it easier for intermediaries to incorporate the list into their content verification processes.
- The IPO, in partnership with IAB and PIPCU, produced a short film<sup>43</sup> to highlight how brands and advertising companies can sign up to the IWL to stop their ads appearing on illegal websites. To date the video has been viewed 1,566 times.
- Advertising industry groups, led by Internet Advertising Bureau UK, have worked with their members to highlight the benefits of the DTSG and the risks posed by advertising on websites that appear on the IWL.

<sup>43</sup> <https://ipo.blog.gov.uk/2016/03/29/advertising-on-illegal-websites/>



## Intellectual Property Office (IPO)

### Financial investigators

One of the major objectives in the government's IP Enforcement Strategy 2020 is to increase the use of financial investigations in the field of IP crime. The IPO are currently training two financial investigators officers to carry out money laundering investigations under the Proceeds of Crime Act 2002. This will enable law enforcement agencies to apply to the courts to seize and confiscate assets acquired by those involved in IP Crime.

Seizing the assets of a suspect at the start of an investigations removes the ability to move or hide the proceeds of crime. Once a conviction has been made, confiscation of these assets can be ordered by the court.

### Proceeds of Crime at work

This case study demonstrates how the 2002 Proceeds of Crime act can have a positive effect, both as a deterrent and as a legal tool, in the fight against IP crime.

In 2015 Cornwall Trading Standards successfully convicted a local woman for running a fraudulent business, selling counterfeit car seat covers. She was sentenced to six months for 12 counts of Trade Mark offences and eight months for running a fraudulent business contrary to the Fraud Act 2006. Although the sentences were suspended for two years, she was ordered to pay a confiscation order for £105,000.

The judge acknowledged the woman may have to sell her house to pay for the confiscation order.

This is a very good demonstration of just how powerful the Proceeds of Crime Act is in relation to recovering the assets acquired through IP Crime and the potential impact it can have on criminals and their families.

## Trading Standards

### Regional report - Isle of Wight

#### Operation Jasper

We are a small, island based, service employing 6.4 full time officers. Like many of our colleagues on the mainland, our resources are stretched so funding and resourcing meaningful operations presents many challenges. Our priority is always to provide the best service possible by serving the needs of our users, many of whom are elderly and vulnerable. In spite of the fact that doorstep crime represents a major part of our work, one particular collaborative operation stands out. Operation Jasper was extremely useful and the investigation would not have been possible without support from other agencies - in particular where the test purchases were made prior to the intelligence being referred to us for further investigation.

Our experience of Operation Jasper and the associated agencies and the support it has given to co-ordinate the test purchases was extremely beneficial to our small service. As this investigation was large-scale, much of the groundwork

had been completed in advance. The intelligence we were provided with was invaluable and assisted us greatly when we came to applying for the warrants from the Magistrates Court. In addition to the test purchases being conducted, we received detailed information from the Financial Intelligence Officers at the Intellectual Property Office which gave us a real overview of how sophisticated this investigation was turning out to be. Again, having this information assisted us when we applied for the warrants at Court.

When we planned the exercising of the warrants, the necessary support was available for brand representatives to be there and assist us with identifying infringing items and consequently seizing these items. We were also given further support by the majority of Brands visiting our office to examine the goods in order to provide us with witness statements. This was especially helpful due to the large amount of goods seized. When the warrants were exercised, at two local premises, 1,835 goods were seized affecting 27 different trade marks. During a one year period, large amounts of money were being received by the suspect in addition to her genuine income. Intelligence leads us to believe that the infringing goods have come from Turkey. In conclusion, without the support of all of the bodies associated with Operation Jasper, this result wouldn't have been possible and the case is currently being prepared to go to court.

Following a recent and current ongoing investigation in collaboration with Operation Jasper I a local resident has been involved in selling a large quantity of counterfeit clothing, footwear and designer accessories. When the warrants were exercised at two local premises, 1,835 goods were seized affecting 27 different trade marks. During a one year period, large amounts of money were being received by the suspect in addition to her genuine income. Intelligence leads us to believe that the infringing goods have come from Turkey.

## Trading Standards

### Regional report – Enfield

#### Case study – four years for counterfeit trading

Two fraudsters who were caught distributing fake goods were both jailed for over four years after they were prosecuted by Enfield Council.

Egido Kuba, 40, from Stanley Road, Cambridge, pleaded guilty to one count of the Distribution of Counterfeit Goods and one count of Doing an Act Tending and Intended to Pervert the Course of Justice at Wood Green Crown Court on 15 December last year. He was jailed for four years and six months.

Amisi Chora Michelino, 37, from Hertford Road, EN3, was jailed for four years and three months for distributing the fake items.

The court heard the men had a network of contacts who accepted deliveries of counterfeit goods on the men's behalf. The goods were then sold on by a complex system of associates. A number of agencies helped Enfield Council's Trading Standards in their investigations, including the Intellectual Property Office and the UK Border Force.

Both men were investigated by Enfield Council's Trading Standards Team for the distribution of large quantities of counterfeit goods, which were manufactured in China and imported into the UK.

The items produced included clothes, watches and jewellery supposedly by brands such as Vivienne Westwood, Dolce & Gabbana, Calvin Klein, Chanel and Rolex. They have been seized and will be destroyed.

Enfield Council's Cabinet Member for Environment, Cllr Daniel Anderson, said: "These sentences send out a clear message that crime does not pay. Counterfeiting is not a victimless crime, it funds other types of serious organised crime and the goods sold are often of poor quality and often pose a real danger to the people using them. Counterfeiting damages legitimate business and we will not tolerate it in this borough. We will continue to prosecute anyone that we find selling these items in Enfield."

Baroness Neville-Rolfe, Minister for intellectual property, said: "Intellectual property theft harms consumers and businesses alike and it will not be tolerated by this government.

**I have repeatedly warned those looking to profit from counterfeiting and intellectual property crime that we will continue to seize their goods, stop their trade, and prosecute those responsible. This sentencing is a great example of how joined up partnership working can effectively disrupt criminal networks.**

## National Trading Standards Board - Scambuster Teams 2015-16

National Trading Standards (NTS) was set up in 2012 by the Government as part of changes to the consumer protection landscape. Its role is to provide leadership, influence, support and resources to combat harm to consumers and businesses, nationally, regionally and locally. NTS brings together trading standards representatives from England and Wales to prioritise, fund and coordinate national and regional enforcement cases.

NTS Scambuster Teams target criminals involved in doorstep crime, counterfeiting, consumer and business fraud and other related crime. The teams are organised into eight groups operating throughout England and Wales. During the past two years their interventions prevented IP crime worth an estimated £345 million.

National Trading Standards differs from local trading standards services and the Chartered Trading Standards Institute, in that it focusses solely on leading investigations into trading standards offences, it offers specialist, complimentary support. NTS recognises that it is important to co-ordinate activities and to clearly communicate priorities for case selection and the deployment of resources. The NTS has instigated systems that ensure that enforcement action is effectively co-ordinated to achieve the greatest level of protection for consumers and businesses. Some examples of investigations from last year are listed below.

### Operation Sandpiper

Scambusters supported Cornwall Trading Standards Service in the prosecution of David Carter, an art dealer trading from a gallery in Hayle, Cornwall. Carter was believed to be dealing in counterfeit or falsely attributed paintings, many of which were advertised and sold with limited or dubious provenance (this included false or misleading statements (or omissions) in respect of both authenticity and previous ownership). Carter claimed to specialise in traditional and modern Cornish art,

including work from the St Ives and Newlyn school artists.

The potential scale of Carter's fraud was considerable. Seven suspect paintings alone account for an advertised value of £202,650 (an average of £29,000 each). A further six paintings owned by Carter could have sold for £137,650 (an average of £23,000 each). The average cost price paid by Carter for these six was a mere £1,209 each. This equates to an average retail profit margin of some 1,800% per painting.

Carter pleaded guilty to seven substantive fraud charges and was sentenced on 16 July 2015 to 12 months' imprisonment suspended for 2 years and was ordered to carry out 200 hours of unpaid work in the community. He was also ordered to pay £50,000 court costs. A confiscation order was made for three paintings he had purchased at a cost of £2,000.

The financial value of complaints that were the subject of the investigation amounted to £171,750.

### Operation Carmen

Scambusters supported Hampshire Trading Standards Service with a proactive intelligence and enforcement operation targeting identified offenders at Blackbushe Sunday Market. This was a significant business: running several pitches at the market, importing goods from China and Turkey and, in a single month, able to transfer £17,000 to an account in Pakistan.

The three defendants all pleaded guilty to participating in a fraudulent business with all other offences to lie on file. At Winchester Crown Court on 11 August 2015 they were sentenced to:

- Itafaq Zai – 6 months imprisonment suspended for 18 months with 150 hours unpaid work
- Hassan Ahmed - 18 months imprisonment suspended for 24 months; 250 hours unpaid work
- Zeshan Azmat - 12 months imprisonment suspended for 24 months; 230 hours unpaid work.

### Operation Polo

The Scambuster team supported trading standards in this protracted investigation into the online sales of vehicle registration plates. It revealed a range of offences including the failing to register with the DVLA number plate supplier, as required under the Vehicles (Crime) Act 2002, failing to request relevant documentation to prove the identity of the person applying for the number plate and applying car manufacturer's trademarks to the vehicle registration plates without the permission of the trade mark holders.

Unsuspecting customers may have believed that the number plates bought from the business were legal to use on the road when in fact they were not (only certain flags and the Euro symbol are permitted to be displayed on a vehicle registration plate).

The main defendant was prosecuted by Milton Keynes Trading Standards in 2011 for similar offences to which he pleaded guilty. He then set up the new company, trading in the same illegal way, going to great lengths to try and 'hide' the business to ensure that it would not be detected by Trading Standards. They put a fake Irish address on their website, did not put their business name and postcode on the plates (as required by law), operated the business from a unit in a garden and had deliveries of blank number plates sent to an address in another county.

On Friday 29 January 2016, at Luton Crown Court, after previously admitting conspiracy to commit Trade Mark Act offences under s1 of the Criminal Law Act 1977, Steven Clarke was sentenced to 1 year, suspended over two years and 240 hours unpaid work and ordered to pay £200,000 costs and £25,000 as his share in the proceeds of crime. He's also had to forfeit £3,990 cash seized.

John Clarke & David Bagnall both received 6 months, suspended over 1 year and 100 hours unpaid work. Confiscation orders were also granted against John Clarke and David Bagnall of £25,000 and £10,000 respectively.

His Honour Judge Stuart Bridge, described Steven Clarke as 'utterly brazen' and "breathtakingly contemptuous". The court heard that Steven Clarke continued to trade in illegal number plates despite having a prosecution pending for similar offences.

Criminal benefit as determined by the Court (POCA) is £63,990.

## Operation Sureshot

A Wrexham fraudster found guilty of making and selling counterfeit goods has been sentenced to an 'immediate custodial sentence' for fraudulent trading. The trial of Barry Wayne Pritchard of Pen-y Cae concluded when a jury found him guilty of seven offences for fraud. Mr Pritchard was sentenced at Mold Crown Court to an 18 months immediate custodial sentence for fraudulent trading with sentences for other fraud and trademarks offences to run concurrently.

Previously Mr Pritchard had pleaded guilty to other offences relating to making and selling counterfeit goods. All the offences related to Pritchard's business of advertising clothing bearing a wide range of well-known brands and images from Pingu to Led Zeppelin. Mr Pritchard had been running this business for several years despite having previously been warned by Trading Standards.

The case was prosecuted by Wrexham Council following a lengthy investigation by the Wales Scambusters Team, a specialist Trading Standards investigations team supported by the local Trading Standards team in Wrexham.

In sentencing Judge Lloyd said: "This was a fraudulent course of conduct spanning many years, ignoring warnings and only reluctantly pleading guilty to some offences. You have caused harm and loss to others. The unseen victims were the copyright owners and their staff many of whom will be on low pay, whose livelihoods were jeopardised by your greed to make fraudulent profit."

