



Intellectual
Property
Office



IP CRIME REPORT 2014/15

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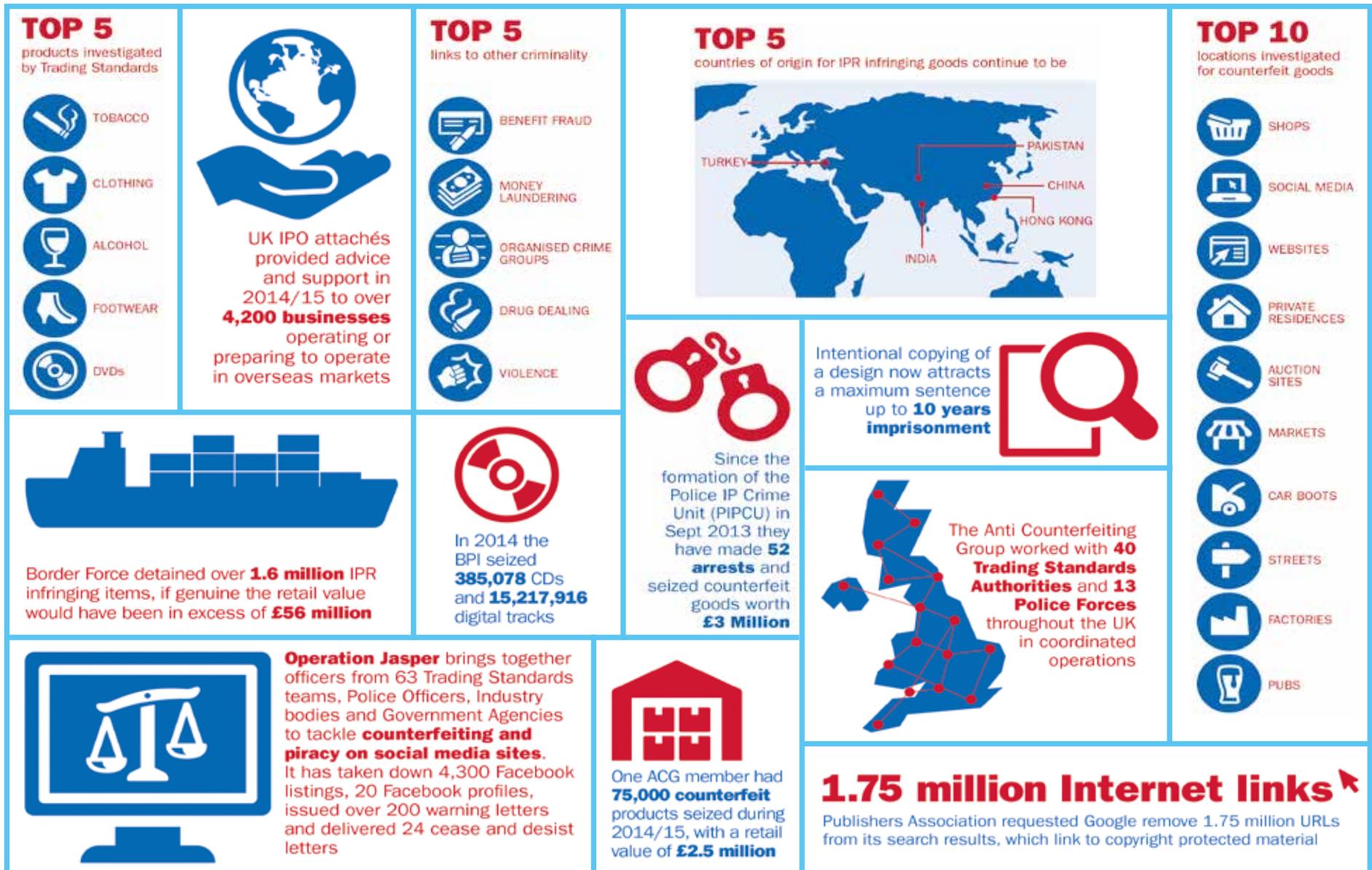
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DISCLAIMER

This report is an amalgamation of information from different organisations and the information including facts and figures has not been substantiated by the IPO.

Facts and Figures 2014-15



Source: IP Crime Group Members

Foreword



Napoleon once described us as a ‘Nation of Shopkeepers’ and in a sense that is still true today; we are hugely successful retailers of innovations and creative content. All of this activity, whether it’s the creation of household brands and innovative designs or publishing the latest blockbuster, must be underpinned by a robust and enforceable Intellectual Property regime and we have to adapt to the increasing importance of the online world.

The UK is widely recognised as a world leader in enforcement of IP. Our ambition is to build on this success. To achieve this I am committed to improving our legal framework, providing support to

law enforcers to enable them to tackle criminals and to building partnerships with our international counterparts, so we can meet this global challenge.

I am pleased to see the great breadth and variety of enforcement activities that have taken place during 2014-15 and I would like to thank the IP Crime Group drawn from rights holders to law enforcement for their work. In particular there are a number of specific achievements that I’d like to highlight:

- The growing threat from social media that is being challenged by the Anti-Counterfeiting Group and their partners in initiatives such as Operation Jasper;
- The work of the Police IP Crime Unit with national and local partners to fight online crime. Domains are being seized, advertising is being blocked and criminals are being arrested in ever greater numbers;
- FACT’s work in investigating illegal access to subscription pay TV services such as those offered by BT Sport, Sky and Virgin Media;
- The ground breaking agreement between the China-Britain Business Council and Alibaba Group to bring more action against online vendors of counterfeit goods.

However, there is more to do. By its very nature, IP crime is challenging to detect and to counter. It is also highly adaptable and moves rapidly to take advantage of vulnerabilities in technology, legal frameworks and financial systems. I believe that by working in partnership, Government, law enforcement and industry can deliver an IP environment where legitimate businesses thrive and consumers are protected.

Baroness Neville-Rolfe DBE CMG

Parliamentary Under Secretary of State and Minister for Intellectual Property

Introduction



It is a privilege to introduce the 2015 IP Crime Report; it provides a unique view into the breadth of work over the last year identifying the scale of IP Crime and the action to tackle the problem in the UK. Using the results of the Annual Trading Standards survey, together with insights into emerging trends, the report provides a comprehensive view of UK prevention and enforcement activity.

As we all experience the impact of global criminality locally, the report lays clear evidence that has informed the imminent renewal of the existing IP Enforcement Strategy. Members of the IP Crime Group have been finding voluntary measures that can assist in removing infringing content from the internet. However, prevention and education encourage greater respect for intellectual property. With the Scottish Anti-Illicit Trade Group, Police Scotland has raised awareness of illicit trade, and the Intellectual Property Office (IPO) and industry have supported significant national campaigns aimed at young adults, teenagers and children, using a range of innovative approaches including radio broadcasts and downloadable resources for schools. One resource featuring a game developed by Music Inc with UK Music has led to almost 200,000 downloads.

As always, I am delighted to see that the report showcases many of the outstanding interventions conducted by law enforcement agencies working together with industry brand and rights holders. Border Force detentions removed over 1.6 million infringing items with a retail value of more than £56 million – activity indicating just how harmful IP Crime is to the UK economy. In just a few weeks, an inter-agency operation into an emerging trend, in which criminals exploit social media channels to sell counterfeit and dangerous goods, took down 4,300 Facebook listings and 20 Facebook profiles. The Police Intellectual Property Crime Unit has diverted 11 million views of pirate websites to an official police warning page and seized counterfeit goods worth £3 million.

Activity has gone beyond our borders engaging internationally. The UK's IP attaché network leads the way to strengthen National IP frameworks and enforcement regimes across key markets with significant agreements made with China against online vendors of counterfeit goods and intelligence sharing. The Office for Harmonization in the Internal Market recently recognised the UK as having one of the best enforcement frameworks and I was able to add my own personal contribution this year as a keynote speaker at the European Observatory along with hosting Indian Police officials from Mumbai on their UK fact-finding visit with the IPO.

The UK continues to be an attractive choice for trade with a market-leading international reputation for protecting both the consumer and businesses from the criminal activity that seeks to exploit those intellectual property rights.

Giles York
Chief Constable Sussex Police
National Police Lead for Intellectual Property Crime

Executive Summary

The annual UK IP Crime Report 2014/15 provides an insight into the scale and scope of counterfeiting and piracy in the UK and an overview of the work being undertaken to tackle these threats. It is produced by the UK Intellectual Property Office that established and runs the IP Crime Group – a cohort of representatives from private industry, law enforcement agencies and government departments.

The 2014/15 results show that in many areas the growth of IP crime is stabilising, with promising signs that the IP enforcement activities of the group are having an impact:

- Crimestoppers have noted a overall fall in IP crime reported to them
- The number of reports to Crimestoppers relating to auction sites and markets has fallen significantly by 71% and 94% respectively*.

But there are other emerging trends that will inform the group's activities during 2015/16. These include:

- Continued growth in investigation in the use of social media to seek counterfeit items
- Growth in the sales of high value counterfeit items such as handbags, watches and electrical items.

LOCAL IMPACT OF IP CRIME

IP crime takes place close to home and has local consequences. Trading Standards authorities deal with the consequences of IP crime every day; four out of five of them have found IP infringing activities taking place in ordinary high street shops, and over half have caught IP criminals operating out of private residences. Car boot sales, street stalls, and pubs and clubs also continue to be IP crime hotspots.

Tobacco, clothing, alcohol, footwear and DVDs were the most frequently investigated counterfeit products. The evidence from Trading Standards indicates that there are strong links to benefit fraud, organised crime, drug dealing and violence – and this has a real impact on the safety of individuals and communities.

Much of the IP Crime Group's work in 2014/15, and in previous years, has sought to tackle these problems – and is showing results. The National Markets Group's Real Deal initiative has led to the seizure of over 30,000 counterfeit items and nearly 400 markets have signed up to the Real Deal Charter to commit to tackling the sale of counterfeit goods on market stalls. The Anti-Counterfeiting Group has worked with 40 Trading Standards authorities and 13 Police Forces throughout the UK to tackle local IP hot spots.

* See Crimestopper figures pages 8 and 9

THE ONLINE CHALLENGE

The challenge of dealing with online counterfeiting and piracy cannot be underestimated. Sellers enjoy the perceived anonymity of the online world and ever greater access to new customers via closed social media groups. The online sale of counterfeit items remains a significant problem, but has not increased significantly from 2013/14 after a significant increase in recent years.

Law enforcement and industry have responded to this threat by developing new ways of disrupting and removing online IP crime. The Police Intellectual Property Crime Unit (PIPCU) are suspending thousands of rogue websites, diverting views and providing tools to ensure brands do not place advertising on infringing websites; the Anti-Counterfeiting Group are collaborating with Facebook to remove images of counterfeit items; the British Recorded Music Industry (BPI) have submitted millions of URLs to search engines for their removal from search results.

DELIVERING RESULTS

The IP Crime Group are making great strides in delivering real results in the fight against IP crime and raising awareness of the dangers and consequences of counterfeiting and copyright infringement.

Co-ordinated action is a real strength of IP Crime Group members. The partnerships that have delivered great results in 2014/15 include:

- PIPCU's Operation Creative – a ground-breaking approach to tackling IP Crime by disrupting and preventing websites from providing unauthorised access to copyrighted content
- BPI's action against Dancing Jesus – jailing two individuals behind an online forum giving access to tens of thousands of illegal links to music
- The Federation Against Copyright Theft's action against illegal pay TV services
- The Intellectual Property Office and the Food Standards Agency (FSA)'s Operation OPSON – dealing with tons of fake and substandard food in partnership with almost 50 other countries
- The Infringing Website List – law enforcement and the advertising industry working together to remove advertising from the most-infringing websites.

All of this work is supported by huge efforts to help educate consumers and businesses to respect IP owned by others. A great deal has been achieved through industry, law enforcement and government working together and we can look forward to Creative Content UK in 2015/16 to build on this success, (see page 23 for more information)

Chapter 1 – What is the scale of IP crime in the UK?

INTRODUCTION

The breadth of goods and services that attract the interest of IP counterfeiters and pirates continues to evolve. Chapter 1 illustrates how work by industry and law enforcement this year has highlighted the sale, importation and availability of luxury goods, toys, and electrical items such as earphones, as well as websites offering film, TV, music, sporting events, books and magazines.

However, consumer behaviour is changing, the number of individuals receiving cautions and being found guilty has continued to fall and the public are also reporting less IP crime to Crimestoppers, with some goods seeing substantial reductions in reporting from 2013/14. Whether we are seeing a real reduction in IP crime is not clear, but there is no doubt that more and more consumers are turning to the internet to source pirated content, illegal streams and counterfeit items.

This trend is long established, and whilst some sectors such as illegal streaming have seen strong growth in recent years, Government, industry and law enforcement agencies have been responding to these challenges; many of their individual and collaborative efforts are highlighted in Chapter 2.

Gaining a true understanding of the scale and scope of IP crime in the UK is very challenging. The results of the annual survey of Trading Standards in Chapter 3 gives an insight into consumer behaviour, and where the impact of initiatives to tackle IP crime can be measured – such as the effectiveness of website blocking orders or operations in partnership with Facebook – the industry is doing so.

The research undertaken as part of Creative Content UK will also help build on our knowledge of the true scale and scope of online infringement, and the IPO is funding further waves of the Online Copyright Infringement Tracker and has also commissioned research into the scale and scope of designs infringement in the UK, due to be published in 2016.

Whilst it may be a complex undertaking to truly understand the scale and scope of IP crime in the UK, during the year there have been many operational successes undertaken by law enforcement and industry groups.

Highlights

- The Police Intellectual Property Crime Unit (PIPCU) making 37 arrests, bringing the total to 52. Over £3 million worth of fake goods seized since September 2013;
- Successful initiative between National Markets Group and Camden Market to tackle markets openly selling a range of counterfeit goods to visitors and local consumers;

- Operation Watch identifying 30,000 individual images of counterfeit goods on Facebook;
- One member of the Anti-Counterfeiting Group (ACG) saw 75,000 of their products with a retail value of £2.5 million seized from criminals;
- Two individuals behind Dancing Jesus, an illegal music forum, were sentenced at Newcastle Crown Court to four years and five months in prison;
- The Professional Publishers Association (PPA) estimates that over 100 million copies of UK-produced digital magazines were illegally downloaded in 2014.

1(A) SCALE AND SCOPE

CAUTIONS AND CONVICTIONS FOR IP OFFENCES, ENGLAND AND WALES, 2002 TO 2014

Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
TMA Cautioned	18	59	120	194	187	187	201	118	66	55	38	39	20
CDPA Cautioned	13	55	171	202	247	187	180	79	45	41	16	14	9
TMA Found Guilty	329	399	503	749	920	884	913	801	662	487	506	469	456
CDPA Found Guilty	71	84	100	160	249	365	478	563	366	99	92	100	61

Source: Ministry of Justice

The figures given in the table on court proceedings relate to persons for whom these offences were the principal offences for which they were dealt with. When a defendant has been found guilty of two or more offences it is the offence for which the heaviest penalty is imposed. Where the same disposal is imposed for two or more offences, the offence selected is the offence for which the statutory maximum penalty is the most severe.*

According to the Ministry Of Justice, 456 people were found guilty of offences under the Trade Mark Act (TMA) and 61 under the Copyright, Designs and Patents Act (CDPA) during 2014, compared with 469 and 100 in the previous year. Twenty people were cautioned for TMA offences in 2014 compared to 39 the previous year. In addition, 9 people were cautioned for CDPA offences in 2014 compared to 14 the previous year.

* Every effort is made to ensure that the figures presented are accurate and complete. However, it is important to note that these data have been extracted from large administrative data systems generated by the courts and police forces. As a consequence, care should be taken to ensure data collection processes and their inevitable limitations are taken into account when those data are used.

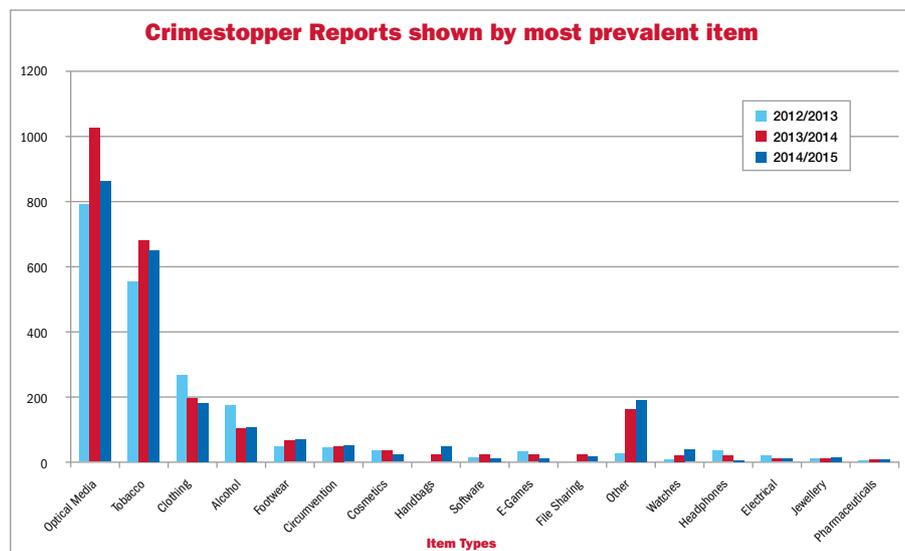
Due to improvements in data processing, results for some years differ slightly from those previously published

CRIMESTOPPERS

The following 3 graphs and tables are all based on reports provided by the public in relation to IP crime.

The Intellectual Property Office intelligence hub coordinates and exchanges criminal intelligence between law enforcement agencies and the private sector, both in the UK and internationally through Europol and Interpol.

One body who supplies intelligence is Crimestoppers, an independent charity helping law enforcement to locate criminals and solve crimes. During 2014/15 the hub received 2,272 reports and the following graphs illustrate what was received each month, the most common product reported and the location of the alleged crimes.