A confiscation order of £131,833.76 was made in relation to Pritchard. A forfeiture order under the Trade Marks Act was made for all exhibits in the case. The defendant also admitted that he had breached the Restraint Order made by Cardiff Crown, amounting to three counts of Contempt of Court. He was sentenced to additional four months' custody for this.

Criminal benefit as determined by the Court (POCA) is £200,000.

## Operation Cassock

This ongoing operation concerns IP infringement in contravention of the Copyright, Designs and Patents Act 1988 and Fraud Act 2006 relating to Sky/BT Sports packages (showing English Premier League content) in pubs and clubs across the region. The team is supporting the lead partner, Federation Against Copyright Theft (FACT) and local authorities with operational delivery.

Two warrants have been executed with two suspects arrested, interviewed and bailed to June. One suspect was also interviewed over threats to kill made to a Sky Rep which took place just before the execution of the warrant.

Computers, phones and infringing product were seized and is being analysed by the NTS eCrime Team and FACT.

Detriment to the main parties is approximately £500,000 per annum (minimum) from loss of income. Detriment to local retailers who do not take illegal feed and being impacted by those who do is currently unknown but likely to be substantial - Criminal benefit - seized cash of £10,000.

## National Markets Group (NMG)

The NMG is leading the work to reduce the availability of counterfeit and pirated goods at markets, car boot sales and social media. Made up of representatives from Industry, enforcement and government this joined up intelligence led approach is under-pinned by the very successful Real Deal initiative which sees Trading Standards services and market operators signing up to a self-regulating markets charter, affording consumers access to 'fake free' markets. To date there are 500 markets signed up to the Real Deal.

This coordinated enforcement and harm reduction approach brings the following key benefits:

- Stakeholders can share ideas
- Best-practice models can be developed
- Consumer awareness campaigns and resources can be pooled
- Intelligence on rogue traders and counterfeit products can be exchanged through secure channels.

In March 2015, the NMG commenced a multi-agency initiative called Operation Jasper which aims to reduce the availability

of counterfeit and pirated goods on Facebook which, as evidenced by earlier work, hosted profiles that were offering tens of thousands of counterfeit and pirated goods to Facebook users.

This coordinated effort by all NMG members had several facets including intelligence led enforcement, administrative takedown activity by rights owners and a PR program to raise consumer awareness.

Since its inception, OP Jasper has led to 8100 infringing listings being removed from Facebook, 55 full profiles being closed, 50+ raid actions and investigations being commenced and several thousand counterfeit and pirated products being seized.

This partnership approach has seen success at a number of locations across the UK as evidenced by coordinated and collaborative actions at:

- High Street shops and Markets in Camden
- Bourne Bank Holiday Market in Cambridgeshire
- Bescot Market in Walsall
- Dagenham Market, London
- Eastgate Market, Lincolnshire
- Western International Market, London
- Wellesbourne Market, Warwickshire
- Bovingdon Market, Hertfordshire

However, with the reduction in enforcement resources, NMG members also look to implement alternative measures to achieve results, one such measure that has proven successful in some areas is the use of Private Criminal Prosecutions. Test purchase evidence gathered by brand representatives is placed before the court in the usual fashion and this has led to a large number of criminal convictions of traders that may not have ordinarily faced prosecution.

## Police Intellectual Property Crime Unit (PIPCU)

In June 2016 the unit completed over 10,000 suspensions of websites selling counterfeit goods the majority of which concerned fake sportswear brands, footwear and clothing. This landmark figure was achieved on the eve of the UEFA European Championship and came as a result of websites selling fake goods associated brand giants such as Adidas, Nike and Reebok.

Action to disrupt counterfeit websites are coordinated by PIPCU's Operation Ashiko, a bespoke initiative which is delivered in partnership with brands, brand guardians and Nominet. Operation Ashiko aims to protect consumers from the ongoing threat of online identity theft and substandard and potentially dangerous fake hard goods. In March 2016 Nominet reported that its partnership with PIPCU accounted for 93% of all website suspensions in the UK undertaken by any law enforcement agency throughout 2015.

One of the most notable operations in the last year targeted the online sale of counterfeit vehicle airbags resulting in the arrest of a man in Dorset, the seizure of over one hundred suspected counterfeit airbags and components and the identification of 680 members of the public who had been sold the potentially dangerous airbags.

The investigation, which was the first of its kind in the UK, was launched in January 2016 following a referral from Honda Motor Europe who identified that counterfeit airbags were being sold on eBay. The investigation received widespread national media coverage in support of an urgent public warning message issued informing and alerting consumers about the risks of purchasing airbags from sources other than manufacturers or dealerships.

## PRS for Music

During 2015 the Anti Piracy Unit (APU) submitted 21 infringing websites to Operation Creative, an initiative led by PIPCU designed to disrupt and prevent websites from providing unauthorised access to copyright content. The APU's work in this area demonstrates our continued commitment to the "follow the money" approach to tackling online piracy.

In addition to Operation Creative, a referral was made to PIPCU for direct enforcement following an investigation into the activities of a UK-based website operator who operated the service [www.deejayportal.com](http://www.deejayportal.com), which was making available a cappella recordings, mainly for DJ-use. An in-depth investigation revealed

that the individual also uploaded torrents of illegal compilations of 'UK Top 40 Singles' on a weekly basis on a number of torrent sites.

The individual had been engaging in this activity over six years and it was estimated that he had caused very substantial losses to the music industry. PIPCU officers raided the individual's residential home and arrested him in September 2015. The APU were involved in the enforcement action, providing technical and interviewing assistance. The Crown Prosecution Service has decided to charge the individual.

## Scottish Trading Standards – A Case Study

"The Barras" is in Glasgow's East End and is made up of a number of markets as well as street traders. It was at one time a thriving market place known as the area to go to in the city to get a bargain, unfortunately over time this changed to a reputation for the supply of counterfeit goods. As a result of this, legitimate trade and the local community was adversely affected.

A partnership approach was needed to tackle this as the traditional methods of enforcement were only ever having limited impact on the illicit trade, before long the illegal street traders had restocked and were back in business. Meetings were held with a variety of local community groups to work together to tackle the on-going issue and with representation from the Scottish Anti Illicit Trade Group including Trading Standards and Police Scotland a more concerted effort was able to be put into place. Other local Authority Services

played a significant role in providing other types of support including looking at ways to improve the overall look and feel of the area, including grant funding for particular types of work.

Operation Salang was the name given to the enforcement element of the plans and it has been in place for almost 3 years. The targeted approach has resulted in significant improvements with over £30 million pounds worth of fake goods having been seized (items included fake eBooks, clothing, footwear, electrical goods, tobacco products and watches) and the removal of stalls selling fake goods resulting in legitimate business returning to the area. £5 million has been allocated to help with regeneration of the area; a number of buildings which were previously empty are now hosting new arts ventures with opportunities for young people. One of the other buildings is now a music venue providing 25 new jobs and is attracting a great public support. The Barras Masterplan has been drawn up and the proposals contained in it are expected to influence future spend in the area from other major projects.

What's next for The Barras? Trading Standards will provide continued support to the area in terms of business advice as well as taking enforcement action with our partners wherever necessary. The Barras expressed a desire to become a Real Deal market place and we hope to help them to work towards that in the future.



## Other Trading Standards activity in Scotland:

New SCOTSS IP Liaison group set up for practitioners to develop expertise and be able to provide support for other Local Authorities in their area as well as coordinate IP related projects across Scotland.

Multi-agency partnership Enforcement sub-group will take forward operational activities while still feeding information into the Scottish Anti Illicit Trade Group Strategic Group.

Illicit Trade Roadshow – partnership between Police Scotland and Trading Standards to raise awareness of the issues surrounding illicit trade – information days set up in large shopping centres as well as other suitable locations.

CyberCrime Training is currently being provided by Trading Standards Scotland for every Local Authorities to increase officer skills for tackling social media and other online illicit trade.

## TM Eye

TM Eye operates in the United Kingdom on behalf of Rights Holders tackling intellectual property crime. In the summer of 2015, TM Eye began Operation MORDOR in partnership with the IPO. The primary objective to identify and then target members of organised crime gangs selling counterfeit goods on an industrial scale, in the Strangeways and Cheetham Hill areas of Manchester. The district is one of the principal hubs for fake goods in the UK and is the main wholesale supplier to many markets and Facebook traders.

Historically, police and trading standards have carried out raids on premises these resulted in seizures of fake goods but with few arrests or prosecutions. The “principals” behind these criminal operations remained in the background and resumed trading, often the following day.

It was clear to TM Eye that any enforcement activity would require a ‘lawfully audacious’ and cunning approach. TM Eye is the only private company to have a fully operational covert undercover unit and in July 2015, TM Eye Managing Director David McKelvey, made the decision to deploy its specialist, highly trained undercover operatives, to infiltrate the criminal gangs operating within Cheetham Hill.

David McKelvey, gained agreement with Greater Manchester Police (GMP) to share information with their “Operation Challenger”, a policing initiative set up to combat organised criminals engaged in money laundering, drug distribution, human trafficking and terrorism funded by these illegal activities.

In August 2015, TM Eye began their deployment of specialist undercover operatives (UCO’s), supported by a dedicated team from TM Eye’s Manchester office. McKelvey tasked the UCO’s to identify the “principals” benefiting financially from the sale of counterfeit goods and make test purchases of them, rather than from others employed just selling in the shops. The UCO’s experienced a severe risk of compromise on a daily basis, to the extent the entire operation was carried out in secrecy, with

only senior members of the IPO, the National Crime Agency (NCA) and GMP aware it was being undertaken.

Despite the risks, the UCO’s gathered irrefutable evidence through covertly recorded test purchases. They worked closely with the dedicated TM Eye surveillance team, which operated sparingly in the extremely hostile environment to identify the names and addresses of suspects. By November 2015, UCO’s had made a series of test purchases from 28 suspects operating within 23 separate premises.

On 18 December 2015, TM Eye investigators supported by GMP officers, began phase one of the enforcement action with the dawn service of criminal summonses on four suspects. The four criminals were all ‘principals’, each running a warehouse and involved in the wide scale distribution and supply of fake goods on a wholesale basis.

Later that morning, GMP officers supported by TM Eye, raided two premises, which led to the recovery of a vast amount of fake goods that filled a forty-foot container lorry. The value of the goods seized if genuine, was estimated in the region of several million pounds.



Four of those summoned initially appeared at Manchester and Salford Magistrates Court in January 2016 and pleaded “guilty” to all the charges against them. One was sentenced to 17 weeks imprisonment suspended for 12 months with a community order directing he perform 120 hours unpaid work. A second man was sentenced to eight weeks imprisonment suspended for 12 months with 200 hours of unpaid work. The third person received 150 hours of unpaid work and the fourth awaits sentencing.



As part of phase two, four men have appeared at Manchester and Salford Magistrates Court and pleaded “guilty” to all offences and now await sentencing. As part of phase three, four men were summoned to appear at court on 01 June 2016 for an initial hearing. Phase four will see four further suspects appear at court in the very near future, once court dates have been allocated.

TM Eye has a 100% conviction rate and has convicted over 200 persons in the past two years.

The company has developed an MOU with ACRO Criminal Records Office ensuring that all convictions are correctly recorded on the Police National Computer (PNC).

David McKelvey who leads the investigation said,

**Operation MORDOR has been a huge success and is having real results. The impact is not only on behalf of our clients but also on behalf of all luxury and designer brands whose fake goods are openly on sale in vast quantities in that area.**”

The bravery and commitment of both the highly trained and specialist TM Eye undercover and surveillance operatives cannot be over stated. The dangers of compromise and serious injury were real and ever present. Cheetham Hill is one of the most challenging, lawless and threatening areas to work in. To have obtained such over-whelming evidence to ensure convictions has been demanding and required absolute dedication and commitment from all TM Eye investigators.