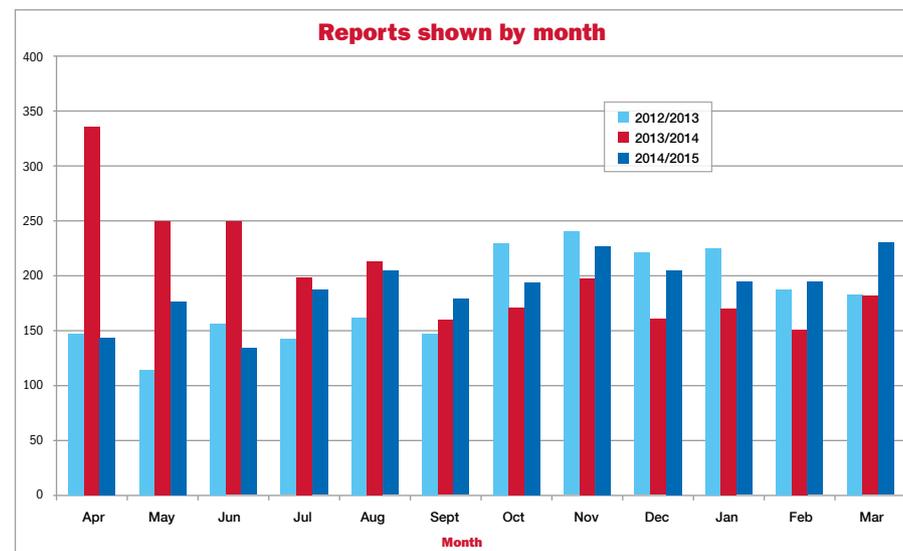
	Optical Media	Tobacco	Clothing	Alcohol	Footwear	Circumvention	Cosmetics	Handbags	Software	E-Games	File-sharing	Other	Watches	Headphones	Electrical	Jewellery	Pharmaceuticals
2013/2014	1024	680	195	102	64	47	33	22	22	21	21	161	19	17	8	10	7
2014/2015	859	650	180	107	67	48	19	46	10	10	16	189	37	4	9	14	7
%(+/-)	-16%	-4%	-7%	5%	5%	2%	-42%	110%	-55%	-52%	-24%	17%	95%	-76%	12%	40%	0%

The table shows a comparison between the number of reports received from

Crimestoppers by the IPO Intelligence Hub between 2013/14 and 2014/15, in relation to the most prevalent item mentioned in each report.

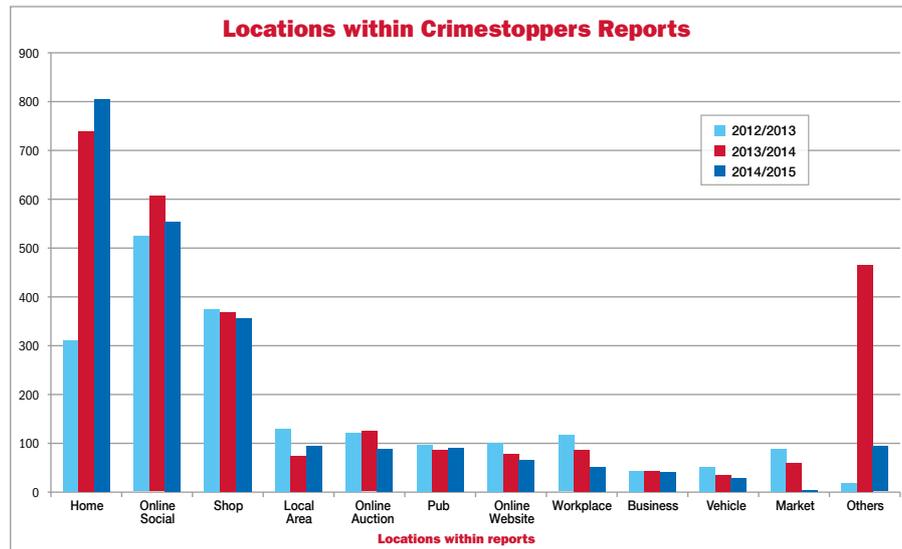
The number of reports has fallen slightly, by 7% overall. However, of those, fewer related to the most prevalent items reported in 2014 and a corresponding rise was seen in higher retail value items such as handbags, watches, electrical items and jewellery. This indicates that the public is more aware of the availability of fake 'luxury items' than during 2013/14 and is reporting these items more often than during previous years.

Monthly Crimestoppers submissions



	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
2013/2014	355	250	249	198	213	159	171	197	160	170	150	181
2014/2015	144	177	135	187	204	179	194	227	205	195	195	230
%(+/-)	-59%	-29%	-46%	-6%	-4%	13%	13%	15%	28%	15%	30%	27%

Location of crimes



	Home	Online Social	Shop	Local Area	Online Auction	Pub	Online Website	Workplace	Business	Vehicle	Market	Other
2013/2014	739	604	368	73	124	84	78	84	42	34	58	465
2014/2015	805	555	356	96	89	91	66	51	40	28	3	92
%(+/-)	9%	-8%	-4%	32%	-28%	8%	-15%	-39%	-4%	-18%	-94%	-44%

The sale of counterfeit goods from ‘home’ remains the most prevalent location reported through Crimestoppers in 2014/15; ‘social media’ and shops also remain among the most reported locations. The number of reports submitted in relation to online auctions has decreased, by 71% (89, n = 124), those for 2013/14 reflecting the continued change in online shopping behaviour.

Reports of counterfeit goods related to the location of ‘market’ have fallen significantly, by 94% (3, n = 58), compared to those for 2013/14. It is notable that ‘market’ is the only physical location to have seen such a significant reduction in reports, which suggests that the Real Deal Campaign has had a major effect in encouraging market operators to actively look out for and prohibit the sale of IP infringing goods.

POLICE IP CRIME UNIT

The Police Intellectual Property Crime Unit (PIPCU) is a specialist national police unit dedicated to protect UK industries that produce legitimate, high quality, physical goods and online digital content.

The operationally independent unit launched in September 2013 with funding from the Intellectual Property Office (IPO) and is 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 £3 million to further fund its work until 2017.

Since May 2014 the unit has protected consumers by suspending 3,426 rogue websites selling fake luxury goods. Those websites claimed to be selling well-known high-end goods, including Burberry, Longchamp, GHD, Prada, Abercrombie & Fitch, Gucci, UGG and Tiffany & Co. However, the items were in fact cheap and inferior counterfeits. The action taken by PIPCU was part of Operation Ashiko, an initiative in partnership with brands, brand protection organisations and Internet registries to disrupt websites selling counterfeit goods to unsuspecting customers. To date this operation has suspended nearly 6,000 websites.

The unit’s work in disrupting and diverting views from copyright infringing websites has also been highly successful. From July 2014 to June 2015 PIPCU diverted over 11 million views from pirate TV/film/music websites to an official police warning page. This is an official message from the City of London Police warning the user that the website they are trying to access is currently under investigation by PIPCU. The page also includes signposts to safe and reliable websites that provide legitimate access to music, films and books, as well as a link to the PIPCU website so users can find out more information about the unit.

Operation Creative, an initiative designed to disrupt and prevent websites from providing unauthorised access to copyrighted content, has now been in operation for over a year. One of the key objectives of this project, which is led by the unit in partnership with the creative and advertising industries, is to disrupt revenue on pirate sites primarily gained via advertising. Since the operation launched it has seen a significant decrease in advertising on infringing websites on the part of the UK’s biggest spending companies (-72.7%). The operation has also seen a 75% decrease in advertisement placements by those brands signed up to the Infringing Website List (IWL).

Between May 2014 and June 2015 PIPCU arrested 37 people, bringing the total number of arrests to 52. It has also seized more than £3 million worth of fake goods since September 2013.

One of the unit's most notable operations in the past year was a joint investigation with the US Immigration and Customs Enforcement's (ICE) Homeland Security Investigations (HSI) and the Motion Picture Association of America (MPAA). During the course of the investigation, a 26-year-old man was arrested at his place of work in Yorkshire on suspicion of leaking films on the Internet, which are either only available at the cinema or unfinished and yet to be released, including *The Expendables 3*. His actions are estimated to be costing the film industry millions of pounds. The team's work drew praise from Hollywood star Sylvester Stallone, who starred in and co-wrote *The Expendables 3*. He said, 'I'd like to thank the Police Intellectual Property Crime Unit at the City of London Police for working with US Homeland Security Investigations to apprehend the suspect in this case. It is important to protect the rights of creatives around the world from theft.'

BORDER FORCE

Despite a continuing reduction in the overall number of detentions from the region, China and Hong Kong remain the predominant source countries for IPR-infringing goods seized at the UK border. The top five countries of origin for IPR-infringing goods continue to be China, Hong Kong, Turkey, India and Pakistan.

The majority of detentions continue to involve IPR-infringing goods imported utilising postal/fast parcel and air freight modes from China and Hong Kong. IPR goods detected include handbags, footwear and electrical items. In terms of the container mode, China also continues to be the principal country of origin, the number of detentions having increased in comparison to the previous period.

In the Roll-on/Roll-off freight mode, a considerable increase has occurred in the number of detentions involving IPR-infringing goods originating from China. A significant number of detections involve clothing, footwear and electrical items such as earphones. These have occurred primarily at Dover but also at other locations such as Tilbury Docks, Immingham, Harwich and Hull. It is highly likely these goods originated from China and arrived in the EU primarily via container ports in the near continent. Detections have been recorded at the EU ports of Hamburg and Rotterdam, destined for the UK.

UK importations are often facilitated by Eastern European registered/driven HGVs utilising cover loads of 'foot wear', 'toys', 'groupage', 'textiles' and 'shoes', which often feature poor-quality paperwork with incorrect delivery details or give addresses that appear to be self-storage facilities.

MEDICINES HEALTHCARE REGULATORY AUTHORITY

The MHRA brings prosecutions, under legislation it enforces, for illegal activity involving medicines and medical devices. Additionally, the MHRA will use trademarks legislation where the falsification (counterfeiting) of medicines and devices has occurred.

Falsified (counterfeit) medicines in the unregulated supply chain (Internet) are mostly erectile dysfunction medicines and slimming products: since the beginning of 2011 the MHRA has seized almost 400,000 doses. The predominance of erectile dysfunction medicines is a direct result of the significant demand for these types of medicine in the UK and worldwide and the profit that can be made by trading in these medicines.

Additionally, during the same period the MHRA seized several million doses of unlicensed generic versions (non-counterfeit) of the same type of product. Counterfeit medical devices currently being investigated include dental equipment and condoms.

NATIONAL MARKETS GROUP

The availability of, and threat from the sale of counterfeit goods at markets is a serious problem. However, a concerning and growing threat is presented by social media, in particular Facebook.

This platform, while populated by millions of genuine users, has been infiltrated by thousands of people 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.

During a recent investigation it was found that the sale of a counterfeit hair straightener by a Facebook trader had caused serious burns to the user's scalp due to overheating of the product.



The National Markets Group (NMG) was established in 2008 to provide a forum for a national, co-ordinated, cross-sector approach to tackle the trade in counterfeit goods at markets and car boot fairs, and, more recently, through

social media and online platforms. With over 2,000 open air markets and car boot sales in the UK alone, the temptation and opportunity for counterfeiters to infiltrate this legitimate supply chain and prey on the vulnerable and or those who 'like a bargain' is enormous.

Monitoring of 10 key markets in the UK by the NMG and its members shows tens of thousands of counterfeit and pirated goods openly available to the consumer. Products range 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.



Real Deal Charter signing at Portobello and Golborne Road Market

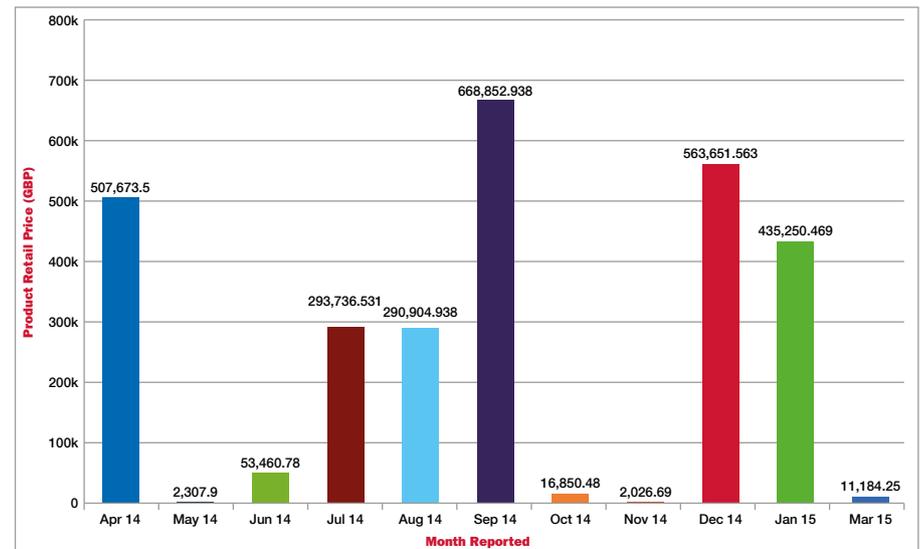
Exercises by the NMG in conjunction with enforcement and government partners show thousands of counterfeit goods entering the UK daily, via sea, air and fast parcel ports, which end up for sale at markets, car boot sales and online marketplaces, including social media platforms such as Facebook.

ANTI-COUNTERFEITING GROUP

The Anti-Counterfeiting Group (ACG) is a not-for-profit trade association that will be celebrating its 35th year in 2015. Today ACG's membership comprises over 170 organisations globally, operating in, or providing specialist advice to, most industry sectors where counterfeiting is an issue.

As concluded by most IP agencies, the true scope and scale of IP crime remains unknown; however, using a snapshot of data from just two ACG members, it is evident that counterfeiting of all types of goods from luxury to electrical is still at a significant level.

For one member, 75,000 counterfeit products were seized during 2014/15, with a retail value of £2.5 million.



Source: Anti-Counterfeiting Group

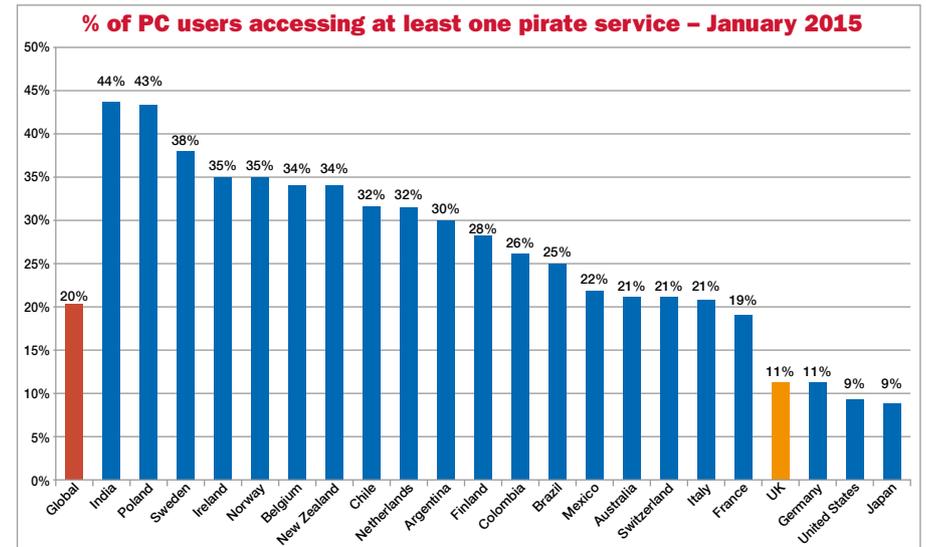
Another ACG member dealt with 68 Customs cases relating to the detention of 280,000 products and 660 Trading Standards cases leading to the recovery of 60,000 items.

Footwear	Toys	Electronics	Clothing	Luxury Good (handbags, purses etc)	Accessories (Various goods)
2		1	20	12	3
4		3	640	42	22
1		5	50	14	5
1		64	9026	330	30
		3	12	3	10
		7	153	6	33
	6	4	22	9	6
	35	45	4712	33	15
2	1	2	12	14	6
2	2	7	221	343	21384
3		6	18	11	
8		155	212	32	
4	1	7	38	30	3
6	2	136	8816	2671	11
10	6	6	21	18	2
3	14	957	594	2776	5
1	2	5	38	15	1
2	1015	9	368	570	2
2	3	3	21	13	5
2	40	3	157	25	14
1	5	8	30	12	6
1	5	8	1321	16	36
2	7	4	24	33	
2	19	4	843	1407	

Source: Anti-Counterfeiting Group

BPI

The BPI has good grounds to believe that IP crime, particularly online copyright infringement, remains high but is showing a small but steady decline. BPI suggest that the UK has one of the lowest percentages of users who have accessed at least one pirate service using a personal computer.



Source: BPI

Unfortunately this study is limited to PC use and the ever-growing use of mobile technology that is bound to impact on these statistics. However, there are signs that the combination of good legal digital music services and the efforts being made by government, law enforcement and industry are having an impact.

In the past year, the following successful prosecutions have been brought by the BPI.

Dancing Jesus

On 10 November 2014, two individuals behind the illegal music forum, *Dancing Jesus*, were sentenced at Newcastle Crown Court to a total of four years and five months (53 months) in prison.

Dancing Jesus was an online forum that allowed members to post tens of thousands of illegal links to music uploaded to cyberlockers such as Rapidshare,

Filesonic and Mediafire. Approximately two-thirds of the tracks were distributed pre-release. More than 22,500 links to 250,000 individual titles were made available via Dancing Jesus between 2006 and 2011. The site welcomed more than 70 million user visits during its lifespan. In the course of her comments, Judge Sherwin noted that it would be easy to consider such activities a victimless crime but reaffirmed that piracy only serves to reduce the ability of the industry to promote and fund new artists.

In 2010, the BPI's Copyright Protection Unit commenced an extensive investigation with the co-operation of the IFPI, the City of London Police, the Intellectual Property Office and the US Department of Homeland Security, which identified the creator and operator of the Dancing Jesus site as Robinson. On 1 September 2011, Robinson was arrested and, in a co-ordinated operation with US law enforcement in Dallas, the servers behind the forum were seized.

On 24 February 2015, the defence made an oral application in front of a single judge at the Court of Appeal to have both conviction and sentence reviewed. Following submissions from both defence and prosecution, the judge dismissed both requests and therefore endorsed the sentences issued by the trial judge, which were four years for Kane Robinson, reduced to 32 months as a result of his early guilty plea, and two years for Richard Graham, reduced to 20 months following his guilty plea. A request to recover all prosecution costs has been submitted to the NTT and its assessment is awaited.