The support of the Intellectual Property Office Intelligence Hub and more recently Greater Manchester Police has been outstanding. We now have a real picture of the criminality and those involved. Our partners at EMM Legal have been outstanding in putting together the criminal cases for prosecution.

Operation MORDOR will continue with further prosecutions until all those involved in the sale of fake goods have been convicted.”<sup>44</sup>

44 For further information see - <http://www.manchestereveningnews.co.uk/news/greater-manchester-news/cheetham-hill-counterfeit-louis-vuitton-10912457> Manchester Evening News for 18 Feb 2016.



## 3d International

### Anti-Counterfeiting Group (ACG)

ACG is developing influence on the International stage and, in support our members, we regularly liaise with the following agencies.

- EU IPO (the EU Observatory on IP Infringements)
- IPO's Attaches
- Europol
- Interpol
- EU Commission
  - DG TAXUD (Customs)
  - DG GROW - Unit on the "Fight against counterfeiting and piracy"

Our intelligence coordination and practical enforcement facilitation activities enable us to gather verifiable evidence from trusted sources. In building successful international partnerships we have strengthened our engagement with the aforementioned international institutions and agencies, enabling us to inform and influence strategies and policies to tackle IP crime in source countries. In addition, robust data permits ACG to connect more effectively with key UK government, enforcement and industry figures and to focus our policy and lobbying activities to more productively influence the national agenda.

Multi-agency and multi-sector partnerships and collaboration are vital at every level. An effective impact to counterfeiting cannot be made unless alliances are truly inclusive.

## Border Force

Border Force participated in Operation OPSON V during January and February 2016. The joint Interpol-Europol, multi-national and multi-agency operation, targeted counterfeit and substandard food and drink and the organised crime networks behind this illicit trade. The purpose of the operation was to improve the cooperation between international law enforcement and market surveillance authorities. The police and customs officers, employees of national food and veterinary services from 57 countries took part. During the operation, airports and seaports, markets, shops, border posts and customs warehouses were inspected.

### World Intellectual Property Organisation (WIPO) Advisory Committee on Enforcement



The 10th Session of WIPO's Advisory Committee on Enforcement (ACE) took place 23-25 November 2015<sup>45</sup>. This provides a forum for members to share experiences in tackling IP infringement. The IPO supports this by presenting on various UK initiatives and experiences at the sessions. This time the IPO spoke about our experiences in building respect for IP through education awareness raising initiatives, including Karaoke Shower, Creating Movie Magic, Nancy and the Meerkats, Music Inc., Shaun's Cracking Ideas Design Challenge and the new Cracking Ideas education resource portal, and Think Kit. We also displayed these initiatives in a side exhibition on public communication campaigns aimed at young people.

These initiatives generated much interest amongst delegates, and it was also interesting to see what other countries are doing in this area – many are also encouraging young people to see the value of IP and creativity, rather than simply telling them that they shouldn't infringe IP.

45 [http://www.wipo.int/meetings/en/details.jsp?meeting\\_id=36022](http://www.wipo.int/meetings/en/details.jsp?meeting_id=36022)

## European Commission

In 2015 the European Commission launched both the Digital Single Market strategy<sup>46</sup> and the Single Market strategy<sup>47</sup>. These contribute to the Commission's priority of increasing jobs, growth and investment, through meeting the challenges of the digital economy and strengthening the single market. Included in both strategies was a commitment to review and evaluate the effectiveness of the existing legal framework for the enforcement of IPRs, to ensure that it is fit for purpose in the digital age. To this end the Commission launched a public consultation in December 2015 (which closed in April 2016) on the functioning of the legal framework for IPR enforcement (with a focus on Directive 2004/48/EC the 'Enforcement Directive').

The aim of the consultation is to help assess the effectiveness of the Enforcement Directive in the online environment, and to identify any possible need for change. The Commission has committed to bring forward proposals by the end of 2016. Alongside the consultation the Commission is continuing to take forward the IPR Action Plan<sup>48</sup>, with a particular focus on commercial-scale infringement – seeking ways to deprive infringers of revenue flows.

In the Digital Single Market strategy the Commission also committed to undertake a comprehensive assessment of the role of platforms and of online intermediaries, including ways to tackle illegal content (including IP infringing content) on the internet. A public consultation took place between September and December 2015. On 25 May 2016 the Commission published a Communication<sup>49</sup> setting out the key issues identified in the assessment of online platforms, and the approach going forward.

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46 <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52015DC0192&from=EN>

47 <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52015DC0550&qid=1465210916143&from=EN>

48 <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52014DC0392&from=EN>

49 <https://ec.europa.eu/transparency/regdoc/rep/1/2016/EN/1-2016-288-EN-F1-1.PDF>

## European Observatory on Infringements of IPRs

'The Observatory' brings together a wide range of stakeholders who use their technical skills, experience and knowledge to protect and promote IP rights and support those directly engaged in enforcement. The IPO supports the work of the Observatory through active participation in its working groups, and by contributing to knowledge-building events. The Observatory's website contains a wealth of information on its activities<sup>50</sup>

## EUROPOL

As the European Law Enforcement Agency supporting the 28 Member States, Europol is committed in the fight against any type of intellectual property rights infringements. Since 2008, Focal Point Copy, a dedicated team of experts and criminal analysts support all Law Enforcement Agencies of the EU countries, but also other non-EU partner states<sup>51</sup> in their criminal investigations against Intellectual Property Crime. Those cases relate to a wide variety of goods, and since 2014 especially products potentially hazardous for consumers.

In June 2013, the EU Council defined the fight against organised criminal groups

**involved in the production and distribution of counterfeit goods violating health, safety and food regulations and those producing sub-standard goods**

as one of the nine EU crime priorities between 2014 and 2017<sup>52</sup>. Since then, Focal Point Copy has provided increased operational support for joint actions led by Member States.

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50 <https://euipo.europa.eu/ohimportal/en/web/observatory/home>

51 Our partners include countries such as Norway, Iceland, Switzerland, the USA, Canada, and Australia, and international organisations such as INTERPOL. The list is available at: <https://www.europol.europa.eu/content/page/external-cooperation-31>

52 Council conclusions on setting the EU's priorities for the fight against serious and organised crime between 2014 and 2017 - JUSTICE and HOME AFFAIRS Council meeting - Luxembourg, 6 and 7 June 2013

In order to enhance our support for all our partners, Europol launched in July 2016 the Intellectual Property Crime Coordinated Coalition (IPC3), a new platform for better coordination against IPC. This initiative aims to establish a European expert arena for specialised knowledge and expertise on IP Crime investigations. Furthermore, it will, with enhanced operational capabilities, act a support Focal Point for law enforcement operations. Last but not least, it will become a more efficient criminal information hub, by receiving input from multiple stakeholders for the benefit of enriching operational information and strategic analysis.

The IPC3 particularly focuses on IP infringements committed online, or facilitated by the use of the internet. Cyber experts from the team will do their utmost to help investigators in the MS to efficiently tackle online crimes by sharing their knowledge on investigative techniques and reporting information. Member States are also encouraged to share best practices in this area. Where technical and legal challenges often hamper the full dismantlement of the criminal groups. Partnership and exchange with private partners will also be sought in order to provide actionable intelligence and support to investigative units.

In line with the Europol Strategy 2016 – 2020, the IPC3 will improve the support given to the Member States in the fight against IP Crime. By taking full benefits of the multi-disciplinary approach, it will tackle all dimensions of IP Crime, with a specific focus on online infringements and the internet as a crime facilitator.

The IPC3 can be reached through the national law enforcement agencies.

More information at: <https://www.europol.europa.eu/>

## Intellectual Property Office (IPO)

### Attaché network

The IPO has attachés based in four key markets: South East Asia, Brazil, China and India. They offer one-to-one meetings, advice and support to UK businesses operating, or considering operating, in these diverse and challenging markets. In addition they undertake outreach activities to equip businesses with essential ‘know before you go’ advice, and also work closely with host governments at a policy level. Enforcement remains a key issue for many businesses operating overseas.

During 2015/16 the attaché network supported 6,587 businesses, greatly exceeding our Ministerial target to “...support the export activity of UK companies by providing education, advice and specific case support to 4,500 businesses by March 2016”.

Around 19% of all the one-to-one activities carried out this year by the attachés was in direct support of British companies dealing with IP enforcement related issues.

### China

In China we made progress on our two key IP crime priorities: i) protecting UK company IP assets internationally and ii) working with Chinese law enforcement to tackle the demand and supply of infringing goods from reaching UK markets.

### Online copyright piracy

A key problem reported by stakeholders is that online copyright cases in China are very challenging. The main issue is that Chinese law requires exhaustive evidence to prove copyright ownership in criminal investigations. Rights owners are required to provide full chain-of-title and/or details of the creative process to enforce rights, which places a heavy burden on them. This is rarely shifted to the infringer, even if no efforts have been made to verify copyright or contact rights holders.

During UK-China Copyright Week (August/September 2015), Ros Lynch Director of Copyright and Enforcement and DCI Peter Ratcliffe of the Police Intellectual Property Crime Unit held meetings with Chinese government and law enforcement partners. We explored a more flexible approach to evidence standards in drafting a legal framework and practical case handling in publishing, music and other creative industry sectors. These discussions will continue with a focus on sharing practical experience.

In October 2015 we hosted a visit from the General Administration of Quality Supervision, Inspection and Quarantine of China (AQSIQ) to discuss counterfeit products and e-commerce. AQSIQ has implemented a series of measures such as spot checking products, establishing the e-commerce quality sharing alliance and the introduction of the e-commerce trading standards. The visit helped to build trust and mutual respect between the IPO and the AQSIQ, and has facilitated some important developments for a more effective and coordinated approach to the sale of counterfeit products online.



## Cross-border counterfeiting

Over the past several years the IPO and partner law enforcement agencies have built close relations with the Chinese Ministry of Public Security (MPS). We exchange intelligence on international IP crime organisations that have a footprint in both the UK and China. Our pooled resource will build a better understanding of the global problem and lead to better joint operations against supply and demand for counterfeit goods in our two countries. Building on landmark cases in 2014 and 2015, the UK and China are aiming to collaborate on additional significant joint operations to improve the global enforcement landscape.

### Case study: Working with Alibaba to tackle IP thieves



We have been working to support UK companies to protect their IP in China. During IP Minister, Baroness Neville-Rolfe's, visit to China in 2014, the China-Britain Business Council (CBBC) and the Alibaba Group signed an agreement to tackle counterfeit goods sold on Alibaba e-commerce platforms. Since the agreement was signed, British companies – SMEs and multinationals – have held a series of frank and in-depth roundtable meetings at Alibaba headquarters in Hangzhou, east China. The activities were led by the CBBC and supported by the UK's IP Attaché to China.

At the UK-China Symposium, held during the State Visit of President Xi Jinping to the UK in October 2015, Baroness Neville-Rolfe announced the main achievements of the agreement which included a major criminal enforcement campaign covering 6 Chinese provinces, which dismantled a network producing counterfeit engine lubricants. The network recorded sales of £10s of millions over the past 2-3 years and the activity was uncovered by a joint operation between Alibaba, British businesses and Chinese law enforcement. Over 20 people have been arrested and a series of criminal prosecutions related to the cases are now being heard in the Chinese courts.

We also supported a further round of exchanges between UK and Chinese judges. In August 2015 His Honour Judge Hacon (Presiding Judge of the Intellectual Property Enterprise Court (IPEC)) visited the IP courts in Beijing and Shanghai to discuss interim injunctions; hosted a workshop on damages calculations in Beijing; and held an IP Salon on judicial ethics, attended by 200 Chinese judges, academics, government officials and lawyers. Appropriate behaviour for judges and mechanisms to ensure judicial impartiality and independence were topics of discussion.



Chinese media reported the event as 'having a significant influence on China's IP and legal community'. Judge Hacon also visited Hong Kong, meeting with the Hong Kong High Court to discuss IPEC, and speaking to a public audience of over 250 IP practitioners, government officials and academics on recent trends in the IPEC. Overall this was a successful visit which cemented the good relationships with both the Chinese and Hong Kong judiciary.



## South East Asia

In September 2015 the IPO signed a Memorandum of Understanding on Enforcement of IP with IOPHIL (Philippines IPO). The objective of this MOU was to establish a broad and flexible framework under which the Participants can develop cooperation activities in the field of IP protection, utilisation and enforcement. This will include:

Exchange of best practices, experiences and knowledge on IP protection, utilisation and enforcement through joint organisation of symposia, seminars, workshops, and other training activities;

- a. Compilation and publication of relevant information materials, including reviews of best practices;
- b. Exchange of IPR-related non-confidential information including statistics via capacity-building activities including, but not limited to, exchange visits.



We increased the level of cooperation with some of our other key enforcement partners in the region, primarily Vietnam and Indonesia. An MOU was agreed with the Vietnam IPO (NOIP), this facilitates enforcement contacts between the two countries, also a project with Indonesian customs to look at the quality of their records system.

In March 2016 IPO officials delivered a training programme for Vietnamese enforcement officials in Hanoi. This was part of a Prosperity Fund project to strengthening the effectiveness of intellectual property rights enforcement in Vietnam. It was led by the British Embassy in Hanoi, IPO and the Vietnamese Market Surveillance Agency (MSA) and it involved over 170 officials from the Vietnamese Ministry of Science and Technology Inspectorate and customs officials drawn from across the provinces.



The training took place in Ho Chi Minh City, Danang and Hanoi. The project also developed an IPR enforcement curriculum for MSA officials, promotion of anti-counterfeiting day in Vietnam, and knowledge management of counterfeiting goods.

We also inspected routes of counterfeits from China through Association of South East Asia Nations (ASEAN) in a joint report<sup>53</sup> with a consultancy firm – Rouse. This was a wide ranging report which considered a variety of modes of transport from land transport using low paid bootleggers to move goods across borders, to more sophisticated methods using sea and air routes. As a result of this report we are better able to plan and deploy our resources in the region to ensure maximum impact for UK businesses trading in ASEAN.

53 [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/482650/China-ASEAN\\_Anti-Counterfeiting\\_Project\\_Report.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/482650/China-ASEAN_Anti-Counterfeiting_Project_Report.pdf)

## Brazil

Through 2015 our IP enforcement work with Brazil focused on sharing best practices to combat counterfeiting around major sporting events. This included a number of events where customs officials and former officials from the London Organising Committee of the Olympic and Paralympic Games (LOCOG) shared experiences and lessons learned. By sharing the UK experience of London 2012's protection of the Olympic brand we look to encourage Brazil to champion a constructive approach to intellectual property rights. This will be a legacy of the games demonstrating an IP regime brings lasting success.



## India

Our work with India has made significant progress over the last year. Whilst industry feedback confirms that effective IP enforcement remains a market issue for exporters to India, we have noted a growing awareness of the importance of IP within the Indian government and across market sectors-so much so that Prime Minister Narendra Modi raised the topic during his November 2015 visit to London. We have run a project with the Association of Publishers in India (API) to raise awareness of copying of academic textbooks in India and to promote lawful alternatives which provide affordable access to written works (e.g. through licensed reproduction). We also launched a new set of online IP guides, and developed a toolkit for UK companies to support better licensing of branding rights.

In August 2015 we hosted a study visit by two senior police officers from Maharashtra state. During the visit they met with industry stakeholders and UK law enforcement, and visited Sussex Police to see in practice the importance the UK places on coordinated working to tackle IP crime.



As India has now published its long awaited national IPR strategy, we will continue to build and strengthen significant relationships with the Indian IP Office and explore ways for UK business to access timely and effective dispute resolution mechanisms.

## Other Countries

We have continued our focus on a small number of important emerging powers – Turkey, Mexico and South Africa – where the potential for UK exports to grow is high but does not justify a dedicated IP attaché.

In June 2015 a delegation from the IPO visited Mexico to develop a work plan with the Mexican IP authorities, which includes cooperation on IP awareness for business and border protection for enforcement of IP rights. During the year both Turkey and South Africa advanced draft IP legislation and we worked with UK stakeholders to assess the impact of proposed changes.

We also developed bespoke online IP factsheets for UK firms looking to protect and enforce their IP rights in these countries; which are available on the IPO website. Relationship-building and evidence-gathering, work with contacts in all three countries, will continue during 2016/7.

## Police Intellectual Property Crime Unit (PIPCU)

PIPCU's international connections have been extended into the Asia-Pacific region. In April 2016, the head of PIPCU Detective Chief Inspector Peter Ratcliffe, addressed Chinese officials in Beijing about the current threat of IP crime. The visit which, coincided with World Intellectual Property Day, addressed the scale and seriousness of IP crime around the world and how PIPCU is using innovative law enforcement techniques and tactics to disrupt and detect criminals operating across international boundaries. International recognition of PIPCU occurred following a similar trip to India last year. Since then, authorities in Telangana, central India, have announced that they are in the process of setting up a dedicated IP crime unit based on the unique PIPCU business model.

This autumn the work of PIPCU will be a focus point at the 10<sup>th</sup> annual World IP Conference. The event which is taking place in September at the Guildhall, City of London, is also home to the unit's operational headquarters. It will bring industry, brands, law enforcement agencies, and IP experts together to discuss the evolving and exciting progression in the worldwide fight against IP crime.





Chapter 4

# Trading Standards Survey Results

# INTRODUCTION

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The IPO survey of Trading Standards (TS) work on IP crime was launched on 1st April 2016 and ran until 1st May 2016, covering the 2015/16 financial year. The results offer an insight into the true scale and scope of IP crime in the UK from a TS perspective; including details of the most investigated products, the location of IP investigated and links to other forms of criminality.

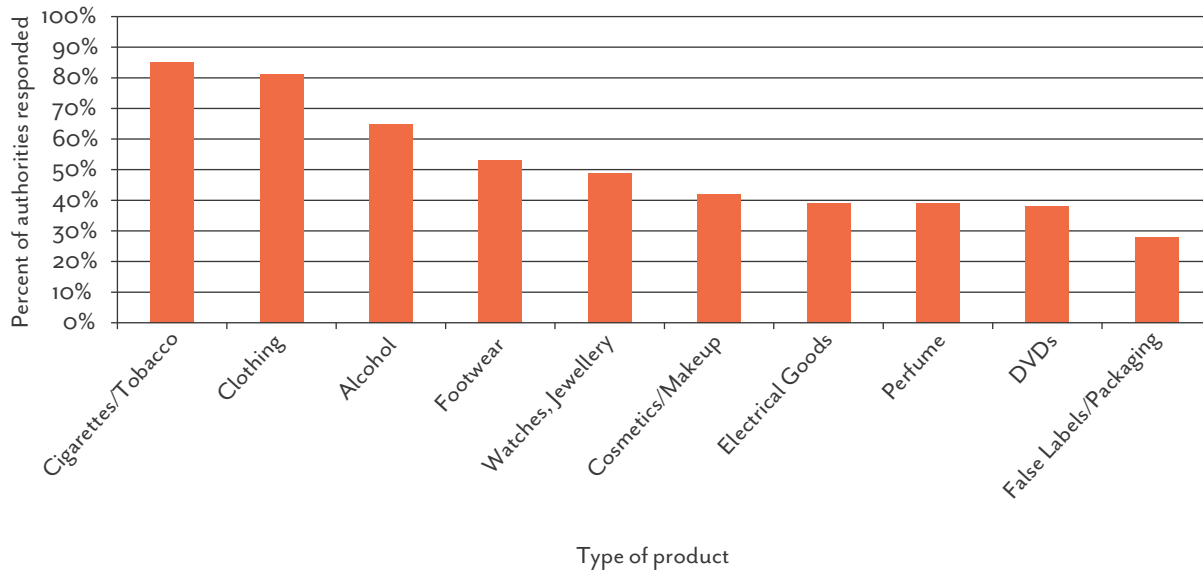
There are considerable demands on the TS service and we are grateful to the 148 local authorities who completed this year's survey and the work of the regional co-ordinators for assisting the IPO in gathering this information. What is clear from the responses is that IP crime remains a priority for TS officers and long may this continue.

The charts, graphs and analysis that make up this chapter illustrate the most frequent responses given, where possible they have been compared year on year to the results of previous surveys.

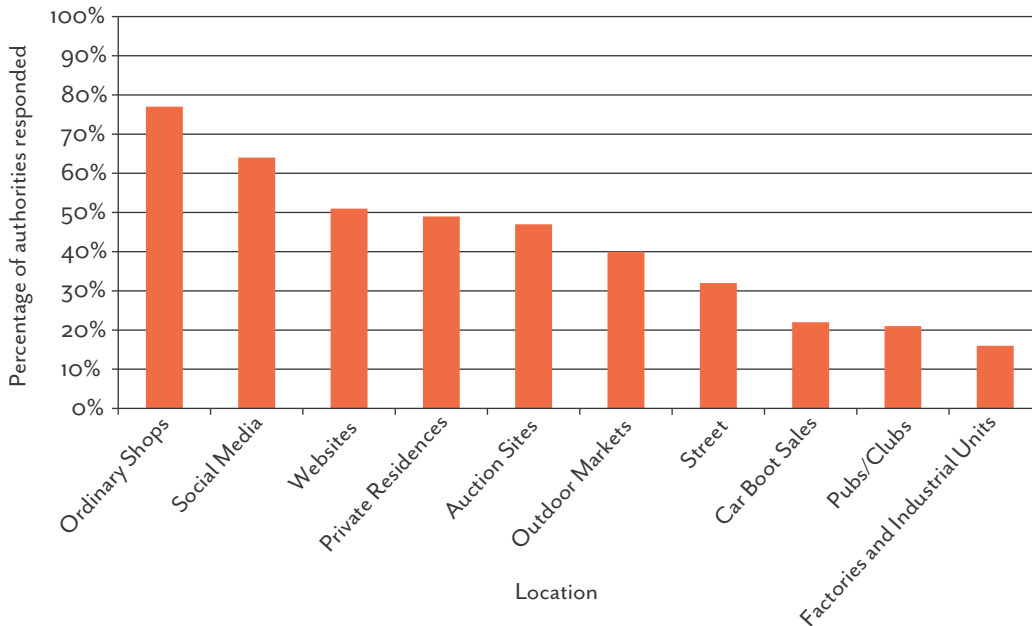
## Highlights

- Cigarettes, clothing and alcohol remain as the most investigated products. Both DVDs and CDs have slipped down, with CDs slipping outside the top 10 for the first time since 2010/2011
- Although ordinary shops are still the most investigated location by TS, social media, websites and online auction rooms all figure in the top 5 locations
- Top three crimes linked to IP crime remain benefit fraud, money laundering and organized criminal networks
- The total average of staff days dedicated to tackling IP Crime has seen a small increase on 2014/15
- An increase in the proactive monitoring of social media sites