Ian Atkinson received a 27-week custodial sentence at Liverpool Crown Court on 19 November 2014 for supplying counterfeit music CDs and film DVDs. This resulted from a stop and search exercise that found him in possession of a bag of copied music CDs, which he admitted, at the time of arrest, he had been supplying to local pubs in and around the Merseyside area. His home address was also searched and forensic examination of his seized computer and mobile phone confirmed that he had been supplying and selling on a much bigger scale.

Following a protracted BPI enquiry dating back to 2008, on 16 October 2014, Arnold Elder from Bristol pleaded guilty to 21 offences relating to copying, manufacturing and distributing CDs, DVDs and computer games. Elder was running a regular weekly mailing list to a vast customer base over an extensive period of time. He received a 12-month sentence on each count, suspended for two years, plus a three-month curfew, electronic monitoring and 200 hours' unpaid work.

In the past year, the BPI has submitted 66,488,717 URLs to search engines for removal from search results, demonstrating that a large quantity of infringing content is still available on the Internet. While the recent change in Google's algorithm

demotes sites receiving high levels of infringing results is welcome, search still remains a substantial source of visitors to infringing sites who may well have been looking for legitimate sources of music.

While digital piracy continues to grab the headlines, the struggle to crack down on counterfeit goods continues. The table outlines the number of seizures conducted by the BPI (British Recorded Music Industry) for the period 01 January 2014 to 15 July 2015.

BPI Seizures 1/1/14 – 15/7/15

	2014				2015				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Total
CDs	9,625	22,826	344,923	7,704	385,078	5,762	23,880	1,728	31,370
Digital tracks	3,006,978	3,780,608	6,454,331	1,975,999	15,217,916	3,117,986	1,733,812		4,851,798
Music DVDs	1,411	9,119	8,700	97	19,327	1,128	6	3	1,137

Source: BPI

PROFESSIONAL PUBLISHERS ASSOCIATION

The Professional Publishers Association (PPA) estimates the cost of digital magazine piracy to be three times the size of the UK's digital magazine market. Globally, the pirated digital UK magazine market is worth between £400–650 million. The PPA estimates that over 100 million copies of UK-produced digital magazines were downloaded last year.

The most recent study conducted for PPA looked at a select group of titles. The study highlighted how a specific group of identified file hosts were responsible for high percentages of detected unauthorised files of magazine content. One site accounted for over a third (35%) of all detected infringing files and showed infringing files at significantly higher levels than all other file hosts tracked.

New release groups were identified in the research, which also showed that magazine-focused pirate sites had seen a significant growth in estimated usage over the past year (183%). This suggests that there is an ever-increasing demand for 'free' digital copies of PPA members' content.

Advertising accounts for the largest proportion of intermediaries.

IP ENFORCEMENT RESEARCH UNDERTAKEN DURING 2014/15

Research into IP enforcement, whether that is sector or country specific, is continually being undertaken. Here are some highlights from 2014/15.

EU Observatory on Infringements of Intellectual Property Rights – Study on the Cosmetics and Personal Care Sector

The study found that when the knock-on effect on suppliers is taken into account, legitimate businesses across the EU lose €9.5 billion of sales revenue because of counterfeiting, with around 80,000 jobs lost.

The Observatory also intends to undertake research into 12 other sectors known to be subject to IPR infringements, such as clothing, footwear and accessories; medicines; luggage and handbags; games and toys; computers and automotive parts; watches and jewellery.

<https://oami.europa.eu/ohimportal/en/web/observatory/quantification-of-ipr-infringement>

IPO – International Comparison of Approaches to Online Copyright Infringement

An international comparison of approaches to online copyright enforcement in Brazil, Canada, France, Italy, The Netherlands, South Korea, Spain, UK and US.

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/404429/International_Comparison_of_Approaches_to_Online_Copyright_Infringement.pdf

Penalty Fair? Study of criminal sanctions for copyright infringement available under the CDPA 1988

This study was commissioned by the IPO to provide an evidence-based view on whether the criminal sanctions for copyright infringement available under the CDPA 1988 are currently proportionate and correct, or whether they should be amended. The particular point of focus for the study was the difference in the sanctions that apply to online criminal activity – often referred to as ‘piracy’ – compared with those relating to physical goods.

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/405874/Penalty_Fair_Study_of_criminal_sanctions_for_copyright_infringement_available_under_the_CDPA_1988.pdf

USTR (United States Trade Representative) Report on Notorious Markets

The Notorious Markets List highlights select online and physical marketplaces that reportedly engage in and facilitate substantial copyright piracy and trademark counterfeiting.

https://ustr.gov/sites/default/files/2014%20Notorious%20Markets%20List%20-%20Published_0.pdf

USTR 301 Report

The Special 301 Report is the result of an annual review of the state of intellectual property rights (IPR) protection and enforcement in US trading partners around the world, conducted by the Office of the United States Trade Representative.

<https://ustr.gov/sites/default/files/2015-Special-301-Report-FINAL.pdf>

INTERPOL Trafficking and Counterfeiting Casebook 2014

This casebook outlines the links between illicit trade, counterfeiting and organised crime.

<http://www.interpol.int/News-and-media/News/2014/N2014-057>

EU Commission

The EU Action Plan sets out a number of actions to focus the EU’s IPR enforcement policy on commercial scale infringements (the so-called ‘follow the money’ approach). The Strategy setting out an international approach examines recent changes and presents ways to improve the Commission’s current means of action to promote enhanced IPR standards in third countries and to stem the trade in IPR infringing goods.

<http://trade.ec.europa.eu/doclib/press/index.cfm?id=1104>

BASCAP: Roles and responsibilities of intermediaries: Fighting counterfeiting and piracy in the supply chain

The study looks at key intermediaries in the physical world and those providing infrastructure and services online.

<http://www.iccwbo.org/News/Articles/2015/BASCAP-Intermediaries-can-do-more-to-combat-counterfeiting-and-piracy>

UK performance

Finally, the UK has also performed well in two surveys in 2015: the Global Intellectual Property Center’s International IP Index – ‘UK highest ranked country for enforcement and a global leader’; and Taylor Wessing’s Global Intellectual Property Index – ‘UK as the best IP regime in the world’.

1(b) Developing and Emerging Trends

ANTI-COUNTERFEITING GROUP

E-commerce is having a significant impact on the availability of counterfeit merchandise at a retail level and certainly in physical markets, despite a significant reduction in quantity over the last few years.

While auction sites and other online sales platforms are still of concern, the main tool of the counterfeiter is social media, in particular Facebook. As evidenced in 2014, the ACG's Facebook initiative, 'Operation Watch', identified the availability of over 30,000 individual images of counterfeit goods in just one day.

The number of social media sites now facilitating the sale of counterfeit merchandise has risen enormously during the reporting period, which poses an additional burden on rights owners and enforcement agencies alike.

What is the cost of IP crime?

IP crime brings about social, economic and reputational harm to the UK.

Op WATCH and work at UK markets shows that counterfeiters prey on the vulnerable and those less able to purchase genuine products by tempting them with an array of branded consumer goods. This activity undermines the genuine retail market, restricts the revenue to the UK Treasury and, in some cases in which unsafe counterfeit goods are sold, threatens the safety of the consumer.

A number of investigations undertaken by ACG members show clear links to organised crime, both within the sphere of IP itself and linked criminality, with profits from counterfeiting being re-distributed into other illegal activities such as drug supply and money laundering.

FEDERATION AGAINST COPYRIGHT THEFT (FACT)

FACT identifies developing and emerging trends through monitoring the percentage of cases that are attributed to its specific investigation categories. In the past 12 months FACT has seen a marked rise in the number of cases involving illegal access to subscription pay TV services, such as those offered by Sky, Virgin Media and BT Sport, through card sharing, also known as control-word sharing, and IPTV devices, the percentage of these cases increasing from 6% to over 18% of FACT investigations year on year.*

This increase is being driven predominantly by an insurgence of IPTV devices. Whereas both card-sharing and IPTV by-pass encryption to illegally access subscription pay TV services, IPTV devices do so far more simply and discreetly.

These devices do not involve any interaction with a valid service provider, requiring an Internet connection only, and, although not infringing of themselves, they can be readily pre-configured with certain software – Apps and add-ons – which allow them to identify illegal content and stream it directly to the end-user. The illegally streamed content can be from a wide variety of sources, including subscription TV channel feeds, content hosted illegally on cyberlockers, and content otherwise unavailable in the UK such as foreign channels and 3pm Premiership football matches.

These devices are readily available via online marketplaces, offering consumers pay TV services at a 'one off' low cost, with no monthly subscription. Providing access to all forms of audio-visual content – film, TV and sports content – FACT considers the proliferation of IPTV devices as a serious threat to the IP interests of all its members. Concerted action is being taken with all parties involved, including online marketplaces, whose platforms are being abused through the sale of illegal products, and law enforcement, to address this latest example of legitimate technological advances being used for illegal purposes.

PRS FOR MUSIC

The Anti-Piracy Unit (APU) has become aware of a significant increase in the number of websites and software offering stream-ripping services. These services interact typically, but not exclusively, with YouTube and extract audio files from the video. This is a developing trend to meet the demand of music consumers for access to content via mobile devices on the move. However, the ability to extract and temporarily store music is increasingly an 'added value' feature of subscription tier music streaming services. As consumers are moving away from download services and over to streaming services, these stream-ripping services are seriously undermining the subscription-based streaming model and the remuneration returned to rights holders.

**Year-on-year figure calculated comparing the 12-month period 1.4.13-31.3.14 to 1.4.14-31.3.15.*

1(c) Harm Caused

ELECTRICAL SAFETY FIRST CASE STUDY

Phoebe Farrelly, aged 29, London



I was taken in by a fake website that seemed to be retailing legitimate GHDs. I paid full price for them – what you would pay for a pair of GHD straighteners in a shop – and they seemed to work fine for the first 12 months or so. However, I did always

think that they didn't seem to get as hot as others I had used before. They started making a strange funny buzzing sound and after a couple of weeks started turning themselves on and off while I was using them. Finally, I was using them one morning and they began to spark. A loud bang sounded and a flame sprung out from where the cord connects to the straightener, very close to my face. I immediately dropped them and turned the power off at the wall, hoping I wasn't going to be electrocuted. Thankfully I was ok but I have never used them since. I'm very lucky I wasn't seriously injured! I'm now particularly careful when buying things online as I realise just how easy it is for scammers to trick you.

Phoebe was searching for hair straighteners online when she came across a website that seemed reputable, had good reviews and appeared to be retailing legitimate GHDs. Having paid full price for them, she used them for about a year without major problems, but experienced a terrifying situation one morning when they blew up in her hand and burst into flames while she was using them.

When she contacted GHD to report the problem they were very apologetic (despite the fake website being beyond their control) and said it had received several similar reports. The company asked Phoebe for lots of details about the product and even asked whether she would be happy to send it in so it could try to track down the illegal manufacturers. GHD also offered her a discount to purchase a new pair of its straighteners.

Counterfeit goods are not always easy to spot. Phoebe is now supporting Electrical Safety First's campaign to encourage everyone to shop carefully; if undetected, fake goods can make their way into shops and onto market stalls, online and social media sites where shoppers are at risk of unwittingly picking up a dangerous product.

For more information on how to spot counterfeit goods, go to:

www.electricalsafetyfirst.org.uk/counterfeit.

NATIONAL MARKETS GROUP

IP crime impacts on the wellbeing of the local community, including consumers, the retail sector and government. Economic losses to the legitimate retail trade harms the local and national economy, causes job losses and damages the reputation of the UK.

This was evident during a joint initiative between the NMG and Camden Trading Standards to tackle what had become a major problem area for the sale of counterfeit goods. The area housed five markets openly selling a range of counterfeit goods to visitors and local consumers. The activity, which undermined legitimate businesses in the area, also attracted other types of crime, such as pick-pocketing, supplying drugs and money laundering, and fostered an environment in which organised criminal gangs could flourish.

BPI

It is extremely difficult to value the losses resulting from online copyright infringement and it has recently proved more efficient to measure the value of criminal property being offered on any given website. This negates the criticism that every download is not a substitute for sale but reflects the value of the product being offered.

The judge in the Dancing Jesus trial (described in Section 1(a)) accepted that criminal property to a value exceeding £242 million was made available on the forum.

BPI suggest a recent study concluded, conservatively, that around \$227 million in advertising revenue was given to copyright infringing sites in 2013.

Chapter 2 – What Action is being taken to tackle IP Crime?

INTRODUCTION

Chapter 2 takes an in-depth look at the changes to the operating landscape, the coordinated response to tackling IP crime, initiatives and education campaigns are highlighted and work being carried out on the International stage.

New initiatives include the successful ‘Wake-up – don’t fake up’ consumer awareness campaign coordinated by PIPCU. The ACG, BPI, a number of industry groups and law enforcement agencies ran a coordinated campaign aimed at sellers using Facebook as a platform to sell pirated and counterfeit goods.

In the UK there continues to be a strong focus from across industry, law enforcement agencies and government on cooperation and coordination over the reporting period. Such a collaborative approach is evidenced at a strategic and tactical level throughout this chapter.

IP crime does not stop at the UK border and this chapter covers some of the outreach work done by the IPO over the past year and the work done by other organisations. The growth of the Internet and the use of the worldwide web as a trading platform means that sellers and purchasers are separated by many miles making it essential for partners to work closer than ever in facing these challenges.

Highlights

- The Intellectual Property Act was passed in 2014 and introduced some changes in order to make design law easier, simpler, clearer and more robust. In order for Trading Standards officers to be prepared for the changes, bespoke training was commissioned by the IPO with over 300 officers attending training sessions.
- Local markets are at the heart of our communities and with this in mind the National Markets Group (NMG) has continued its good work in reducing the amount of counterfeit and pirated goods for sale at markets, car boot sales and via social media. There are now over 380 markets and 87 councils signed up to their Real Deal Charter.
- During the period of this report Nominet removed 4,513 .uk domain names that were being used for criminal purposes, of these 4,127 were for the supply of counterfeit goods.
- Operation Jasper was a coordinated campaign involving Trading Standards teams, police officers, industry bodies and government agencies on Facebook. Over a few weeks 4,300 listings and 20 profiles were taken down and over 200 warning letters issued.
- On the International front OPSON, the Europol/Interpol-led initiative tackling

fake and illicit foodstuffs has continued to grow and now involves over 50 countries. A conference in September 2015 will outline the next steps.

- In June 2014, the UK Government, the EU’s Office for Harmonization in the Internal Market (OHIM) and the European Commission hosted a very successful IP Enforcement Summit in London with over 300 delegates attending from over 35 countries.

2(a) Changes to Operating Landscape

ACTION BEING TAKEN TO TACKLE IP CRIME

The government is pursuing a number of approaches with intermediaries to help stem the flow of funds that support IP crime. This so-called ‘follow the money’ approach encompasses work with intermediaries such as search engines and advertising industry representatives.

During 2014/15, Mike Weatherley produced four reports that have added to the debate on how to reduce the flow of funds to illegal websites: Financial Options to Assist in the Battle Against Online Piracy; Search engines and Piracy; Copyright Education and Awareness; and Safe Harbour Provisions and Online Services Providers.

Search roundtables

In 2014, Baroness Neville-Rolfe as Minister for IP was tasked by the Prime Minister with chairing meetings between UK search engines and representatives of the creative industries, to see what could be done to reduce the appearance of copyright infringing websites in search results.

Topics discussed by the group have included de-ranking (demotion) and de-listing (removal) of certain search results, the role of auto-complete suggestions, methodology for measuring the prevalence of copyright infringing websites in search results and what role might be played by the promotion of legal content.

Rights holders had raised concerns that consumers searching for ‘neutral search terms’ (e.g. the name of an artist or film) were likely to get search results that pointed them to infringing websites rather than legitimate sources of content such as online stores.

Meeting several times through the course of October 2014–March 2015, the roundtables have brought together the three largest UK search engines; Google, Yahoo! and Bing, as well as representatives from the Motion Picture Association

(MPA), British Phonographic Industry (BPI), the Alliance for Intellectual Property and officials from the Office of Communications (OFCOM), the Department of Culture, Media and Sport (DCMS) and IPO.

Voluntary measures by search engines to enhance or simplify notice and takedown procedures is one of the topics discussed at the roundtables. Improvements in these areas would help rights holders to remove infringing content from the Internet.

Work to reduce the prominence of copyright infringing websites in search results is anticipated to lead to lower levels of infringement overall, with a corresponding boost for consumption of legitimate content. This effect should increase the incentives for creators who market through legitimate platforms.

Advertising

In autumn 2014, the IPO set up a forum for law enforcement, representatives of the advertising industries and government to discuss tackling advertising on websites that infringe copyright and trade marks.

At present, digital advertising helps fund much of the content and many of the services/applications that consumers enjoy and use, making it widely available at little or no cost. However, there are many seriously IP infringing websites that are substantially funded by display advertising.

This group seeks to develop appropriate solutions to reduce the placement of advertising on seriously IP infringing websites. Members include the Internet Advertising Bureau (IAB), Institute of Practitioners in Advertising (IPA), Incorporated Society of British Advertisers (ISBA) and Police IP Crime Unit, plus content verification companies, search engines, IP rights holders' representatives and government departments. The group is currently commissioning research to better understand the scale and scope of advertising on seriously IP infringing websites that are offered to UK consumers.

Various members of the advertising industry supply chain are continuing to develop systems to minimise the risk of advertising misplacement in the digital display sector, which includes advertising on IP infringing websites.

We anticipate that content verification companies will continue to develop technological solutions and services to protect advertisers from misplacement, including advertising on IP infringing websites. Reducing advertising on seriously IP infringing websites helps reduce their income streams and commercial viability. Eradicating such websites helps IP rights holders protect their rights from counterfeiting and piracy.

IP ENTERPRISE COURT

In recent years the Government have made important reforms to the Patent County Court, including changing its name to the Intellectual Property Enterprise Court (IPEC), to better reflect its jurisdiction. The reforms include: a streamlining of procedures; a limit on legal costs and a cap on damages; and the introduction of a 'small claims track' for disputes up to the value of £10,000.