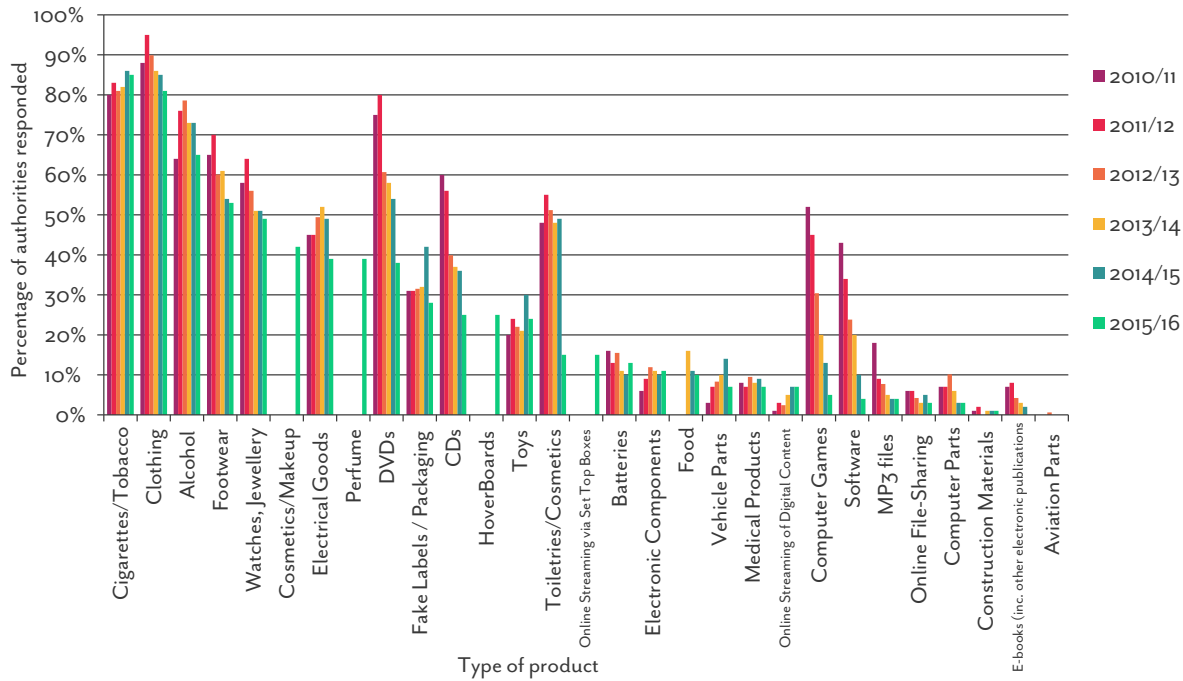
## Top 10 counterfeit /pirate products investigated by Trading Standards



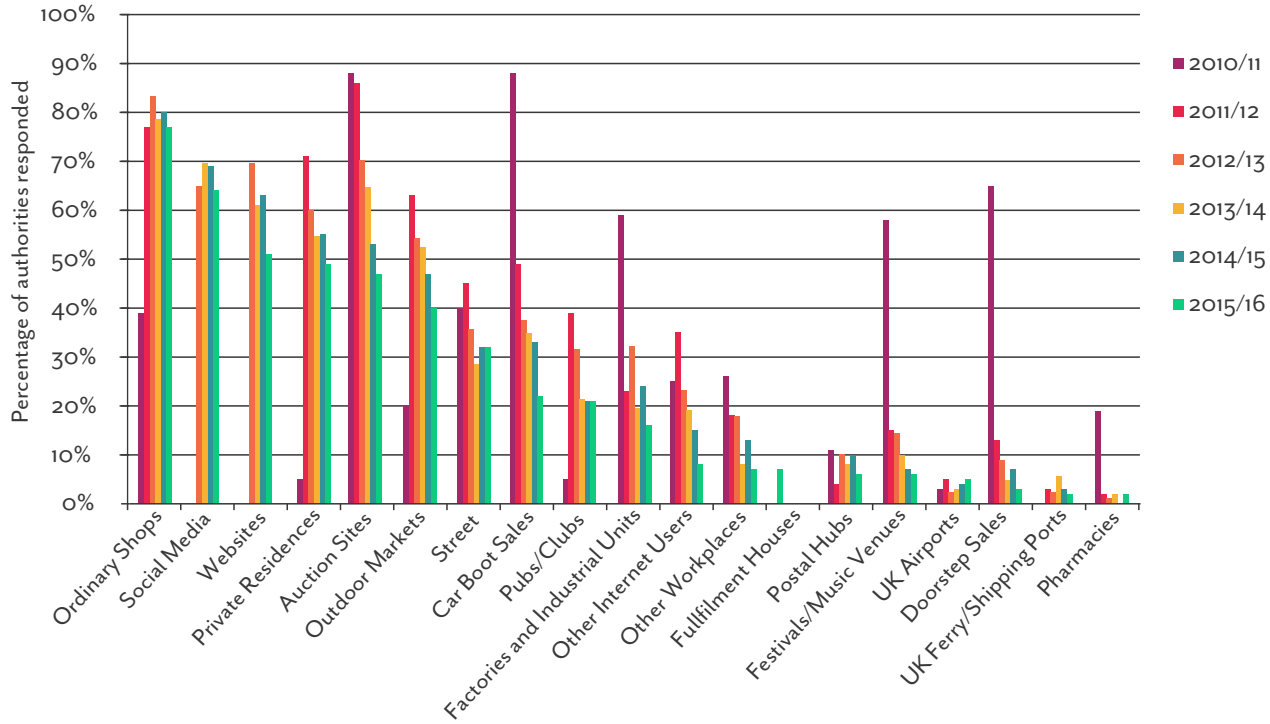
## Top ten locations for counterfeit goods investigated – ordinary shops remain the most investigated location



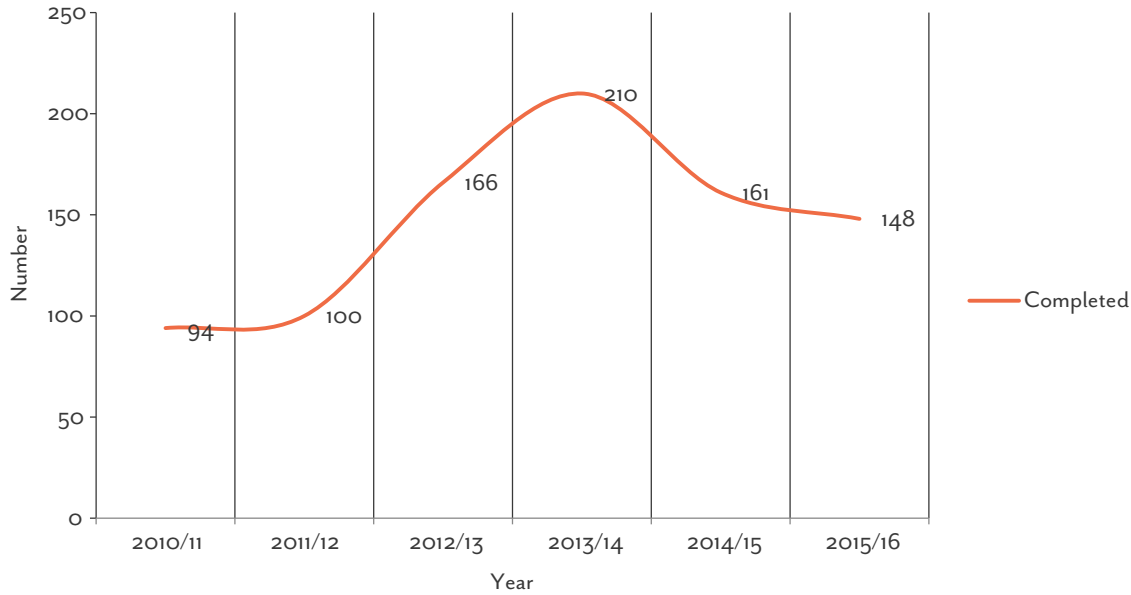
## The top product investigated by Trading Standards continues to be cigarettes and tobacco



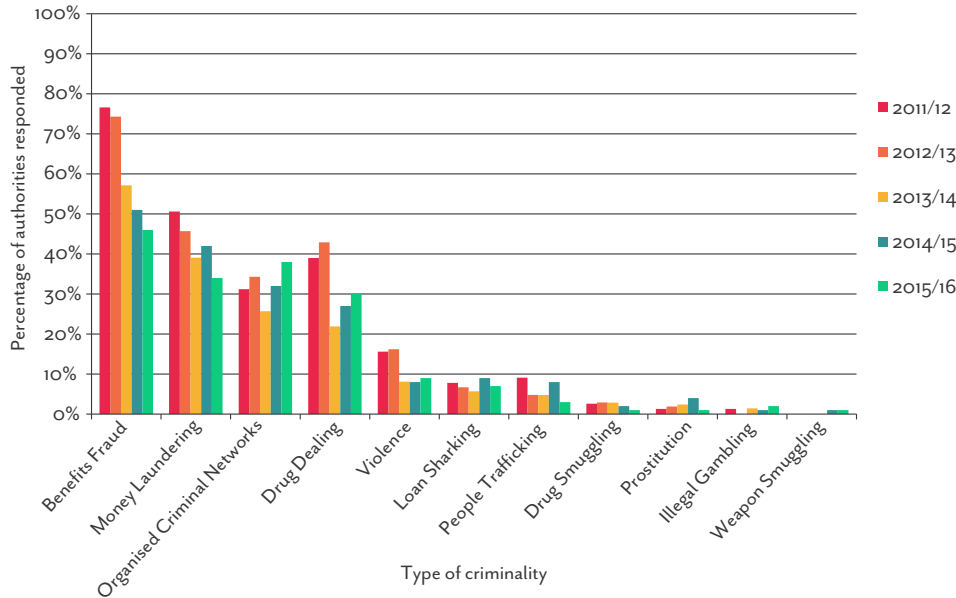
Although ordinary shops remain the most investigated location; social media, websites and auction sites all figure in the top ten



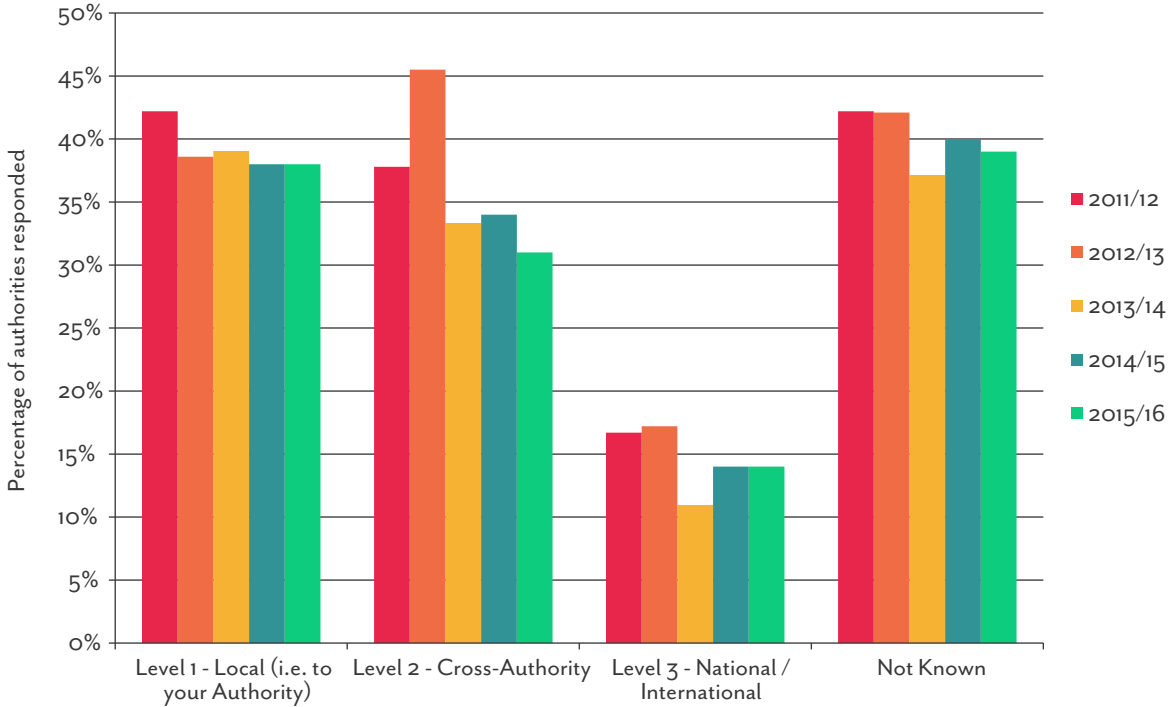
**Number of authorities who completed survey. The total responses was down on the two previous years with 77% of the TS authorities responding**