To assess whether the reforms have been successful in meeting their aims, the IPO commissioned an independent review of IPEC. The review confirmed that the reforms have helped to level the IP playing field and have given confidence to SMEs and entrepreneurs, who previously struggled to access justice at an affordable cost. The reforms have resulted in a substantial increase in case counts for all IP rights at IPEC, leading to the conclusion that the ability of both SMEs and individuals to gain access to justice has greatly improved.

The report also finds that the introduction of active case management (ACM) to clarify and limit claims has helped speed up the process of litigation and, along with the cap on costs, is identified as the most important and influential reform for litigants, who now better understand their potential exposure before initiating a claim. The study reports that the reforms have been successful and that IP rights holders are now more confident about entering into disputes with potential infringers, where previously they would have felt unable to do so.

BETTER PROTECTION FOR REGISTERED DESIGNS

The Intellectual Property Act 2014 (IP Act) included various measures that have made design law simpler, clearer and more robust. The most-significant change for the purposes of this report is that the Act has extended the protection of criminal law to cover the intentional copying of registered designs. Under this new law, someone will be committing an offence if in the course of business they intentionally copy a registered design to make a product, or if they import, export or offer such copies for sale. This development means that registered designs now enjoy comparable protection to copyright and trademarks.

The IP Act made a range of other changes, including permitting limited uses of someone else's designs for private, experimental or teaching purposes. In readiness for the new measures, the IPO commissioned bespoke training for UK Trading Standards officers on the principles of the new Act and what would be expected from them. These courses proved very popular, with over 300 officers attending training sessions across the 12 Trading Standards regions.

ALLIANCE FOR INTELLECTUAL PROPERTY

Intellectual property (IP) is an economic success story for the UK, driving growth, jobs and exports. The IP framework in the UK was bolstered in 2014 with the Intellectual Property Act, which makes some important changes to the protection of registered design rights, including recourse in criminal law against infringement. It also makes some changes to patent law.

The Consumer Rights Act, which received royal assent in March 2015, contains measures to provide greater clarity for businesses and consumers regarding their rights and responsibilities when purchasing digital content. The Act also revises the powers of Trading Standards by introducing a requirement that TS officers provide notice before routine business inspections.

2(b) New Initiatives and Education/Awareness

INTELLECTUAL PROPERTY OFFICE

The IPO continued its national campaign to encourage greater respect for intellectual property. This year the target was to secure media messaging that would reach at least 5 million consumers.

The campaign included a number of key activities:

Karaoke shower



Aimed at young adults and teenagers, the karaoke shower is a booth where people can sing and enjoy music. Users learn about the importance of copyright and the value of the UK music industry, and are encouraged to share experience online. This is then used to promote our messages on respect for IP, and to promote our other products. The karaoke shower has been placed in schools, shopping centres, at events and in the Houses of Parliament.

Nancy and the Meerkats



A series of radio broadcasts telling the story of Nancy and the Meerkats, a pop group trying to make it big but encountering various IP issues along the way. This year the Meerkats went 'on tour' around the UK; broadcast during January 2015, the series reached over 344,000 young people and generated almost 1,000 downloads of the dedicated podcasts.

Cracking Ideas



Cracking Ideas is a partnership with Aardman Animations and features the characters from Wallace and Gromit and Shaun the Sheep. It provides resources for schools, including innovation packs and activities suitable for pupils aged 4–16, although the main interest tends to be demonstrated in the 8–14 age range. The 'Shaun's Cracking Ideas Challenge' competition was promoted as part of the Shaun in the City Movie activities and received over 3,000 entries.

Music Inc



A downloadable game designed to educate a younger audience on the challenges created by copyright infringement and help them develop an understanding of the benefits of copyright and the income streams it creates. This year additional features were added to the game. Music Inc was developed in partnership with UK Music and has resulted in almost 200,000 downloads, the release of 35 million songs, 1 million number one hits and 76.9% of players making positive piracy choices. The game is played throughout the UK and cities around the world, including Jakarta, New York, Milan, Paris and Madrid. Musician and manager, Oritse Williams (formally of JLS), is an ambassador for Music Inc.

Creating Movie Magic



A teaching resource for secondary school pupils including teaching notes, curriculum links and activities to support the teaching of intellectual property in design and technology at Key Stage 3. This resource was supported by the IPO and developed by the Industry Trust and Into Film. The resource has been downloaded over 5,000

times, whilst the winning trailer, *Zombie Fairy*, received 270,000 views as part of the 2014 Into Film Festival.

PIPCU

'Wake up – don't fake up!' consumer awareness media campaign

In May this year, PIPCU launched a highly successful international/national media and social media campaign highlighting the dangers of buying and using counterfeit beauty products. The campaign had a highly significant outreach in the media and featured in international, national, trade and consumer press, including on the front page of the *Daily Mail* as well as in every English national newspaper (*Guardian*, *Telegraph*, *Mirror*, *Daily Express*, *Independent*, *Daily Star*, *The Times*) and in a variety of beauty/consumer magazines (*Cosmopolitan*, *Glamour*, *Boots*, *Good Housekeeping*, *Red* and *Hello*).

The estimated reach of the campaign in national UK print newspapers alone was over 25 million people. The campaign also featured on morning, noon and evening news bulletins on Sky, ITV, BBC and Channel 5. It was also featured on Radio 1, BBC Radio news bulletins, BBC Five Live, Heart FM and Capital FM. The media coverage spanned across the globe, including in China, the US, Norway, South Africa, New Zealand, Nigeria, the UK, Ireland, Jersey, Spain, Columbia, Canada, Jamaica, Palestine and India. The success of the media campaign meant that last month the unit achieved more than 350 pieces of media coverage.

The campaign had a significant social media presence as numerous police forces, Trading Standards and beauty bloggers across the country supported the campaign. During the campaign week close to 3,000 tweets were issued using the campaign hashtag #Wakeupdontfakeup, and more than 16.3 million impressions were made on Twitter. Also during that week, the Compliance Officers for Legal Practice (CoLP) Facebook account reached a total of 91,701 people and scored 3,623 likes. Several notable beauty bloggers and vloggers also posted to support the campaign and wrote

dedicated blog posts on the issues. These bloggers alone have a total following of more than 120,000 people.

POLICE SCOTLAND

Police Scotland continues to raise awareness of illicit trade, educating the public by means of awareness events within schools, airports and shopping centres, displaying a range of counterfeit/illicit goods and providing information on their origin and dangers. It does so with the support of the Scottish Anti-Illicit Trade Group (SAITG) and its members, and will be expanding the audience this year by attending music festivals, linking festival safety to issues from counterfeit alcohol and tobacco to links to organised crime through illegal downloads.

SCOTTISH IP CRIME GROUP

The strategic aim of the Scottish Anti-Illicit Trade Group (SAITG) is to reduce the scale, impact and cost of illicit trade in Scotland.

It has three strategic objectives:

- To strengthen collaborative approaches to prevention
- To strengthen collaborative approaches to intelligence and information-gathering/dissemination
- To strengthen collaborative approaches to investigating and prosecuting those involved in illicit trade in Scotland

Following the success of the first Scottish Anti-Illicit Trade Summit at Murrayfield in March 2014, held in conjunction with the Scottish Business Resilience Centre, a further summit is planned for January 2016.

SAITG frequently works alongside Police Scotland raising awareness of illicit trade. Members of the group provide products to support and assist awareness-raising events and also attend to provide their expert knowledge to members of the public. To date these events have been held in venues ranging from airports around Scotland, schools and shopping centres. This year will be the third year of campaigning at the Girls Day Out event at the SECC in Glasgow.

NATIONAL MARKETS GROUP AND REAL DEAL CAMPAIGN

The NMG is leading action to reduce the availability of counterfeit and pirated goods at markets, car boot sales and via 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 that affords consumers access to ‘fake free’ markets.

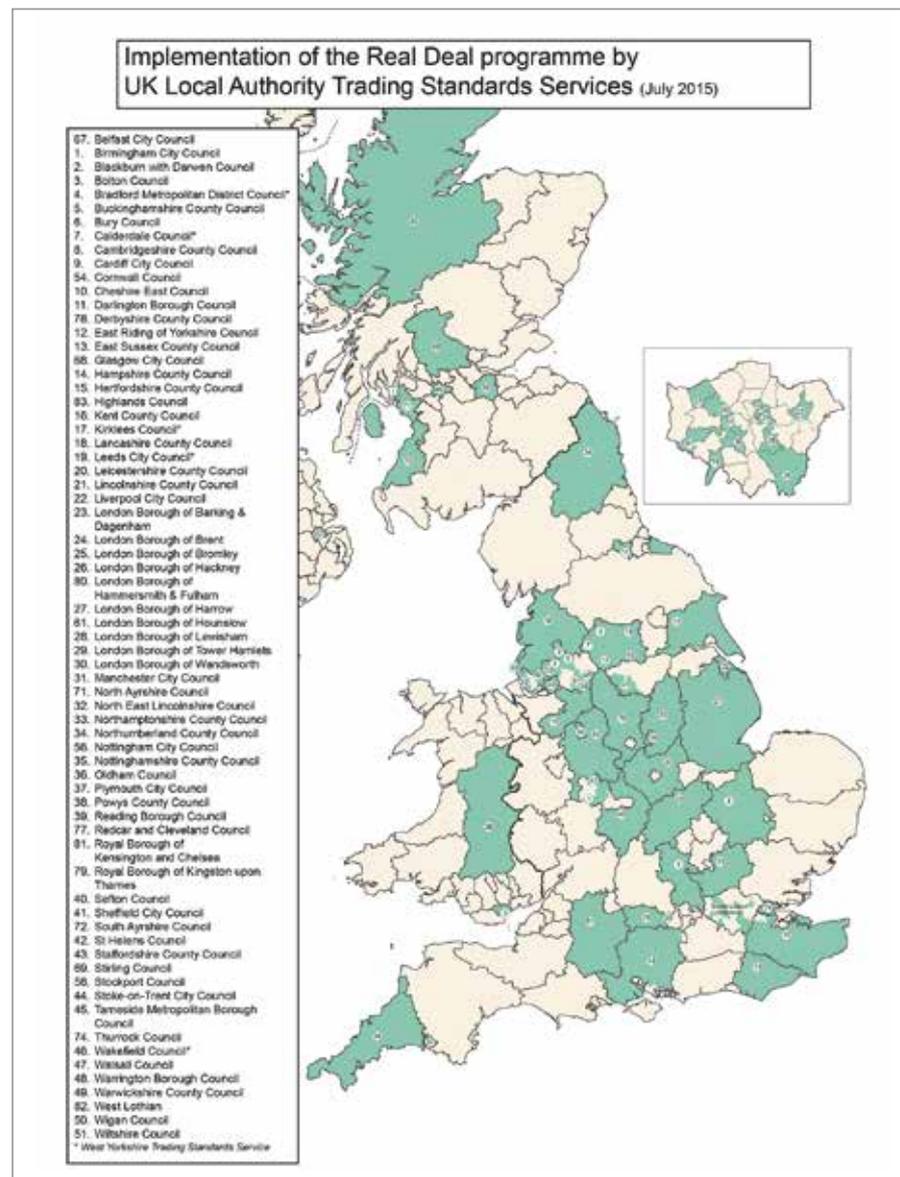
This co-ordinated approach brings the following key benefits:

- 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

This partnership approach has seen success at a number of locations across the UK as evidenced by action take in Camden:

- During 2014/15 Camden Trading Standards implemented a holistic and co-ordinated enforcement approach at its five markets, with support from the National Markets Group.
- Several actions, including cease and desist (C&D) letters, private criminal prosecutions, disruption raids and TS prosecutions, based on intelligence from NMG and partners resulted in the seizure of over 30,000 counterfeit items across a range of branded products.
- Engagement with the market operator, through meetings and joint training sessions (NMG members and TS) now sees them fully engaged with the Real Deal campaign and the markets are virtually fake-free. This turnaround has resulted in a healthier, legitimate environment for consumers and market traders alike and has gone a long way to changing the face of Camden.

The NMG, as a result of its unique membership, uses a menu of options to tackle problematic markets. Options ranging from direct engagement with operators, provision of intelligence material and evidence of infringement to Trading Standards, and/or taking counterfeiters to court through state or private criminal prosecutions are bearing fruit across the UK.



SELF-STORAGE PROJECT

Operation Lauderdale – Phase 2, Introduction of Tick Box Campaign

Operation Lauderdale (highlighted in the 2013-14 IP Crime Report) identified that self-storage units were increasingly being connected to the supply chain of counterfeit goods being detained or seized in, or en route to, self-storage facilities. This update highlights the development of self-regulation via the 'Tick Box. Keep it Real. Keep it Legal' campaign.

As a result of last year's project recommendations, the report and materials produced under Operation Lauderdale (LOTSA self-storage project) were shared with all other Trading Standards regions and, where possible, among other enforcement partners in order to share best practice. Already many regions are taking advantage of the availability of tobacco detection dogs to plan proactive enforcement inspections of storage units; the intelligence picture is thus developing.

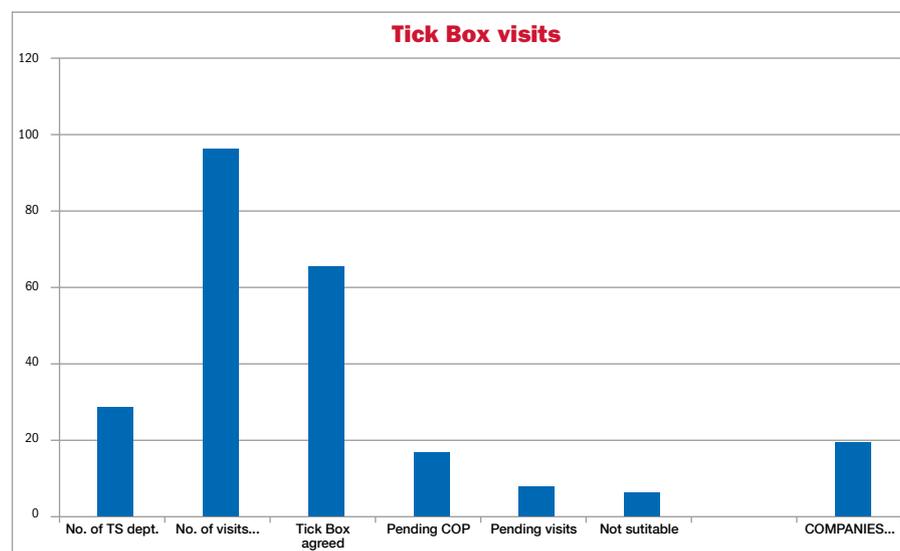
We know that counterfeit and other illegal goods are being stored in self-storage units but the challenge is to work in a more intelligence-led manner. Creating a strong relationship with the self-storage industry is just one step towards gathering such intelligence and disrupting the illegal supply chain. Further to previous recommendations, NTSB agreed to fund the development of an industry code of practice and an awareness campaign was piloted in London under the auspices of Operation Lauderdale.

For those companies wishing to highlight their association with Trading Standards and support the prohibition of counterfeit goods within their facilities, 'Tick Box. Keep it Real. Keep it Legal' campaign posters are available to display within self-storage facilities accompanied by an advice leaflet for members of staff. A simple code of practice has been designed to endorse partnership working between Trading Standards and the industry, which is voluntary. Industry members are encouraged to display this code at their premises and, by doing so, send a clear sign that they wish to adhere to the basic principles within it.

Self-storage companies looking to support the campaign are visited by their local Trading Standards department, which carries out a basic audit to ensure the company is suitable. The code of practice is not meant to be burdensome in any way but acts as the foundation for the partnership work already achieved between the two parties and provides a legacy for the future.

Results

Ninety-seven pre-arranged visits were conducted across the London region and involved 29 individual authorities.



Source: LOTSA

From the 97 visits conducted, 65 individual premises were deemed suitable to adhere to the Tick Box code of practice and were effectively signed up. Thirty-five individual companies were included in the total visits conducted, of which 19 (54%) joined the Tick Box code of practice. Not all were major storage companies, and importantly included independents.

A range of Self Storage Association UK member and non-member companies were visited – 39, or approximately 40%, of those visited were members of the SSA. Of the 97 visited, six were deemed not suitable to adhere to the code of practice. The remaining premises are due to confirm whether they wish to join the Tick Box scheme with their local Trading Standards department.

Conclusion

The campaign is currently being rolled out nationally by other TS regions and the best practice model has been presented to OHIM and deemed to have the potential to be utilised across Europe.

Tick Box
Keep it real. Keep it legal.

SELF STORAGE CODE OF PRACTICE

Self storage facilities provide a valuable service to consumers and businesses in the UK. By displaying this notice and the Tick Box logo, this company is demonstrating its commitment to working with trading standards and other enforcement agencies to keep this facility free from counterfeit and other illicit goods.

Only companies abiding by this code of practice are entitled to display the Tick Box logo.

This Company's commitment

- ✔ To prohibit the storage of illegal goods, which include counterfeit goods and non duty paid alcohol/tobacco.
- ✔ To be aware of who is storing goods in our premises through photo identification and proof of address documentation.
- ✔ To provide reasonable assistance to the local authority trading standards service in their investigations relating to the storage of counterfeit goods and other unlawful activity.
- ✔ To ensure a commitment to fair trading and make the public aware of this commitment through the prominent display of this code of practice in a location visible to members of the public.
- ✔ To ensure all staff employed at the venue are aware of this code of practice and its requirements. All security staff shall be employed in compliance with the provisions of the Private Security Industry Act 2001.
- ✔ To make sure that all customers, on completion of their rental application form, are made aware of this code of practice.

Local Authority Trading Standards Services can provide the following assistance to help self storage companies maintain this code of practice

- ✔ Where appropriate, provide information which may assist the self storage industry and/or individual companies in their endeavours to identify counterfeit items and/or individuals involved in counterfeiting crime.
- ✔ Provide advice to self storage companies on their legal responsibilities in relation to copyright and trademark infringement activities within their premises.

www.tick-box.org.uk

Supported by:

How does it work?

The Tick Box initiative is designed to be easy to implement so that no ‘red tape’ barriers exist. At the heart of the Tick Box initiative is a code of practice which sets out simple procedures to enable storage facility owners to be sure of who is storing what at their premises. It also clarifies the information and support they can receive from Trading Standards.

All self-storage businesses committed to remaining crime-free and wishing to demonstrate that commitment, are invited to join the Tick Box scheme with their local Trading Standards department. Once the Tick Box code of practice has been confirmed between the storage company and its local Trading Standards department, the storage company may display the code of practice within its premises, along with Tick Box posters and the Tick Box logo.

ALLIANCE FOR IP

The Alliance for IP and its members support a wide range of initiatives that drive awareness of the importance and value of IP. This also includes the promotion of safe and legal means of purchasing goods or accessing digital content.

The Content Map

The Content Map (www.thecontentmap.com) was launched by the Alliance for IP in November 2012. It has received over 100,000 visitors looking to access digital content and showcases over 150 cutting-edge services for consumers to stream, download, rent and purchase films, books, music, games and TV and sports shows. The site is a valuable tool to highlight the wealth of services currently available in the UK and is used by organisations such as the City of London Police’s IP Crime Unit to help direct consumers away from websites that provide access to copyright infringing content.

Creative Content UK

Creative Content UK is a new and ground-breaking partnership between the UK’s creative content community and Internet service providers (ISPs). It also has the backing of the government. Its overriding aim is to increase consumer awareness of the growing number of legitimate online content services and to help reduce online copyright infringement.

Raising consumer awareness as part of a targeted consumer engagement and education campaign is key to tackling content piracy; this initiative will deliver both. A high profile multi-media campaign supported by government will highlight the value

of the UK's creative industries and encourage consumers to access creative content from the growing number of legitimate online sources.

The campaign aims to inform consumers about the wide range of legal sources of content available to them – across music, film and TV, games, books, media, sport and other creative sectors – and also seeks to promote awareness of the value and benefits of creative content and the copyright that underpins it. It will also highlight the responsibility consumers have as investors and stakeholders in the content they love. This awareness-raising campaign will be funded by organisations from the creative industries and the government.

UK INTERACTIVE ENTERTAINMENT ASSOCIATION

In recent years, the games industry has worked on new and innovative ways to offer a wide range of platforms and business models to play games. It is now possible to play games via your mobile, tablet and TV and not just via a dedicated games console or a desktop computer. The industry is also working on ways to improve copy protection without compromising the experience for those who play the games.

Ukie (the UK Interactive Entertainment Association) and its members have pulled back from pursuing physical-based IP crime cases as there are no longer sellers based in the UK dealing in counterfeit games or circumvention devices. Instead, console makers have found that IP crime is focused on counterfeit peripherals and that business not only harms the brands and contributes to loss of sales, but could potentially be harmful to consumers.

The UK is the largest development sector in Europe and is a major hub for mobile games developers. There are almost 2,000 businesses contributing to IP creation in interactive entertainment and games across the UK, and that number is growing. This has resulted in new types of IP issues that concern our members, such as what is known as 'cloning'. Cloning is when the IP of the game is copied by a rogue developer and distributed under their company name, therefore preventing any of the revenue going to the actual IP owner and developer. There have been examples of games, specifically aimed at children, which have been cloned and some have contained malware, or other scams that harm consumers and contravene consumer protection laws.

Ukie members are very concerned about consumer protection and take their responsibility seriously, so in order to help protect our members protect their IP and prevent cases such as cloning, Ukie plans to provide a number of IP protection services later in 2015. These will also help to determine the scale and focus on the major issues and provide support for the businesses that create IP

Along with enforcement action, Ukie will make consumers aware of why they should avoid rogue apps and only install content that is from an authorised source. Education plays an important role and Ukie is integrating the importance of IP into the educational projects that it runs in schools.

Ukie is a stakeholder of PIPCU's Operation Creative and plans to submit sites in order to bolster the proactive and awareness objectives of this operation.

INDUSTRY TRUST FOR IP AWARENESS

A decade ago the film and TV sector pioneered the use of consumer education to win hearts and minds on the value of audio-visual entertainment, to ultimately change behaviour and reduce levels of infringement. The Industry Trust's insight and support helped to unlock government support for the Creative Content UK education programme which will launch in 2015. The Industry Trust is looking forward to supporting this next chapter in education, sharing 10 years of audience insights that have underpinned its own, highly effective consumer campaigns, and shaping film and TV-focused activity with a clear focus on driving legal purchase of TV and film. Over the last few years, the trust has seen the adoption of legal digital channels continue to grow but piracy is still significant and increasing in youth (13–15) and male (16–34) audiences. Therefore the trust continues to build upon and develop its main educational campaigns in 2014/15 aimed at audiences comprised of youth (11–15), parents and males (16–34).

Moments Worth Paying For and FindAnyFilm.com

The Industry Trust continues to drive behaviour change with its 'Moments Worth Paying For' multi-media campaign. Through continuous partnerships on fresh titles for the Moments Worth Paying For campaign, it has been able to keep it relevant and resonant. The trust has adapted to the titles with which its audiences most engage to maintain cut-through, cost-effectively. This year has seen collaborations with some of the most anticipated film releases, including bespoke footage from films such as *Shaun the Sheep*, *Spooks: The Greater Good*, *Magic Mike XXL* and *Inside Out*. These partnerships reach a huge number of audiences across the UK; 57% of audiences say the campaign influenced their intention to purchase in 2014.

The campaign is also supported by Clear Channel. In 2014, Moments Worth Paying For delivered a media value of £6.38 million and an ROI of £28:£1.

All campaigns point to the service FindAnyFilm.com as a destination at which audiences can find the films they love and identify where to 'book', 'buy' or 'watch' them. To recognise the growing role that FindAnyFilm plays in the trust's behaviour

change strategy, it dialled up its presence on its Moments Worth Paying For trailers and Clear Channel activity. FindAnyFilm enjoyed a very strong year, underpinning all of the Industry Trust's activities across all audiences. In 2014 it doubled its target of 1.4 million visits, ending 2014 with over 3 million visits, resulting in a cost per page view of five pence. As a result, the site is enjoying its strongest levels of awareness to date.

ScreenThing

ScreenThing now has a community of over 50,000 young film fans across multiple platforms. Its largest channel, Facebook, reached over 3.5 million people throughout 2014. As a result, the Industry Trust saw over 120,000 user engagements via Facebook, achieved with less than £20,000 direct investment. ScreenThing's dedicated YouTube channel and various vlogger collaborations have resulted in more than 1 million viewings of videos that celebrate the time and talent it takes to create content.

The hard work messaging continues to resonate with this audience, as evidenced by the success of the bespoke footage captured at The Maze Runner press junket that has delivered over half a million organic views to date. In addition, research carried out on ScreenThing shows its impact on audience behaviour and attitudes. One-third of ScreenThing fans say their involvement in the community has made them stop watching unauthorised films/TV. Over half say it has made them want to watch more films through authorised sources.

PRS FOR MUSIC

PRS for Music is working closely with the Creative Content UK programme. We welcome the progress towards a national consumer education campaign aimed at creating wider appreciation of the value and benefits of consuming content on licensed platforms and copyright. However, the Creative Content UK programme is primarily focused on tackling illegal downloads and has yet to extend to the new areas of consumption via stream-ripping apps and unlicensed streaming apps.

PRS for Music also played a central role in supporting Mike Weatherley (former IP advisor to the Prime Minister) in compiling his report last year on copyright education and awareness. One of the key recommendations was for government to establish an IP awareness outreach plan. We believe a co-ordinated outreach plan is the best mechanism to effectively deliver the shared educational objectives of industry and government.

PROFESSIONAL PUBLISHERS ASSOCIATION

One-third of publisher revenues now come from digital sales but unfortunately this rise in the digital market has brought with it a growth in online infringement. In May 2015 the High Court granted the Publishers Association's first application under Section 97A of the Copyright, Designs and Patents Act 1988 for a blocking order against the main UK ISPs. The order applies to seven websites that have been found to contain substantial amounts of infringing content. The sites, which are all based overseas, have been infringing publishers' copyright on a massive scale, and investigations undertaken by the Publishers Association revealed that over 80% of the material available on the sites (and in some cases over 90%) infringes copyright.

Prior to taking the site-blocking action, the Publishers Association and its members had collectively issued nearly 1 million takedown requests to these sites in respect of their infringing content. In addition, Google's Transparency Report reveals that it has been asked to de-list over 1.75 million URLs from its search results that link to copyright protected material on these sites. The industry is now reviewing the impact that the site-blocking action has had on these seven sites with a view to pursuing further action where possible.

IPO AND TRADING STANDARDS

The IPO has long since recognised Trading Standards as a key partner in IP enforcement. The role of the IPO's TS coordinator is to liaise with and coordinate activity and initiatives across the 10 regional Trading Standards areas. The following are examples of some of the work undertaken by the TS coordinator in the last 12 months.

IP in the Workplace Project – North West Region

This innovative and effective project originated from St Helens TS and was identified as being a useful and effective tool to deliver key messages to both consumers and business. The workplace is an area that we do not know a great deal about; however, it has featured among the top locations for the sale of counterfeit goods in previous IP crime reports. Through the work of the coordinator it was agreed that this could be rolled out across the North West Region.

Objectives

- To work with business managers/owners to raise awareness of the issues surrounding IP infringements, with a focus on economic impact, product safety and links with criminality.
- To assist businesses develop practices and procedures to prevent IP infringements in the workplace, including employees and persons visiting their businesses premises.
- To increase reporting of such infringements and increase intelligence flow and the quality of information received.
- To provide businesses with the tools they need to protect their own intellectual property.

Benefits

- The creation of a co-ordinated and recognised scheme that promotes the Keep it Real message.
- Growth in businesses' confidence in their ability to protect their own intellectual property and in the work that is being carried out in relation to preventing counterfeit goods being sold in general.
- A change in culture recognising that buying or selling counterfeit goods is unacceptable and the effect that this practice has on local businesses and the local economy.
- A better understanding of the workplace.

Trading Standards regional intelligence network – two-day workshop

During 2015 a new intelligence network was set up for which National Trading Standards has responsibility. This was recognised as a key group with which to engage and, as a result, IPO held a two-day workshop for the newly appointed analysts. The workshop enabled a greater understanding of the national IP infringement picture and the resources available to tackle it.

IP awareness event – Yorkshire and Humberside

An IP awareness event co-ordinated by IPO and the regional coordinator was delivered for TS officers involved with IP enforcement. The day involved speakers from HMRC, NCA and the Anti-Counterfeiting Group and was well received by officers.

2(c) Coordinated Action

IP CRIME STRATEGY

Last year's report gave a comprehensive account of the substantial changes to the UK IP enforcement landscape and how these aligned to the IP Crime Strategy published in 2011.

It is proposed to build upon its success to take account of the civil, administrative and voluntary measures and publish an IP Enforcement Strategy to further refine the UK enforcement environment and promote growth through legitimate access to IP-protected material while respecting the interests of rights holders, consumers and allied businesses and communities.

In the lifetime of the current IP Crime Strategy, the UK has been assessed as the world leader in its IP regimes. While there is always more to do and achieve, the structures that facilitate co-ordination across the many enforcement agencies and regulatory bodies and between private and public sectors are established and working, producing not only good enforcement outcomes, but also evidence to inform future policy and influence consumer behaviour and attitudes.

IP enforcement activity is coordinated at local levels by cross-sector bodies such as the National Markets Group, dealing not only with physical venues, but tackling new market places such as Facebook.

IP remains as a serious and organised crime issue threatening the UK for NCA, which together with IPO manages a comprehensive law-enforcement IP crime subgroup enabling the identification and combined action against the most serious organised crime groups. Regional organised crime units (ROCU) have secured significant convictions and confiscation orders demonstrating the use and impact of Proceeds of Crime legislation.

PIPCU has secured further IPO funding for two years underlying the commitment to online IP enforcement. Their work, focused on both prosecution and disruption through key intermediaries, is supported by the IP Minister's roundtables working with advertisers, search engines and others to further enhance UK capabilities and reduce the occurrence and impact of IP crime.

Better evidence to measure and inform progress is increasing the understanding of how criminal offending happens online and the development of worthwhile, effective interventions.

The UK Government's Project Poise is enabling work to be done across the supply chain, engaging with foreign law enforcement, policy-makers and industry to work together to reduce the supply and flow of counterfeit goods to the UK while promoting

the security of UK products in foreign markets.

As the UK Border Force develops its 'One Government at the Border' structure enabling growth through a unified and simplified model for business, so better enforcement is enabled, with IP closely aligned and involved.

The UK structures built to deliver the IP Crime Strategy remain robust but flexible, with their influence seen in the adoption by OHIM of the principles of Poise as a framework for the next several years' activity.

Work continues to develop interaction with consumers to understand, influence and sometimes challenge attitudes and behaviour in connection with IP crime by highlighting the links to other criminality and harms. The Creative Content initiative highlights this, demystifying and explaining the impacts of online IP infringement, while the prevention work of PIPCU sees it joining forces with the IP innovation 'respect for IP' agenda.

NATIONAL CRIME AGENCY

The NCA and IPO have formed and joint chair the IPC operational subgroup of the Private Sector Threat Group. Its aim, in conjunction with law enforcement partners, is to initiate, co-ordinate and support the delivery of effective action across the public and private sectors to sustainably reduce criminal IP infringement in the UK. It manages the threats to consumers and communities; counters economic losses; and tackles serious and organised crime. The IPC operational subgroup is underpinned by a co-ordinated and directed campaign of public and consumer awareness-raising and education.

Border Force officers at the inward freight controls at Dover's Eastern Docks have seized gold rings weighing 2.5 kilos, valued at £22,000. The rings carry a variety of suspected counterfeit designer logos, including Mercedes, Dolce & Gabbana and Armani. They were discovered in the late evening of Saturday, 14 March when officers stopped and searched a Romanian-registered lorry and its load of electrodes. An investigation into the seizure is being carried out by the National Crime Agency and a 22-year-old man from Romania has been bailed until September while its enquiries continue.

HMRC

HMRC continued to work closely with the Border Force to strengthen border controls, including sponsoring an operation at East Midlands Airport in concert with Leicestershire Trading Standards and rights holders that resulted in over £0.5 million worth of goods being detained for IP offences along with other goods removed from the market for mis-description at import or on product safety grounds. HMRC will

continue to support the Border Force and other law enforcement agencies to protect the UK border and citizens from illicit trade and to tackle the organised criminal groups that profit from IP crime.

BORDER FORCE

Border Force Intelligence Analysis continues to produce Threat Assessments, in conjunction with partners within the Intellectual Property Office (IPO) and in addition to assessments for the Border Force RWC Working Group ahead of the Rugby World Cup event. Operation OPSON is a joint Interpol–Europol, multinational and multi-agency operation targeting counterfeit and substandard food and drink and the organised crime networks behind this illicit trade. Border Force will adopt OPSON for the duration of the next operational phase (due to take place in late 2015/early 2016) as part of its business as usual activities.

POLICE SCOTLAND

Case study

The Barras Market in Glasgow has been trading for over 80 years and comprises street markets, indoor markets, shops and pubs. The stalls comprise private and council operated licensed traders.

Over the years, there has been a steady decline in legitimate trading within the market and an increase in sales of illegal and counterfeit goods of various types. This situation attracted undesirable elements that had a detrimental impact on the community, leading to complaints from the public, council and legitimate traders.

A multi-agency partnership approach was formulated to provide a robust directed response to the complaints to remove and preclude those involved in criminal behaviour from the area. Between August 2013 and March 2014 Operation SALANG targeted specific operators of stalls, shops and residential addresses involved in the sale and distribution of counterfeit goods, including films, music, eBooks, clothing, footwear, electrical goods, tobacco products, watches, etc., with the main objectives of gathering intelligence, identifying those involved and developing effective working practices with partner agencies. Over £2 million worth of goods was seized and 32 individuals were arrested.

Since April 2014 the Local Area Commander has dedicated a full-time officer to oversee all IP crime in Glasgow, targeting the distribution networks being operated by serious organised crime groups (SOCGs), while continuing to disrupt the illicit market traders. This has led to a 66% reduction in tobacco sales within the market, no illicit clothing displayed on stalls and a reduction in criminality within the market; however,

the market remains the nucleus of the illicit trade within Scotland, with distributors throughout the country attending to place orders with known principals who attend the market weekly.

Working closely with partner agencies over the last year has led to £15.6 million worth of illicit goods being recovered, 35 arrests and £122,000 in cash seizures. During the execution of a drug search warrant at the home of one of the Barras' illicit traders, drugs and counterfeit tobacco products were seized and a confiscation order for £120,000 was imposed on the accused. Trading Standards Glasgow now meets every three weeks with Police Scotland to target IP crime and one of its raids was filmed for Channel 5's *Black Market Britain*.

Various operations were featured in newspaper and television reports, including a news item on both BBC and STV news describing the donation of counterfeit goods to a local charity for export to a developing country (over £500,000 in the last year). It is hoped to extend this approach to other areas of Scotland and beyond.

Notable cases

A male was arrested for selling access to the full SKY/Virgin Media content with payment via the Paypal portal. A £325,000 confiscation order was imposed, £44,000 in cash seized and £72,000 restrained.

Following the execution of a search warrant in relation to the online sale of karaoke music files on hard drive format, items were seized and during interview the accused stated that he had been operating for three years and had sold in excess of 18 such hard drives, with a total value to industry of over £3 million.

In March 2015 manufacturing equipment and counterfeit discs were seized under warrant from two SOCG-owned properties.

SCOTTISH IP CRIME GROUP

Case study

In July 2014, under the umbrella of the Scottish Anti-Illicit Trade Group (SAITG), working with FACT, Police Scotland carried out a cease and desist operation in Glasgow, targeting houses across the city that were being used by a group of organised criminals to import high quality pressed discs originating from China.

The discs were mostly TV box sets. The main subject was traced in possession of large quantities of counterfeit pressed discs, clothing and Apple computer products, while further investigation revealed that over 10 tonnes of discs with a retail value of over £1 million had been imported by the group.

Documentation found during these searches led FACT and Police Scotland to an

address in Falkirk, where a further £2 million worth of counterfeit pressed discs, watches and clothing were recovered. A total of seven addresses were visited and cease and desist notices served on the persons occupying the houses. Boxes of discs previously recovered in this operation will be destroyed in the presence of the National Press to highlight that film piracy in Scotland remains high on the agenda of law enforcement agencies.

Police Scotland and the UK Border Force Intelligence Directorate devised a formula to identify further deliveries to Scotland, which led to a further detection in November 2014 in relation to the importation and online sale of pressed discs (valued at £422,000) and the arrests of four persons in Glasgow, Kilmarnock and Inverness.