**Links to other criminality - benefit fraud is still the main criminal link along with organised crime networks**

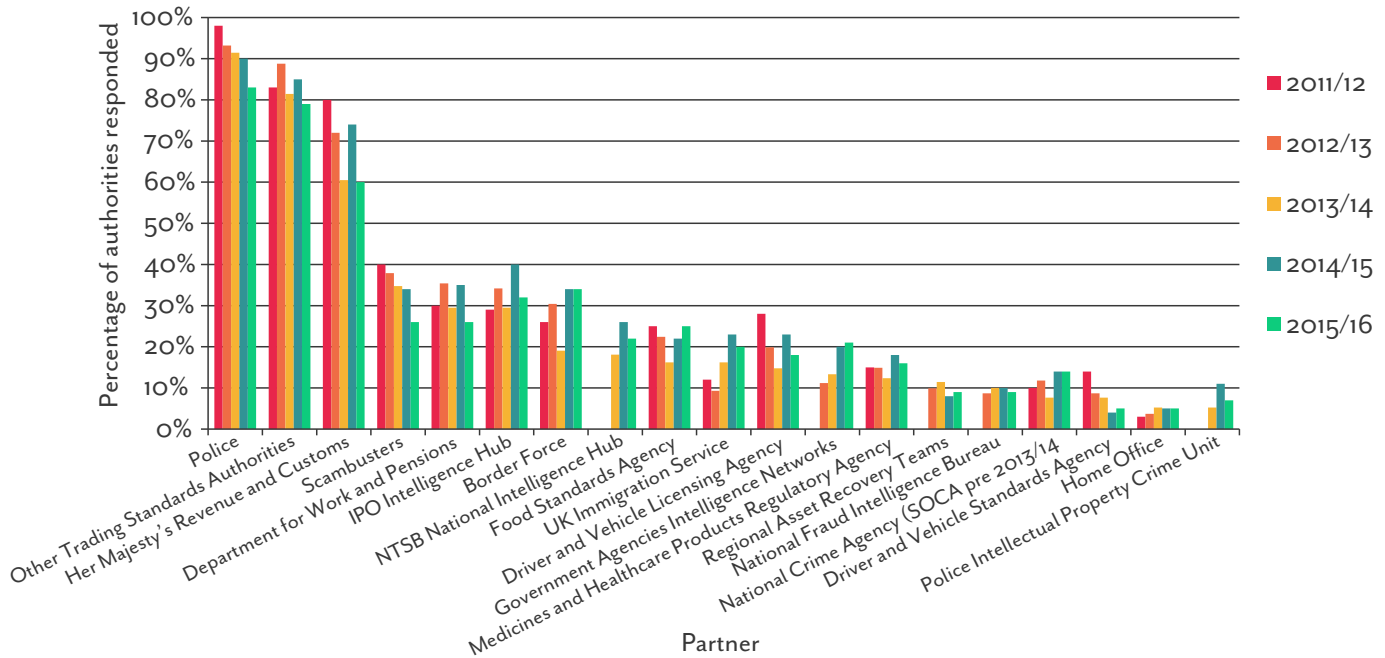


## Location of Organised Criminal Network Investigations

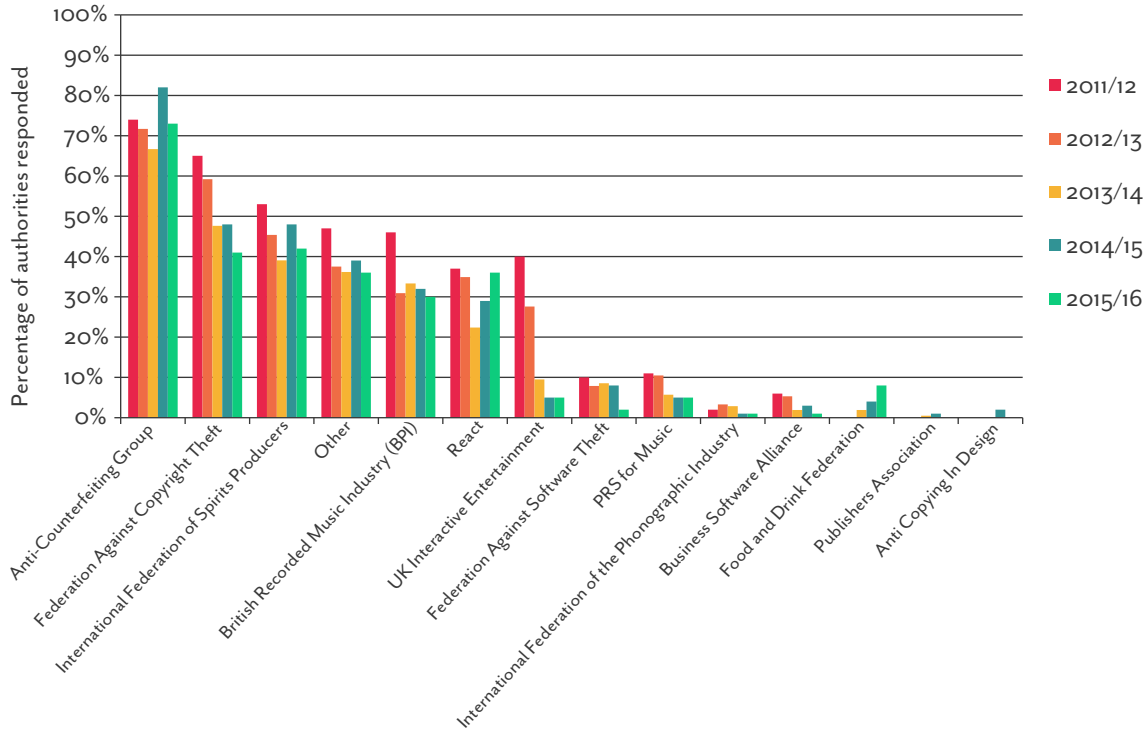




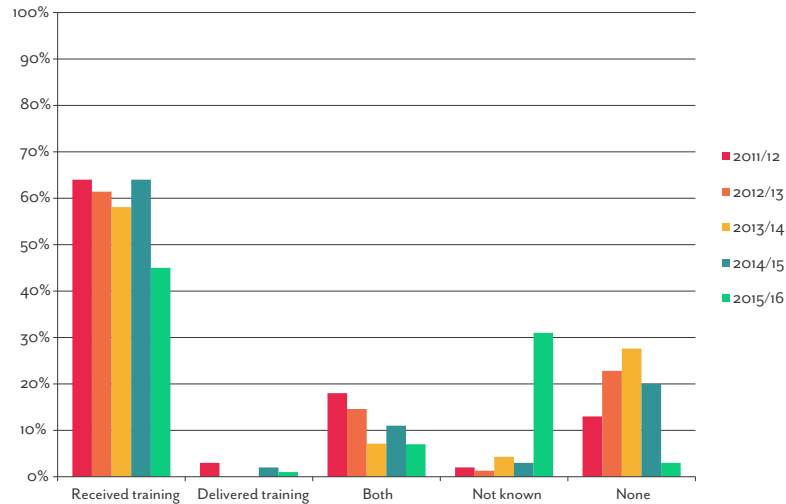
## Working with other Public Sector Partner Organisations – Police and Trading Standards remain the principle partners



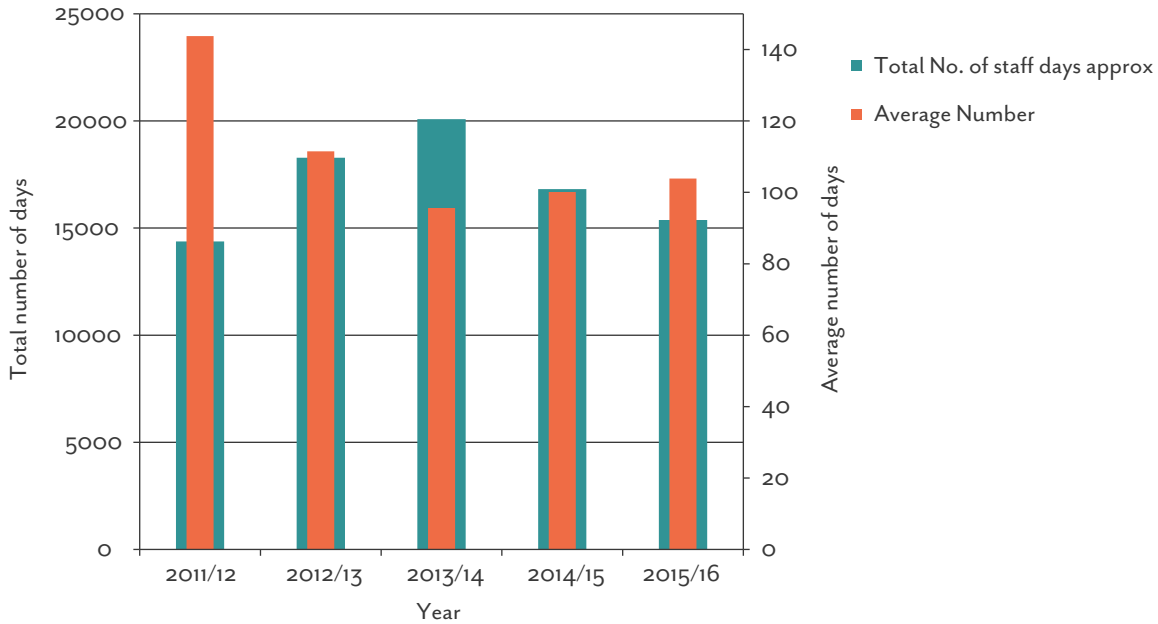
## Working with Industry Bodies - The Anti-Counterfeiting Group are the main industry body TS work with



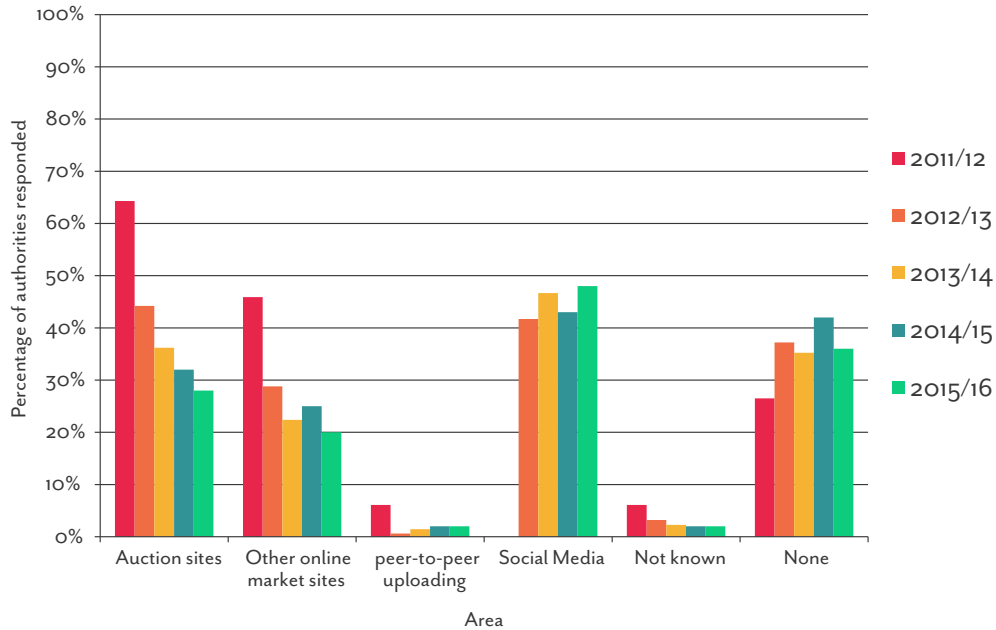
## Trading Standards officers who have received training on Intellectual Property