CROWN PROSECUTION SERVICE

The Crown Prosecution Service (CPS) prosecutes intellectual property crime investigated by the police 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 CPS areas prosecute the less complex cases, the CPS Specialist Fraud Division (SFD) is equipped to prosecute those that are more complex. These more complex cases have been relatively few in number and this has inevitably affected the number of such cases prosecuted. Where criminal prosecutions are brought by way of private prosecution, the CPS has no influence over the investigations or control over the subsequent prosecutions, unless it is invited to take over these prosecutions.

During this year, SFD has continued to work with the film industry (FACT) and the British Phonographic Industry (BPI) in conjunction with the specialist Police Intellectual Property Crime Unit (PIPCU) in the City of London Police. FACT has welcomed SFD's offer to become involved at an earlier stage in any large cases. BPI has gained from SFD experience and has helped SFD broaden its awareness of the type of work it conducts by allowing a CPS lawyer to be attached to a private prosecution on a watching brief.

ANTI-COUNTERFEITING GROUP

The ACG is at the forefront of several campaigns and initiatives to reduce the availability of counterfeit goods and evidence the scale of this abhorrent activity. Using our well-established lobbying, awareness and Intelligence Coordinator role the ACG has:

- Worked in partnership with the National Markets Group and Trading Standards, providing intelligence, physical assistance, transportation, storage and destruction of seized items thereby reducing the burden on enforcement but enabling it to take more intelligence-led coordination actions.
- Worked in partnership with HMRC and Border Force to provide intelligence on active importers of counterfeit goods and physical assistance during an intensification exercise at a key border location, leading to the detention of several thousand counterfeit items destined for the UK marketplace.
- Supported an array of enforcement partners, including:
 - ◆ Border Force – Coventry International Postal Hub, Southampton, Felixstowe, Heathrow Airport, Birmingham Airport, East Midlands Airport, Langley postal hub.
 - ◆ Trading Standards – Lincolnshire, Sheffield, Leicester City, Leicester County, Manchester, Salford, Brent and Harrow, Haringey, Camden, Tower Hamlets, Birmingham, Rhondda Cynon Taff, Merthyr Tydfil, Swansea, Ealing, Kent, Essex, Suffolk, Wandsworth, Caerphilly, Devon and Somerset, Glasgow, Aberdeen, Northern Ireland, Nottingham City, Nottingham County, Liverpool, North Yorkshire, York, East Sussex, West Sussex, Surrey, Flintshire, Gwynedd, Powys, Newport, Blaenau Gwent.
 - ◆ Police – City of London, Metropolitan Police, Metropolitan Police e-Crime Unit, Greater Manchester, Sussex, Devon and Somerset, South Wales, Gwent, Dyfed Powys, Northern Ireland, Garda, West Mercia, Merseyside.
 - ◆ 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.
- Organised IP roadshows – held four times a year, these training days are aimed at raising awareness among the Police, Trading Standards and Customs/ Border Force officers. They allow enforcement and government partners to interact with ACG member brand representatives in order to learn more about product counterfeiting, counterfeiter methodologies, how to spot a fake. Input is also provided by key IP organisations such as the Trading Standards Institute

and the Intellectual Property Office.

- Provided 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. As borders are the first line of defence against counterfeit goods entering the UK, this training has proven to be very popular and effective.

BPI

Operation Creative – Advertising Initiative

This partnership initiative involving the BPI, FACT, City of London Police, Internet Advertising Bureau and Gambling Commission can rightly be heralded as a considerable success and has seen mainstream brand advertising decrease rapidly during the period it has been in existence. Most recently, with the assistance of the Gambling Commission, the initiative has concentrated on gambling brands, which has resulted in a 36% reduction since March 2015.

Operation Jasper – Facebook sellers

Over the past few months, 12 separate locations have been raided, with another 22 investigations ongoing, as part of a crackdown on counterfeiting and piracy on Facebook across England, Wales and Northern Ireland.

The CPU's Facebook Working Group is working with the National Trading Standards e-Crime team and the National Markets Group on Operation Jasper, one of the biggest enforcement operations of its kind, targeted at criminals who exploit social media channels to sell counterfeit and dangerous goods and commit copyright theft.

In a few short weeks, the crackdown has taken down 4,300 Facebook listings, 20 Facebook profiles, issued over 200 warning letters and delivered 24 cease and desist letters at the homes of suspected Facebook sellers. Operation Jasper brings together officers from 63 Trading Standards teams, police officers, industry bodies and government agencies.

PROTECTING BRANDS

Case study

An organised crime group (OCG) based in the South East of England was identified as importing counterfeit footwear to be distributed nationally and throughout Europe, and estimated to be worth millions of pounds a year. The goods were imported from Hong Kong into the UK via Heathrow in the form of air freight. A major sporting brand linked seemingly unconnected shipments (it had falsely misdeclared the manifests). Working with the IPO and HMRC, the brand's surveillance team identified a huge

logistics distribution of the counterfeit footwear. The partners liaised with the IPO on a secondary investigation strategy bringing in the South East RART (Regional Asset Recovery Team).

Agreeing common goals, the officer in charge conducted an excellent investigation that uncovered a complex distribution and money-laundering network across the UK. This approach meant that by the time there were multiple raids on the suspects, the evidence gained could lead to a guilty conviction against the two ringleaders at Crown Court in November 2014. Florence Tan pleaded guilty to one count of Section 92 of the Trade Marks Act; her criminal benefit will be just shy of £100,000. Multiple seizures of cash totalling £54,000 under the Proceeds of Crime Act were leveraged from Zahn, and he fled to China after a guilty conviction in absentia. As the criminal operating methods involved the misdeclaration of excise duty goods, HMRC was able to serve a notice effectively closing the company. This is an excellent example of a multi-agency approach with private industry leading to excellent results upstream.

This investigation began in 2014 following two seizures of freight containing counterfeit footwear. The brand connected the two through similarities in product and modus operandi. The brand's surveillance team then brought in the IPO to develop an effective strategy to target this ring, believing the network conducted regular importations into the UK via abuse of the common trade area in Europe. Following analysis of the shipments, a bulletin was then circulated to 'all ports' by the IPO, which assisted in Border Force profiling of future shipments. The results of this circulation have been impressive – a further eight seizures from this network in 10 months, amounting to some 91,000 counterfeit trainers; the equivalent genuine market value of similar models is approximately £9 million.

FEDERATION AGAINST COPYRIGHT THEFT

Case study

Philip Danks sentenced to 33 months imprisonment for illegally recording a film in a cinema, or 'camming', following a FACT investigation and private prosecution.

August 2014 saw the sentencing of Philip Danks to 33 months imprisonment for recording *Fast and Furious 6* in a cinema, uploading it to the Internet, and producing and selling copies to the public.

On the 17 May 2013 Danks went to the Showcase cinema in Walsall and used a camcorder to record *Fast and Furious 6* the first day it was released anywhere in the world. Danks uploaded this copy of the film onto the Internet the following day and the film was subsequently downloaded more than 700,000 times, causing Universal Pictures and the audio-visual industry in the UK to lose millions of pounds.

Furthermore, Danks used Facebook to offer copies of the film for sale for £1.50 each, which he advertised alongside other well-known films such as *Iron Man 3*.

FACT identified Danks by linking him to the online name of the uploader, 'TheCod3r', and working in partnership with West Midlands Police, which assisted throughout the case. Danks was subsequently arrested five days after making the recording. Danks appeared before Wolverhampton Crown Court, where he pleaded guilty to committing offences under the Fraud Act 2006 and the Copyright, Designs and Patents Act 1988, and Conspiracy to Defraud the film industry.

On sentencing Danks, His Honour Judge Raynor said the case was unusual because of the presence of so many aggravating factors, including that Danks actually cammed the film; it was the first release worldwide; and he ensured that he also sold physical copies of the film through Facebook. He described the offending as 'bold, arrogant and cocksure', and noted that it was a sophisticated operation. Finally, the judge commented that the real essence of the seriousness of the offending was the multimillion pound loss to the film industry.

The successful prosecution of Danks, leading to a custodial sentence, has proven a significant development in both the establishment of case law and in providing a deterrent against future offences.

PRS FOR MUSIC

The Anti Piracy Unit undertook various investigations in 2014. In particular, evidence packs regarding a number of websites were submitted to 'Operation Creative', an initiative led by the Police Intellectual Property Crime Unit (PIPCU) in partnership with the creative and advertising industries.

A referral was made to PIPCU for enforcement following the APU investigations into a UK-based website (www.karaoke-world.co.uk) that was a forum well known within the karaoke world, specialising in music and engaging in illegal BitTorrent activity. The site was referred to PIPCU for direct enforcement, which resulted in the site operator being arrested, interviewed and subsequently receiving a police caution. Additionally, the site was taken down and is no longer available.

NOMINET

Under Nominet's Terms and Conditions of Registration, .uk domain names must not be used for criminal purposes. Nominet has procedures in place to accept notifications of criminality through established relationships with UK public law enforcement agencies. Statistics of suspensions under this policy are published throughout the year as part of the company's Board communiqué.

Between 6 April 2014 and 5 April 2015:

- In total, 4,534 notifications of criminal use on a .uk domain were received from all UK public law enforcement agencies.
- Of the above, these notifications of criminal use were received from:
 - ◆ MHRA: 239
 - ◆ NFIB: 18
 - ◆ PIPCU:4267
 - ◆ Other (Trading Standards, NCA, Falcon): 10
- In total, 4,513 domains were suspended as a result of these notifications.
- Of the 21 domains that were not suspended:
 - ◆ Police could not confirm criminal activity: 3
 - ◆ Police were continuing investigation: 2
 - ◆ Transferred following court order: 15
 - ◆ Incorrect documentation supplied: 1
- Three domains were reinstated following suspension following an appeal by the registrant to the relevant agency or at the request of the relevant agency.
- Notifications of criminality fell into the following categories, but frequently more than one:
 - ◆ Supply of counterfeit goods: 4,127
 - ◆ Supply of controlled drugs: 127
 - ◆ Supply of illegal pharmaceuticals: 112
 - ◆ Fraud: 151
 - ◆ Other (e.g. POCA): 17

Nominet's dispute resolution service settles .uk domain name disputes through mediation and, where this is not possible, based on the decision of an independent expert. In order to be able to make a complaint through the Dispute Resolution Service, the complaining party needs to have rights (such as a trade mark) in a name that is the same as or similar to the domain name. It also needs to be able to prove, on the balance of probabilities, that the domain name is an

'Abusive registration' in line with the DRS policy.

In 2014, Nominet received 726 complaints (2013: 674), an increase of 8%. However, there was a 51% increase in the number of cases in which people came to an agreement themselves with the help of a Nominet mediator, without escalating to use of an expert. Of these cases, 55% resulted in a domain transfer to the complainant and, for the first time since the DRS was established in 2001, no decisions were appealed. The most common industries were retail (18); automotive (7); banking and finance (6); food, beverages and restaurants (6); and Internet (6). The year saw cases brought by complainants from 35 different countries, led by the UK (549) and followed by the US (64), Germany (15) and Lichtenstein (13). Respondents were even more widely dispersed, coming from 51 different countries. Again the UK leads, with 545 respondents, but Saint Kitts and Nevis is in second place with 26.

Brands such as John Lewis, the Post Office, Vodafone, NatWest, BT and National Express used the DRS in 2014.

Interesting cases included:

- **dvla-driving-licence.co.uk:** The Cabinet Office and DVLA complained about an official-looking website charging people a premium for driving licences. The domain was transferred to them and a prosecution for conspiracy to defraud the public is in progress. Similarly, HMRC complained that inland-revenue.co.uk and inland-revenue.org.uk were being used to confuse consumers and charge for services they provided for free. These domains were also transferred to the complainant.
- **ilovealdi.co.uk:** ALDI complained that a man was using the domain for his own online supermarket. Despite the respondent maintaining that the site was an expression of his genuine love for ALDI, the DRS expert found that the registration was abusive and the domain was transferred.
- **astonmerrygold.co.uk:** Aston Merrygold, a former member of boy band JLS, was transferred the domain after the DRS expert ruled the registration was made to take unfair advantage of his rights. The original registrant of the domain first registered it the day after JLS' appearance in the *X Factor* final in December 2008, along with similar domain names for the other members of the group.

2(d) International

HMRC

HMRC is the UK customs authority and is responsible for the customs legislation and national policy governing IPR enforcement by customs at the UK external border. HMRC works closely with the European Commission, World Customs Organisation, other government departments and agencies, Border Force and other law enforcement agencies to set and implement policies and procedures to deal with IP infringements detected at the border. HMRC also maintains a dialogue and participates in outreach opportunities on customs IP enforcement matters with IP rights holders, their representative bodies and other key stakeholders.

The HMRC IP Authorisation Unit (IPAU) accepts, records and publishes on COPIS (a database of IP applications and infringement cases maintained by the EU Commission) new, amended and renewed IP Applications for Action (AFA) forms submitted by rights holders. The AFA allows IP rights holders to record their intellectual property and supporting information with customs as a necessary step to permit enforcement action at the border using EU Regulation 608/2013. There are over 600 IP applications, 280 of them recorded directly by the IPAU annually.

The introduction of both Regulation 608/2013 and COPIS in 2014, both of which brought considerable procedural change and some implementation difficulties outside of the UK's control, meant that this report covers a challenging period for IPR border enforcement. Nevertheless, Border Force reported that its detentions at the frontier removed from the market over 1.6 million IPR infringing items with a value, based on the retail cost of the genuine equivalent, in excess of £56 million. As in previous years, the goods concerned ranged from clothing and footwear to electrical appliances and luxury goods, but not counterfeit alcohol and tobacco products, which are seized under Excise legislation on grounds of revenue evasion.

RUGBY WORLD CUP 2015

Rugby World Cup is one of the largest and best-loved major sports events, bringing together the sport's top players and fans from all over the world for a very special celebration of rugby and the host nation.

The tournament is the financial engine that generates 90% of the revenues reinvested by World Rugby in the development of the game worldwide. In return for their significant financial contributions, commercial partners are granted exclusive rights to associate with the tournament and use related intellectual property (owned by Rugby World Cup Limited (RWCL)).

To ensure the ongoing success of the tournament and the future growth and development of the sport, RWCL is obliged to protect against any unauthorised use of its intellectual property. In order to maximise fan experience and protect commercial partners, the RWC 2015 Rights' Protection Team will be working around the clock, together with enforcement officers from the 11 host cities, to minimise the occurrence of ambush marketing and availability of counterfeit products and tickets.

For further information about the Rights Protection Programme, please see: www.rugbyworldcup.com/buyofficial.

OPERATION OPSON

Opson, Greek for 'food', is the Interpol and Europol-led worldwide initiative tackling the threat of fake and substandard foodstuffs (including beverages). The IPO has been involved in this rapidly growing initiative, which commenced in Europe in 2011 with 11 participating nations; last year almost 50 countries participated.

The role of the IPO, this year leading jointly with the new Food Crime Unit at the Food Standards Agency (FSA), is to co-ordinate intelligence-gathering, development and analysis in support of enforcement activity, undertaken by a range of partners.

In the month of activity in 2014, members of Trading Standards seized 2,500 litres of fake and illicit spirits from a variety of locations in England and Wales. Working with HMRC, Derbyshire Trading Standards uncovered an illegal vodka factory where isopropyl alcohol in the form of car screen wash was being used to fill counterfeit bottles for sale. Leatherhead Food Research confirmed that the resulting mix was hazardous to public health. In 2014, several people were sentenced to life imprisonment in the Czech Republic for causing the deaths of 47 people and maiming 80 more when methanol was used in a similar operation.

Across the world, the criminal groups targeting food as a medium for making huge profits is increasing. A planning conference in September 2015 will set the scene for enacting operational activity in the UK across the world. In addition to the Trading Standards, other law enforcement agencies such as the Police, National Crime Agency, HMRC and Border Force will be deploying resources to ensure public safety in situations where criminals are committing food crime.

INTERNATIONAL IP ENFORCEMENT SUMMIT



On 11–12 June 2014 the UK government, OHIM and the European Commission hosted the International IP Enforcement Summit in London. The event was attended by over 300 delegates, bringing together representatives from governments, policy makers, enforcement agencies and multinational businesses from over 35 countries. The summit provided an effective forum for discussion and debate on crucial international IP enforcement matters; increased engagement between national and international partners in combating counterfeiting and piracy; and supported interaction and sharing of successful examples of

international best practice strategies and techniques.

The summit report and videos of the two days are available on the OHIM website at: <https://oami.europa.eu/ohimportal/en/international-ip-enforcement-summit>.

EUROPEAN COMMISSION

On 1 July 2014 the European Commission launched two IP-related Communications – an IP Action Plan¹ and a strategy for the protection and enforcement of IPRs in third countries.² The Action Plan sets out 10 non-legislative actions to be taken by the Commission to address the economic harm resulting from commercial-scale IP infringement. This includes voluntary agreements to tackle online IP infringement, including with payment providers and the advertising industry, and for the Commission to establish a Member State Expert Group on enforcement. The Expert Group provides an opportunity for policy discussions, to share best practice and help steer the delivery of the Action Plan.³ The strategy examines recent changes in the global fight against IP infringement and presents ways to improve the Commission's current means of promoting enhanced IPR standards in third countries, and to stem the trade in infringing goods.

EUROPEAN OBSERVATORY ON INFRINGEMENTS OF IPRs

The European Observatory on Infringements of IPRs (commonly known as '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 UK IPO supports the work of the Observatory through active participation in its working groups and pilot projects such as the European Aggregator of Legal Offers,⁴ and by contributing to knowledge-building events covering topics including IP crimes in sport and infringement of IPR on the Internet. The Observatory's website contains a wealth of information on its activities.⁵

IPO

As well as hosting the International IP Enforcement Summit in June 2014, the IPO was active elsewhere on the international stage in 2014/15, holding discussions with colleagues in several governments over approaches to tackling online copyright infringement, and commissioning a report to compare international approaches to online copyright infringement.⁶ We also shared UK experiences in tackling IP infringement with delegations from a range of countries, including China, Taiwan, Korea and Indonesia.

Interpol Conference Vietnam



In April 2014 law enforcement officers from across the globe gathered at an Interpol conference in Vietnam to discuss ongoing efforts to tackle illicit goods and counterfeiting and to co-ordinate activity in South East Asia.