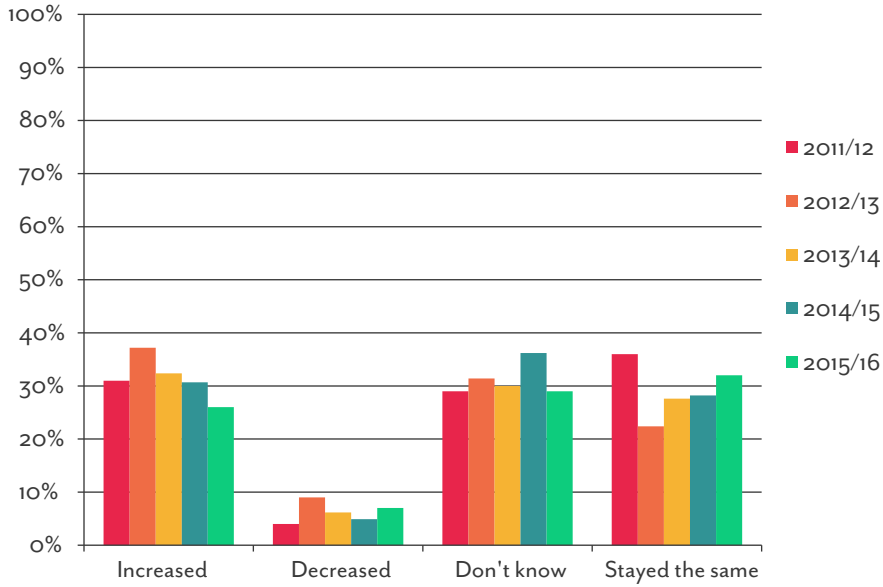
## Total and average staff days dedicated to tackling IP Crime



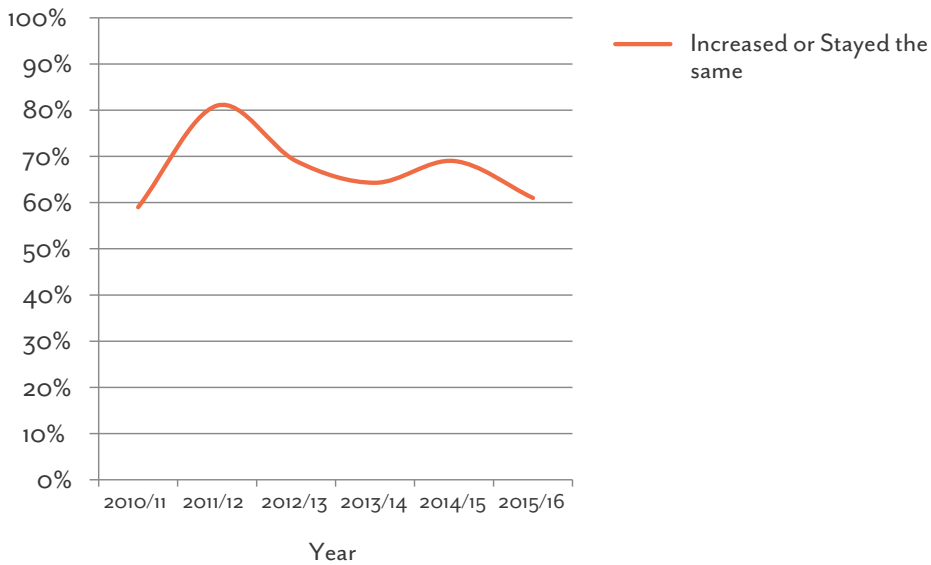
## Proactive monitoring online



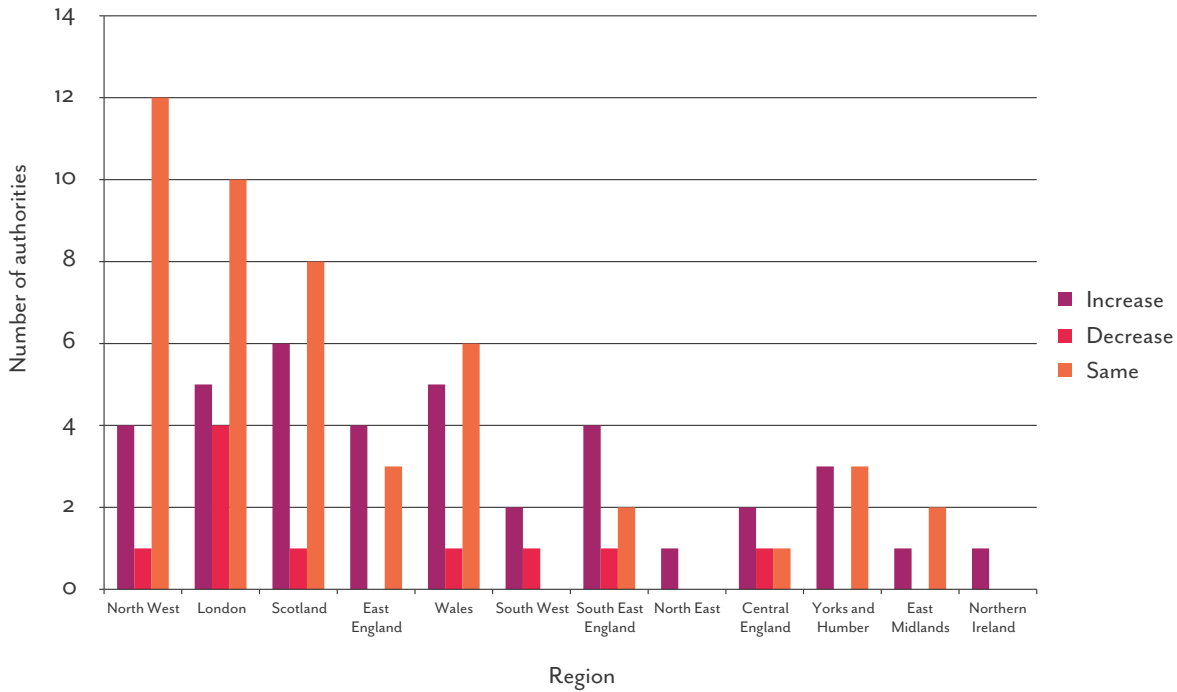
## How infringements have increased or decreased



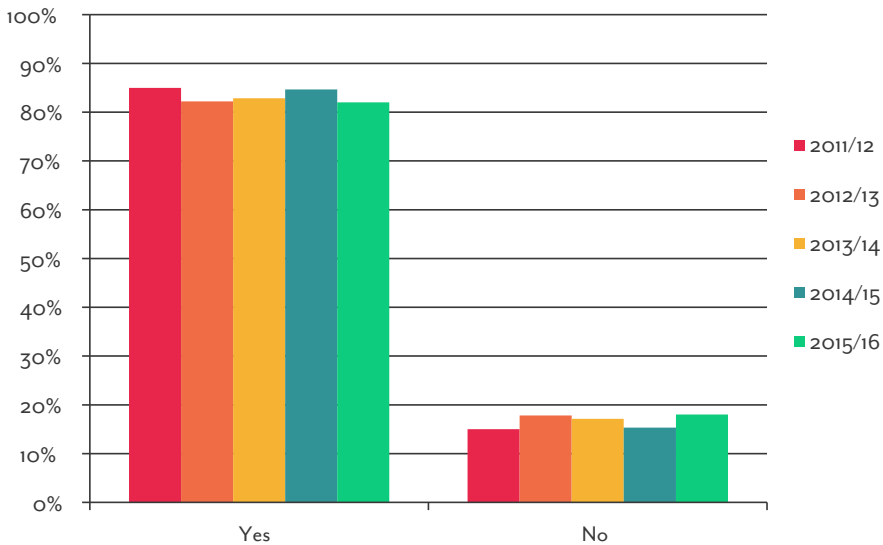
## Overall enforcement activity



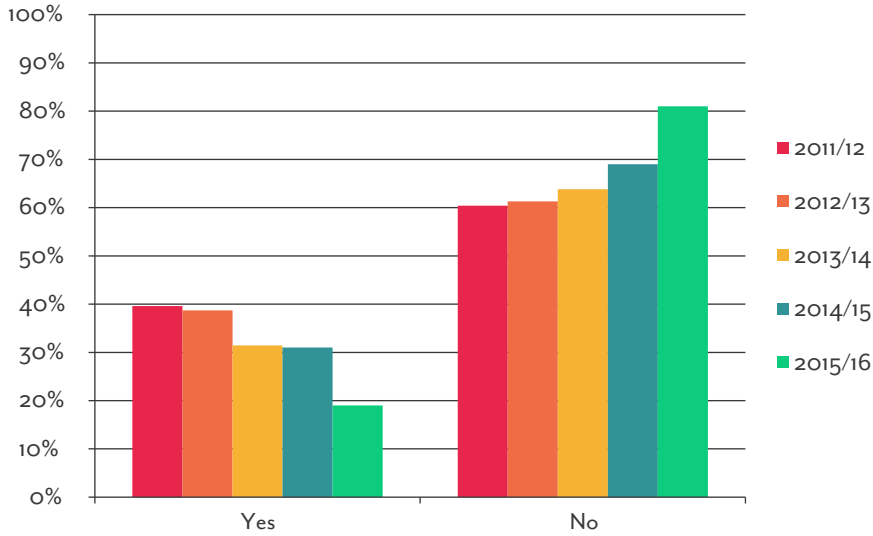
## Regional enforcement activity 2015/16



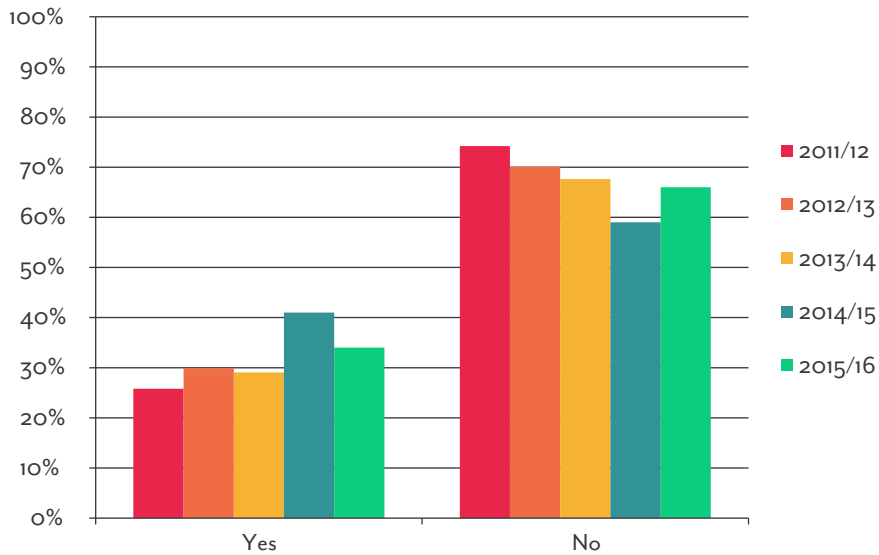
## Awareness of the IP Intelligence Hub database (IPID)