The IPO's South East Asia Attaché, Christabel Koh, and the head of the IPO's Intelligence Hub, Huw Watkins, attended the conference and met enforcement officials from across the whole region. Presenting to the conference, Huw outlined that, by working with key partners, supply chains in IPR infringing goods can be attacked.

The region covered by our South East Asia Attaché covers a number of nations of some significance to the international trade in IP-infringing goods. Engaging with these countries is complex, as different laws, cultures and enforcement priorities need to be considered.

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

2 http://trade.ec.europa.eu/doclib/docs/2014/july/tradoc_152643.pdf

3 http://ec.europa.eu/growth/industry/intellectual-property/enforcement/index_en.htm

4 https://oami.europa.eu/ohimportal/en/web/observatory/news?p_p_id=csnews_WAR_csnewsportlet&p_p_lifecycle=0&p_p_state=normal&p_p_mode=view&p_p_col_id=column-1&p_p_col_count=2&journalId=2218427&journalRelatedId=manual/

5 <https://oami.europa.eu/ohimportal/en/web/observatory/home>

6 <https://www.gov.uk/government/publications/international-comparison-of-approaches-to-online-copyright-enforcement>

IPO Attaché Network

The UK's IP attaché network has continued to spearhead our international work to strengthen national IP frameworks and IP enforcement regimes. The network currently consists of four attachés based in British Embassies and High Commissions in the key markets of China, India, Brazil and South East Asia. In 2014/15 the attachés provided advice and support to over 4,200 UK businesses operating or preparing to operate in overseas markets.

The depth and breadth of the work undertaken by the attachés is sure to grow as the network matures. This will ensure that the UK remains at the forefront of improving the international IP enforcement environment.

China

In China we made significant steps forward both in terms of providing support for UK companies, and in further strengthening relationships with Chinese enforcement bodies. During Baroness Neville-Rolfe's visit to China in September 2014, we facilitated an agreement between the China-Britain Business Council and the Alibaba Group, to bring more effective action against online vendors of counterfeit products. It has already started to generate criminal investigations based on analysis of rights owners and Alibaba data.

At an inter-governmental level, we now regularly exchange intelligence between UK and Chinese enforcement agencies, and have seen the positive impact of this upon counterfeit goods seizures in both countries. We also supported a further round of exchanges between UK and Chinese judges: in autumn 2014, Justice Birss co-hosted seminars with Chinese Supreme Peoples' Court judges in Guangzhou and Beijing regarding damages calculations and the use of interim injunctions. This work has proven supportive of the IP benches being established in China, and responds to themes relevant to UK litigators in the country. In combination, these activities have cemented the UK's position as China's preferred international partner on IP.

India



In the Indian market, UK business confidence is adversely affected by insufficient action to address counterfeiting. To address low levels of IP awareness among enforcement officers, the IPO supported the Federation of Indian Chambers of Commerce and Industry (FICCI) to produce an Enforcement Toolkit. It sets out what various IP crimes are, their impact, and

evidential standards required to secure prosecutions. FICCI has used the toolkit to deliver IP awareness sessions to police, customs and the judiciary in Delhi, Hyderabad, Ahmedabad and Lucknow.

The IPO also commissioned the Confederation of Indian Industry to conduct a study of the IP landscape in Tamil Nadu State. A key recommendation from the resulting report was that the state government should strengthen IP enforcement by conducting periodic training and equipping all state enforcement agencies. We will support the Tamil Nadu State Government on this via information sharing on UK enforcement practices.

Brazil

In the lead up to Rio 2016, the Brazilian authorities have continued to take up the UK's offer of sharing experience gained from the London Olympics. In the IP enforcement area, there has been a focus on the UK's approach to avoiding and, where necessary, dealing with fakes and counterfeit goods in the build up to and during the Games. Former officials from the London Organising Committee of the Olympic and Paralympic Games (LOCOG), together with UK customs officials, have delivered training workshops as part of an ongoing IPO-sponsored IP Enforcement and Customs Project.



South East Asia



In South East Asia, capacity-building work continued. This included the first Indonesia IP Enforcement Training workshop, which took place in Jakarta in early 2015. Representatives from the Directorate General of Intellectual Property Rights (DGIPR), including its Directorate of Investigation (PPNS), the Indonesian police and customs officials, participated in the workshop to help assess Indonesia's enforcement capabilities. The session identified potential weaknesses in the system and ways in which the UK could assist in strengthening capability.

Other Countries

We have also focused 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. We consulted with a variety of stakeholders from

different business sectors and IPRs in the winter of 2014/15. These sessions were an opportunity for British businesses and trade associations to discuss the sorts of IP issues they face in some of the world's emerging economies, and to consider the sort of growth opportunities that they could exploit if IP issues were addressed. Feedback has enabled us to generate strategies to assist UK IP-rich companies to exploit opportunities in the target overseas markets.

In March 2015, we visited Turkey for the first time, as part of the UK delegation to launch the UK–Turkey Year of Science and Innovation (aimed to enhance scientific and education collaboration between the UK and Turkey). We built relationships with the Turkish government ministries responsible for IP, and with our British Embassy colleagues; increased our understanding of Turkey's IP system; and raised awareness of IP within the context of the Year of Science and Innovation. We are taking forward similar relationship-building and evidence-gathering work with contacts in Mexico and South Africa.

HMRC

HMRC's international IPR work has been driven by the EU IP Rights Action Plan and the EU–China Action Plan, and included contributing to projects on the OHIM Enforcement Database and the improvement of co-operation when carrying out EU-wide joint control operations. HMRC has also provided IPR enforcement training to Brazilian customs officials as part of a wider capacity-building initiative ahead of the Rio 2016 Olympic and Paralympic Games, and has given advice and assistance to the US Food and Drug Administration and to OLAF (European Commission European Anti-Fraud Office) in relation to major cross-border frauds and irregularities involving counterfeit goods.

MEDICINES HEALTHCARE REGULATORY AUTHORITY



The illegal supply of unlicensed medicinal products and medical devices entering the UK from overseas, mainly through the postal system, presents a significant threat to public health. Products that are not licensed for use in the EU are not guaranteed to meet set safety and quality standards. This is not a new phenomenon and the MHRA has been developing anti-counterfeiting strategies over

many years by engaging with stakeholders and focusing resources on this area. Operation Pangea, the Interpol co-ordinated International Internet Week of Action, involves activity with customs agencies across the world. During the 2014 Operation

Pangea, 35,206 parcels were seized worldwide, containing 9,695,815 doses of medicines.

On a number of occasions during 2014/15 the MHRA was notified by other European medicines regulators that falsified products had been discovered on arrival from the UK through the regulated supply chain. Enquiries in the UK revealed that the majority of these products are not sourced in the UK and not for the UK market but are purchased from countries outside the EU by wholesale suppliers in an EU Member State and are in transit to other EU countries where they attract higher prices. On 1 July 2015, provisions under the Falsified Medicines Directive in respect of the supply of medicines 'at a distance' – which includes sales over the Internet – take effect. The Directive requires Member States to introduce national arrangements to register online suppliers of medicines. This will involve the establishment of a national website and the adoption of the common EU logo. All websites supplying medicines at a distance will be required to display the EU logo and provide a hyperlink to the national website of the Member State in which the person offering to sell medicines at a distance is established.

PRS FOR MUSIC

The APU arranged and hosted the first European Anti-Piracy meeting for representatives of European collective rights management organisations. In addition to PRS, the meeting was attended by representatives from Germany (GEMA), Hungary (ProArt), Denmark (KODA), the Republic of Ireland (IRMA) and The Netherlands (Stichting BREIN). The meeting included sharing of best practice, identifying areas of mutual interest across Europe and mechanisms for greater co-operation between societies and local enforcement bodies. PIPCU presented its current initiatives to the European representatives and there was a broad discussion on how such initiatives could have an impact across the EU. It is intended that this PRS initiative will be expanded during 2015 to include further countries.

Chapter 3 – Trading Standards Survey Results

INTRODUCTION

The IPO survey of Trading Standards (TS) work on IP crime was launched on 1st April 2015 and ran until 30 April, covering the financial year 2014/15. The results offer an insight into the true scale and scope of IP crime in the UK, including details of the most investigated products, the location of IP crime investigated and links to other forms of criminality.

We recognise that there are significant demands placed upon authorities, however it's clear from the survey responses that IP crime remains a priority for TS officers - a total of 161 responses were received from authorities representing 12 regions in the UK, this equates to a 77% response rate. We are grateful for the ongoing support of TS and especially the work of the regional IP co-ordinators for assisting us in gathering this information.

The charts and analysis that follow illustrate the most frequent answers given by participating authorities and, where possible, are compared year on year to the results of previous surveys.

HIGHLIGHTS

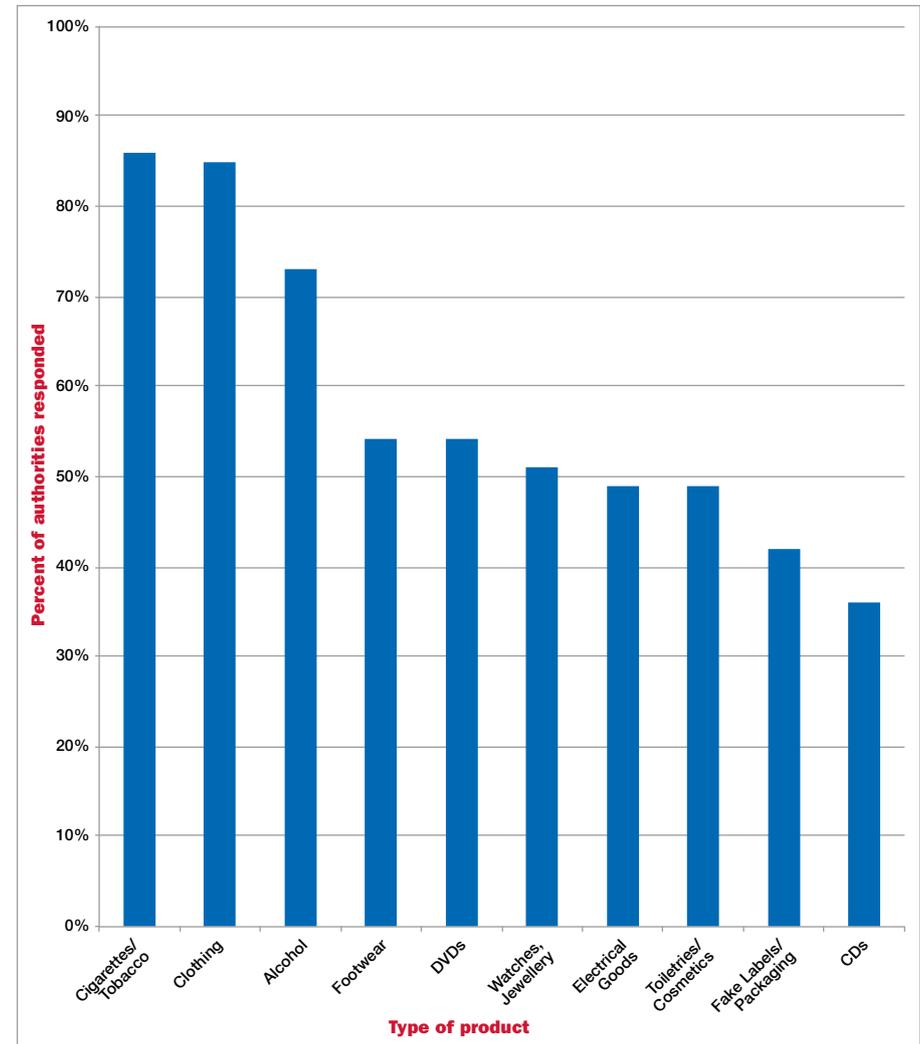
- This year for the first time, the most investigated product was cigarettes/tobacco, along with clothing and alcohol continue to make up the top three products;
- Although ordinary shops continue to be the most investigated location, there is continued growth in investigations into the use of use of social media to sell counterfeit items. IPO commissioned research into the use of Social Media as a facilitator of counterfeiting in the UK will be published in 2016;
- We have seen significant growth in the use of Proceeds of Crime Act (POCA) restraint orders by TS;
- Over 70% of the Authorities responding agreed that there is a need for IP related training in their region. In response the IPO is developing pilot regional IP awareness events which will launch in late 2015;
- The top three crimes linked to IP crime remain benefit fraud, money laundering and organised criminal networks; however there are noticeable increases in drug dealing, loan sharking and people trafficking this year;
- It's too early to effectively evaluate the impact of levels of IP Infringement relating to the intentional copying of registered designs; however this year's survey has provided a useful baseline for future evaluation.

Source of all graphs and charts are from UK Trading Standards Authorities

3(a) – TYPES OF GOODS INVESTIGATED

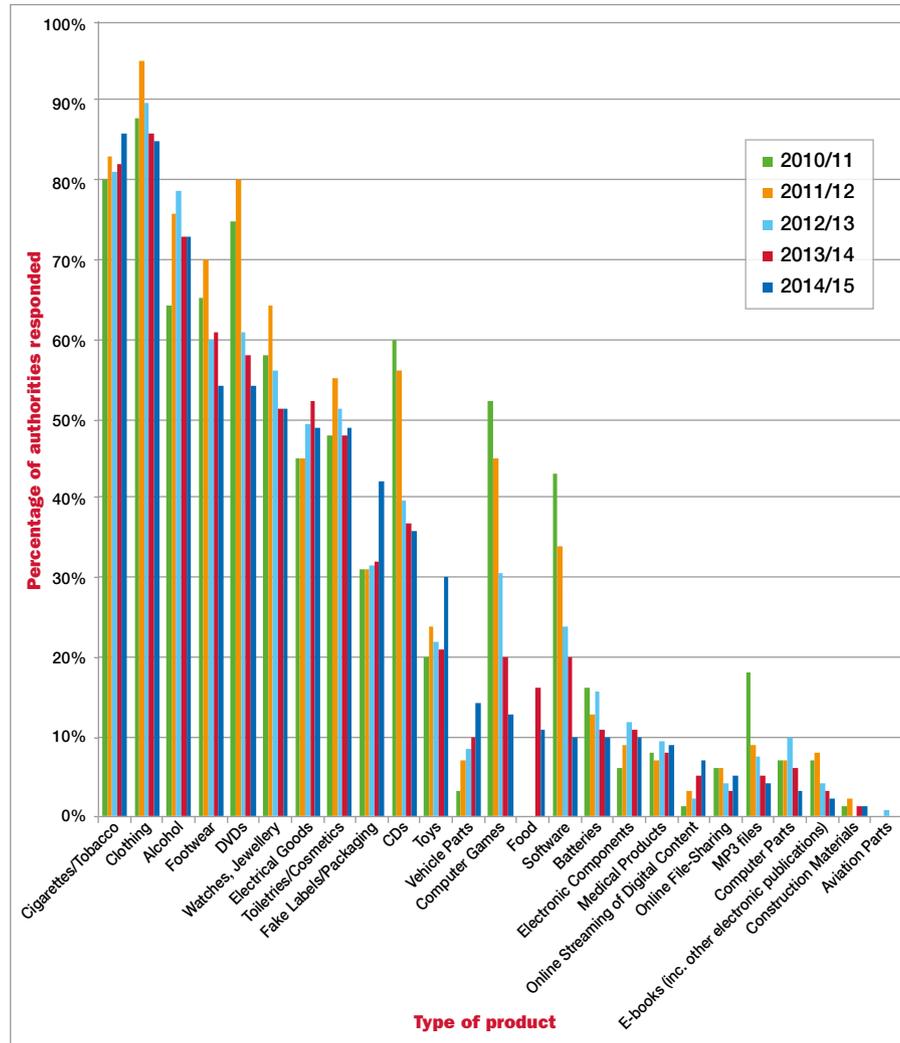
Top 10 counterfeit/pirate products investigated by Trading Standards

The bar chart, shown below, illustrates the top 10 counterfeit/pirate products investigated by Trading Standards.



Type of products investigated

Since 2012/13, cigarettes/tobacco, clothing and alcohol remain the most investigated products by Trading Standards. Fake labels/packaging, toys and vehicle parts has seen an increase since 2013/14.



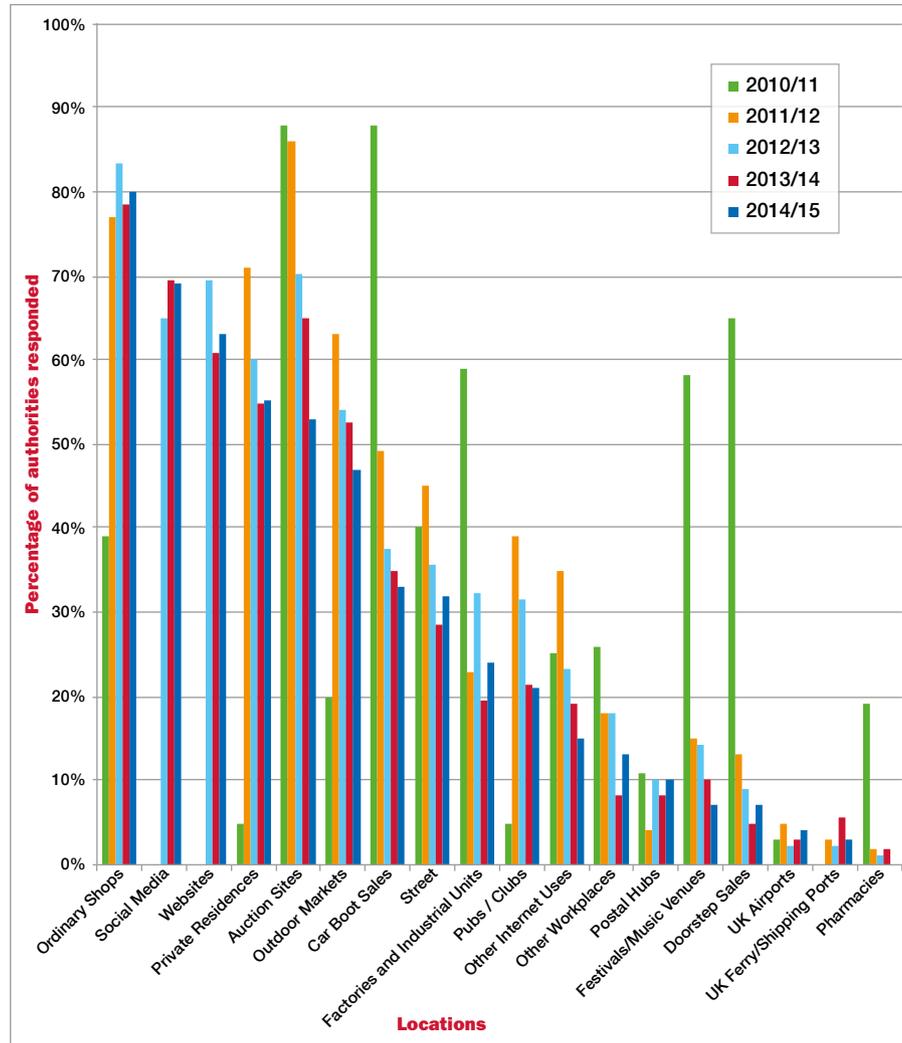
3(b) – LOCATION OF COUNTERFEIT GOODS INVESTIGATED

The table, shown below, illustrates how the location of investigations into infringing products has changed over the last three years. Ordinary shops continue to be the most investigated location and has seen an increase since 2013/14.