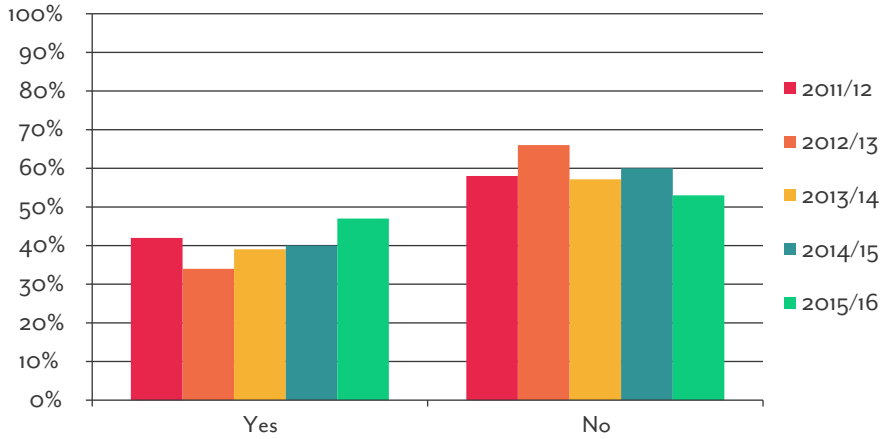
## Percentage of submissions or enquiries to the IPO Intelligence Hub



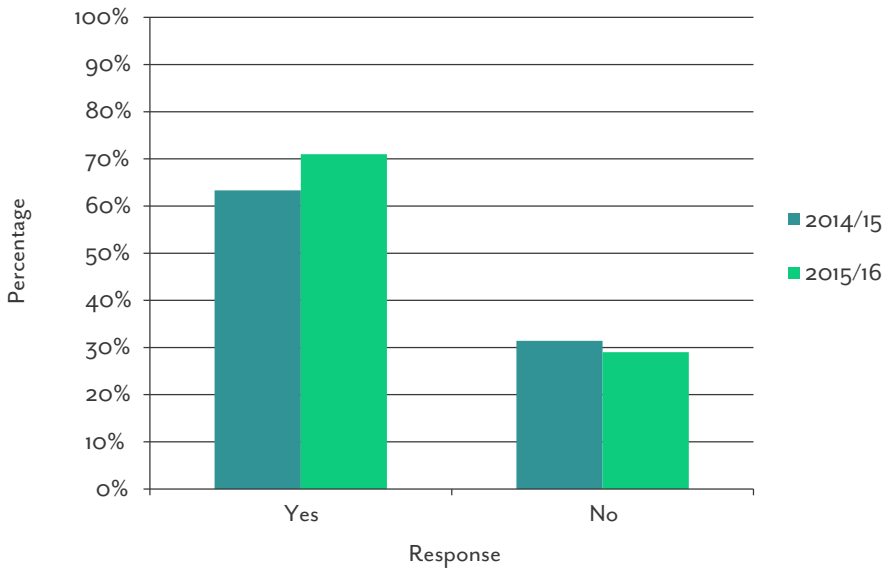
## Percentage of POCA Restraint Orders used



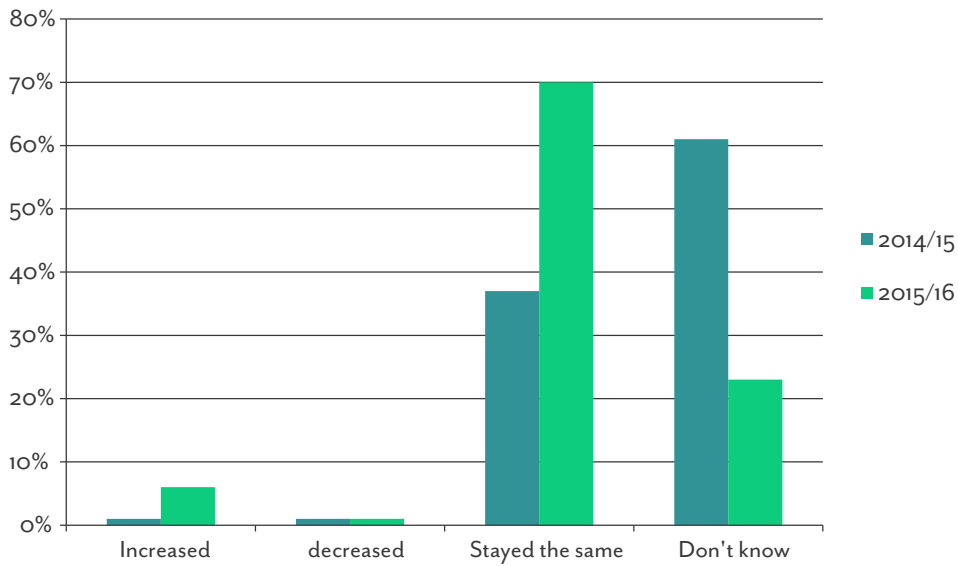
## Percentage of Trading Standards Officers using the CPS Toolkit



## Trading standards authorities working and engaging in Regional Groups



## IP Infringement relating to the intentional copying of registered designs







# Index

Foreword – Baroness Neville-Rolfe	5	Public Complaints 2015/16	24
Introduction – Giles York	6	FACT active cases 2015/16	24
Executive summary	7	Federation Against Software Theft (FAST)	24
Only connect	7	Intellectual Property Office (IPO) – report on online copyright infringement	25
Define value	8	National Markets Group (NMG)	26
Cooperation into action	8	NOMINET	27
The UK Creative Industries and the Economy	9	Criminal Activity	28
The scale and scope of IP crime	11	Suspensions by requesting agency	28
The front line	12	Noteworthy cases in 2015	30
Challenges	13	Professional Publishers Association (PPA)	30
Successes	13	Police Intellectual Property Crime Unit (PIPCU)	31
Action	13	Real Deal	31
Crime Group Reports	14	React	33
Alliance for Intellectual Property	14	Trademark and Rightsholders Against Piracy (TRAP)	34
Anti-Counterfeiting Group (ACG)	14	A growing threat to the creative industries of the UK	35
Automotive Stats	15	TRAP action	35
Electrical consumer goods	15	Key facts	35
Luxury goods and accessories	15	TRAP Stats	36
Table showing ACG Members Customs seizures	16	UK Interactive Entertainment (Ukie)	37
Table showing ACG Members Police/TS seizures	16	In this section	39
Emerging trends	16	Plan ahead	40
Anti-Copying in Design (ACID)	17	IP Crime Group reports	40
British Phonographic Industry (BPI)	18	3a Governance	40
Crimestoppers	20	The Alliance for Intellectual Property	40
Crimestoppers by sector	20	Border Force	41
Crimestoppers reports to the IPO Intelligence Hub – by sector	21	Crown Prosecution Service (CPS)	41
Crimestoppers reports to IPO		Intellectual Property Office (IPO)	42
Intelligence Hub - totals	22	Enforcement strategy 2020	42
Crimestoppers reports by location	22	Online copyright sanctions: 2-10	42
Crimestoppers reports by location	23	Search & copyright round tables tackle 'accidental infringement'	43
Crown Prosecution Service (CPS)	23	Professional Publishers Association (PPA)	43
Federation Against Copyright Theft (FACT)	23	Publishers Association (PA)	43
FACT stats	24		

Chartered Trading Standards Institute (CTSI)	44	Business Growth Hubs	54
National Trading Standards - (NTS)	44	IP Audits Plus	54
Fulfilment houses	44	IP Insurance	54
UK Interactive Entertainment (Ukie)	45	Training and outreach	55
3b Connectivity	46	Trading Standards – IP awareness event	57
Alliance for Intellectual Property	46	IP education in further and higher education	57
Anti-Counterfeiting Group (ACG)	46	Medicines & Healthcare products Regulatory Agency (MHRA)	57
Anti-Copying in Design (ACID)	47	PRS For Music	58
Current Concerns – Unregistered Design Rights (UDRs)	47	Scottish Anti-Illicit Trade Group (SAITG)	58
3D Printing	47	3c Action	59
Audiolock	48	Anti-Counterfeiting Group (ACG)	59
The business of anti-piracy	48	Border Force	59
A route to real	48	British Phonographic Industry (BPI)	60
Spread the word	48	Counterfeit CD & DVD trading – ‘persistent illegality’ curtailed	60
The war against piracy	48	Unauthorised repressing – vintage Northern Soul rip offs removed	60
Industry’s role	49	Counterfeit CD – test purchase reveals fraud	60
Government’s role	50	Federation Against Copyright Theft (FACT)	61
British Phonographic Industry (BPI)	50	£1 million football fraud	61
Raising awareness: ‘Get it right from a genuine site’	50	Online movie mugger	61
Industry Trust for IP Awareness	52	Payback time for £5 million ‘release group’	61
Moments Worth Paying For and FindAnyFilm.com	52	eBay Global Asset Protect (GAP) Team	61
Youth campaigns	52	Counterfeit goods investigation concludes with convictions	62
Face-to-face learning	53	Five due in court after Suffolk Trading Standards pirate DVD probe	62
Intellectual Property Office (IPO)	53	Counterfeit seller ordered to pay £4000	62
Business support	53	Intellectual Property Office (IPO)	62
Online learning	53	Operation Goat	62
IP Equip	53	Intellectual Property Office (IPO)	63
IP Equip App	53	Operation Handcraft – Cheetham Hill	63
IP Health Check	53	Operation Handcraft results	63
IP Master Class	53	HMRC (40 staff)	63
Seminars and events	54	MHRA (12 staff + 2 dogs)	64
Partnerships and other initiatives	54		
UK Patent Libraries (PatLibs) and Business and IP Centres (BIPCs)	54		

Trading Standards (17 TS + six Brand Reps)	64	Intellectual Property Office (IPO)	75
Immigration (15 staff)	64	Attaché network	75
GMP (29 staff)	64	China	75
Intellectual Property Office (IPO)	64	Online copyright piracy	75
Advertising on IP Infringing Websites	64	Cross-border counterfeiting	77
Intellectual Property Office (IPO)	65	Case study: Working with Alibaba to tackle IP thieves	77
Financial investigators	65	South East Asia	78
Proceeds of Crime at work	65	Brazil	79
Trading Standards	65	India	79
Regional report - Isle of Wight	65	Other Countries	80
Operation Jasper	65	Police Intellectual Property Crime Unit (PIPCU)	80
Trading Standards	66	Introduction	83
Regional report – Enfield	66	Highlights	83
Case study – four years for counterfeit trading	66	Top 10 counterfeit /pirate products investigated by Trading Standards	84
National Trading Standards Board - Scambuster Teams 2015-16	66	Top ten locations for counterfeit goods investigated – ordinary shops remain the most investigated location	84
Operation Sandpiper	67	The top product investigated by Trading Standards continues to be cigarettes and tobacco	85
Operation Carmen	67	Although ordinary shops remain the most investigated location; social media, websites and auction sites all figure in the top ten	86
Operation Polo	67	Number of authorities who completed survey.	
Operation Sureshot	68	The total responses was down on the two previous years with 77% of the TS authorities responding	87
Operation Cassock	68	Links to other criminality – benefit fraud is still the main criminal link along with organised crime networks	87
National Markets Group (NMG)	69	Location of Organised Criminal Network Investigations	88
Police Intellectual Property Crime Unit (PIPCU)	69	Working with other Public Sector Partner Organisations – Police and Trading Standards remain the principle partners	89
PRS for Music	70	Working with Industry Bodies – The Anti-Counterfeiting Group are the main industry body TS work with	90
Scottish Trading Standards – A Case Study	70	Trading Standards officers who have received training on Intellectual Property	90
Other Trading Standards activity in Scotland	71	Total and average staff days dedicated to tackling IP Crime	91
TM Eye	71		
3d International	73		
Anti-Counterfeiting Group (ACG)	73		
Border Force	73		
World Intellectual Property Organisation (WIPO) Advisory Committee on Enforcement	73		
European Commission	74		
European Observatory on Infringements of IPRs	74		
EUROPOL	74		

Proactive monitoring online	91
How infringements have increased or decreased	92
Overall enforcement activity	92
Regional enforcement activity 2015/16	93
Awareness of the IP Intelligence Hub database (IPID)	93
Percentage of submissions or enquiries to the IPO Intelligence Hub	94
Percentage of POCA Restraint Orders used	94
Percentage of Trading Standards Officers using the CPS Toolkit	95
Trading standards authorities working and engaging in Regional Groups	95
IP Infringement relating to the intentional copying of registered designs	96





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