COMPARISON OF THE TOP 10 LOCATIONS OF INVESTIGATIONS			
	2012/13	2013/14	2014/15
1	Ordinary Shops	Ordinary Shops (↔)	Ordinary Shops (↑)
2	Auction sites/websites	Social Media (↑)	Social Media (↓)
3	Websites	Auction sites/websites (↓)	Websites (↑)
4	Social Media	Websites (↓)	Private Residences (↑)
5	Private Residences	Private Residences (↔)	Auction sites (↓)
6	Outdoor Markets	Outdoor Markets (↔)	Outdoor Markets (↓)
7	Car boot Sales	Car boot Sales (↔)	Car boot Sales (↓)
8	On the Street	On the Street (↔)	On the Street (↑)
9	Factories/industrial units	Pubs/Clubs(↑)	Factories/industrial units (↑)
10	Pubs/Clubs	Factories/industrial units(↓)	Pubs/Clubs (↓)

IP crime investigated by Trading Standards

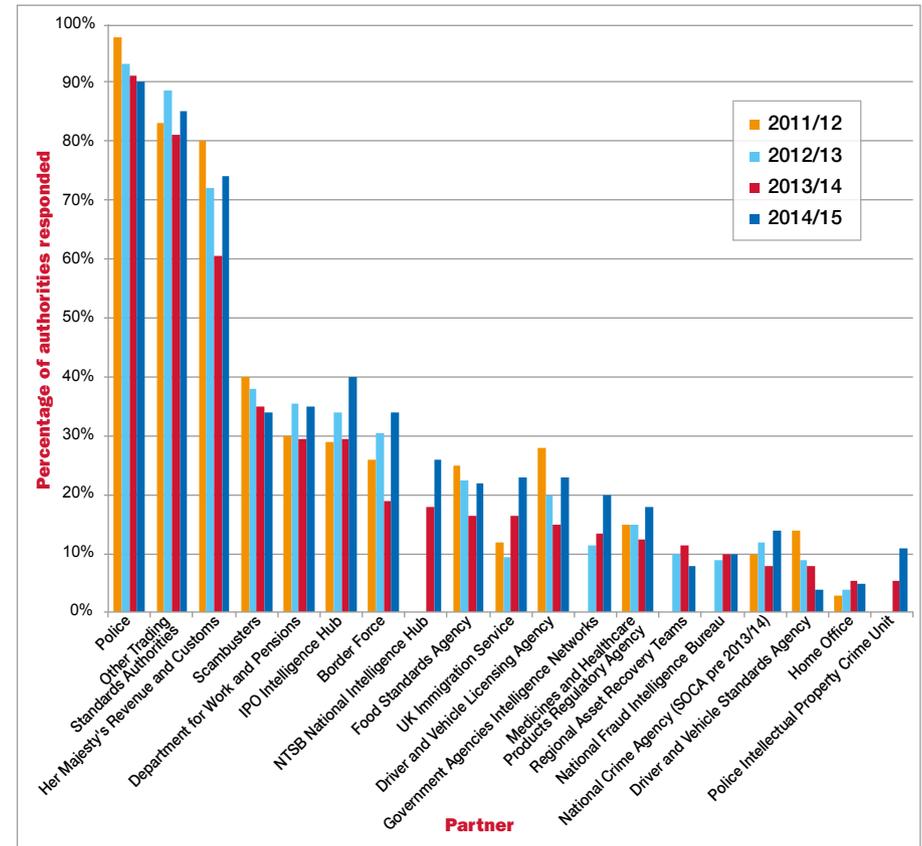
Ordinary shops, social media, websites and private residences are the most investigated points of sale. The number of investigations of auction sites, outdoor markets and car boots sales has seen a downward trend compared to 2013/14.



3(c) – PARTNERSHIP WORKING

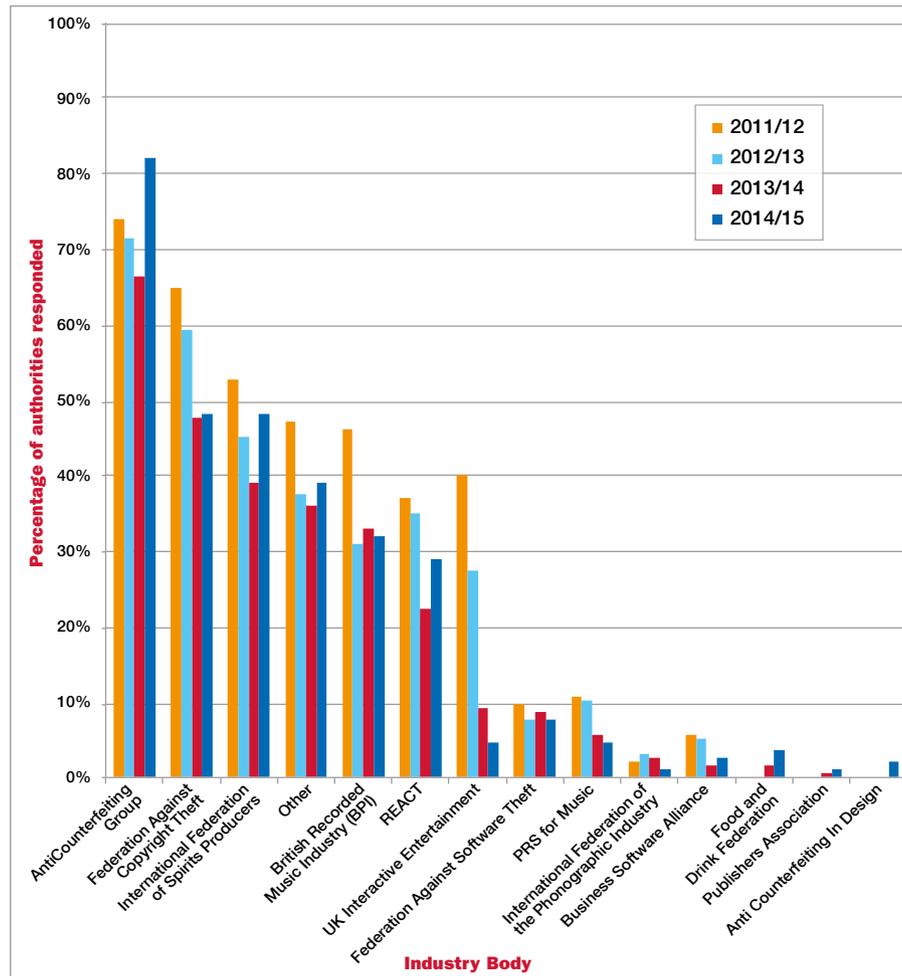
Work with Public Sector Partner Organisations

The bar chart, shown below, illustrates the main Public Sector Partner organisations that Trading Standards has worked with over the past four years. Although work with the police remains high, this year has seen an increase in the work with Other Trading Standards Authorities and Her Majesty's Revenue and Customs when compared to 2013/14, although work has generally been on the upward trend across each of the Public Sector Partner organisations. Work with the Police Intellectual Property Crime Unit has doubled since 2013/14. 67% of Trading Standards Authorities has been engaged in Regional IP Groups, the same as 2013/14.



Work with Industry Bodies

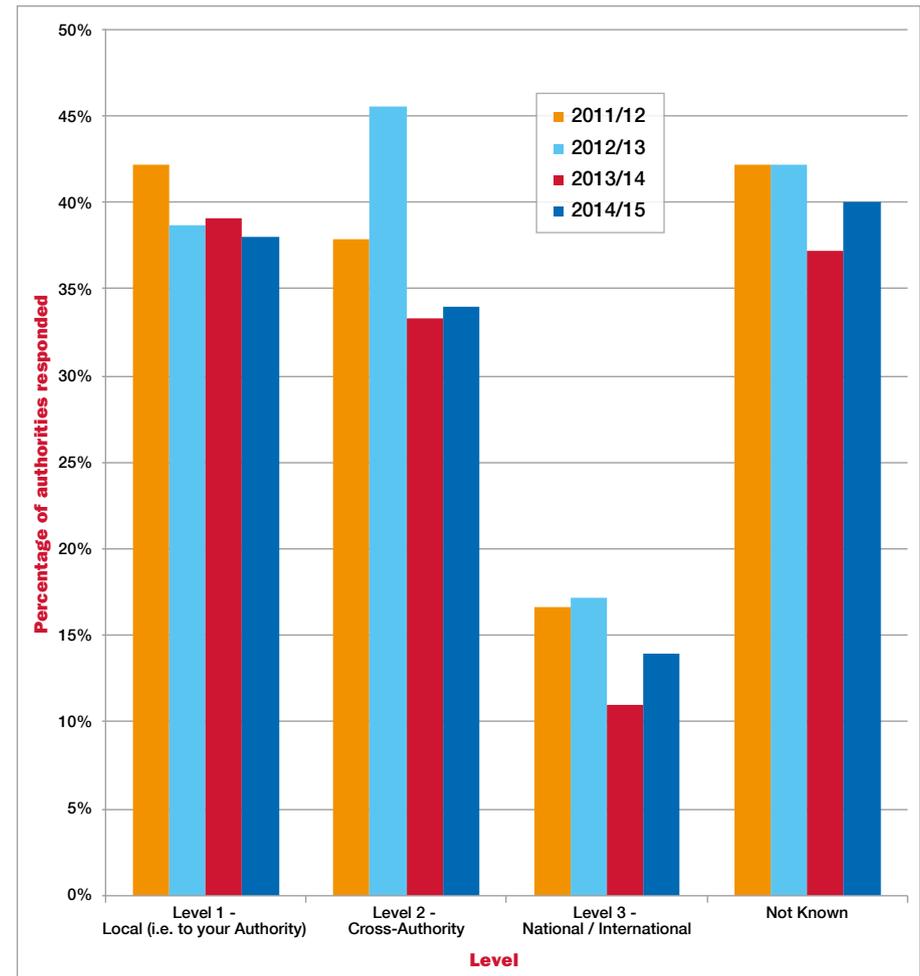
Work with the Anti Counterfeiting Group has increased compared to 2013/14. Similarly, compared with last year there is an upward trend of work with the Federation Against Copyright Theft, International Federation of Spirits Producers, Other, REACT, Business Software Alliance, Food and Drink Federation, Publishers Association and Anti Counterfeiting in Design.



3(d) – LEVELS OF INFRINGEMENT

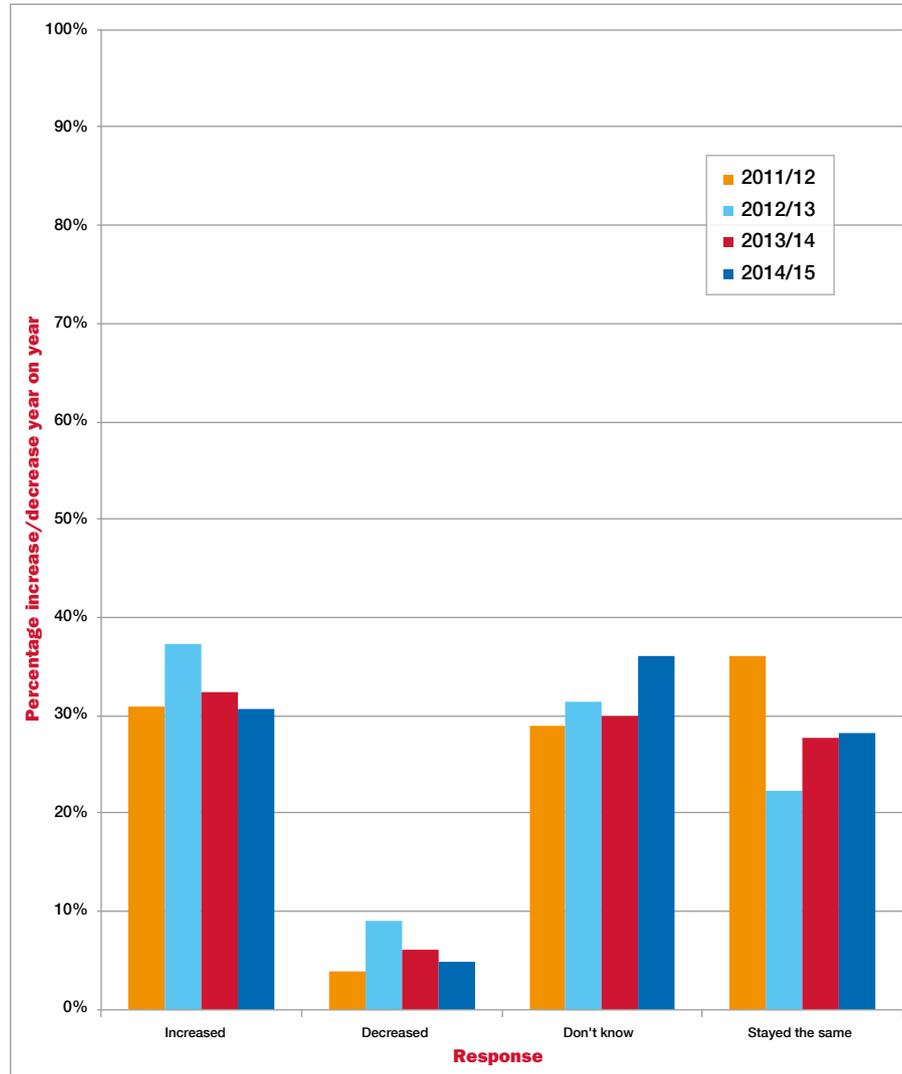
Location of Organised Criminal Network Investigations

There has been an increase in Level 2 – Cross Authority, Level 3 – National/ International investigations, and Not known investigations compared to 2013/14, although Level 1 – Local to your authority investigations has dropped slightly when compared to 2013/14.



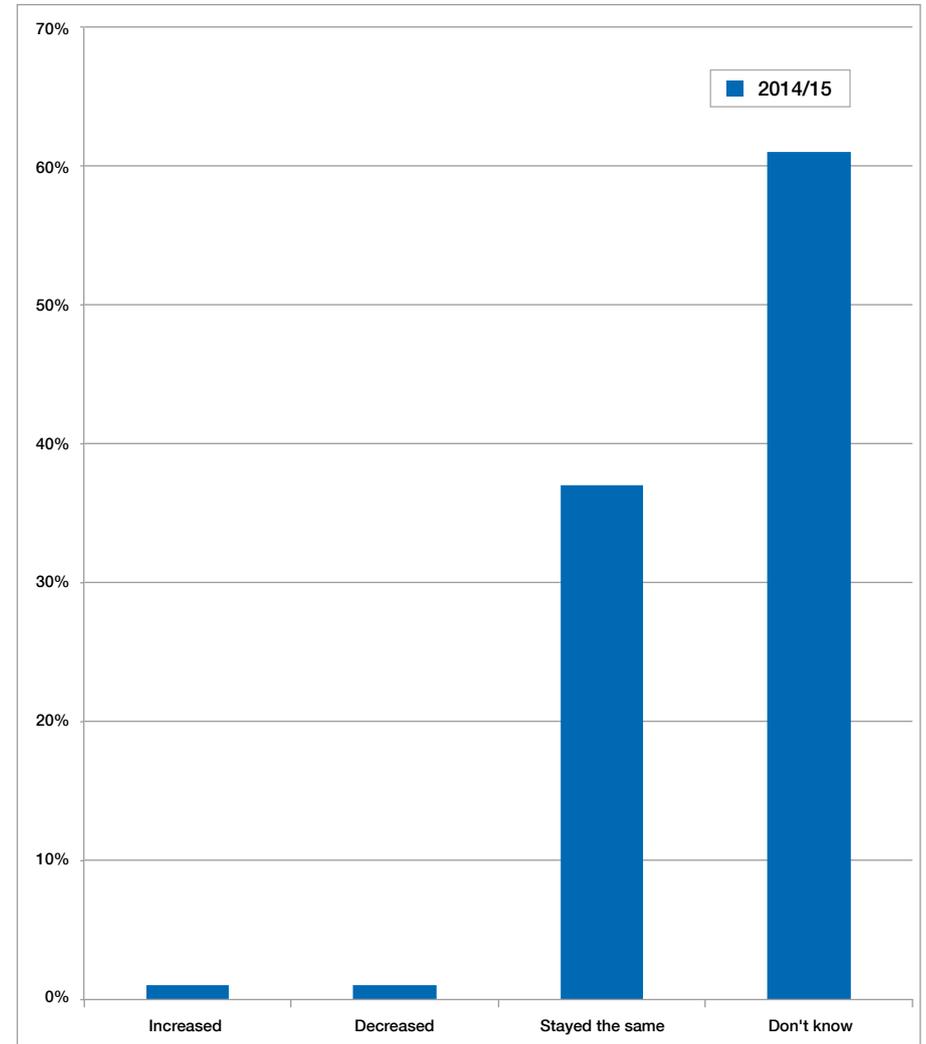
Reported levels of IP Infringement

There has been a slight decrease in the level of reported IP infringements compared to 2013/14, although the level of Don't Know and Stayed the same has increased.



IP Infringement relating to the intentional copying of registered designs since 2013/14

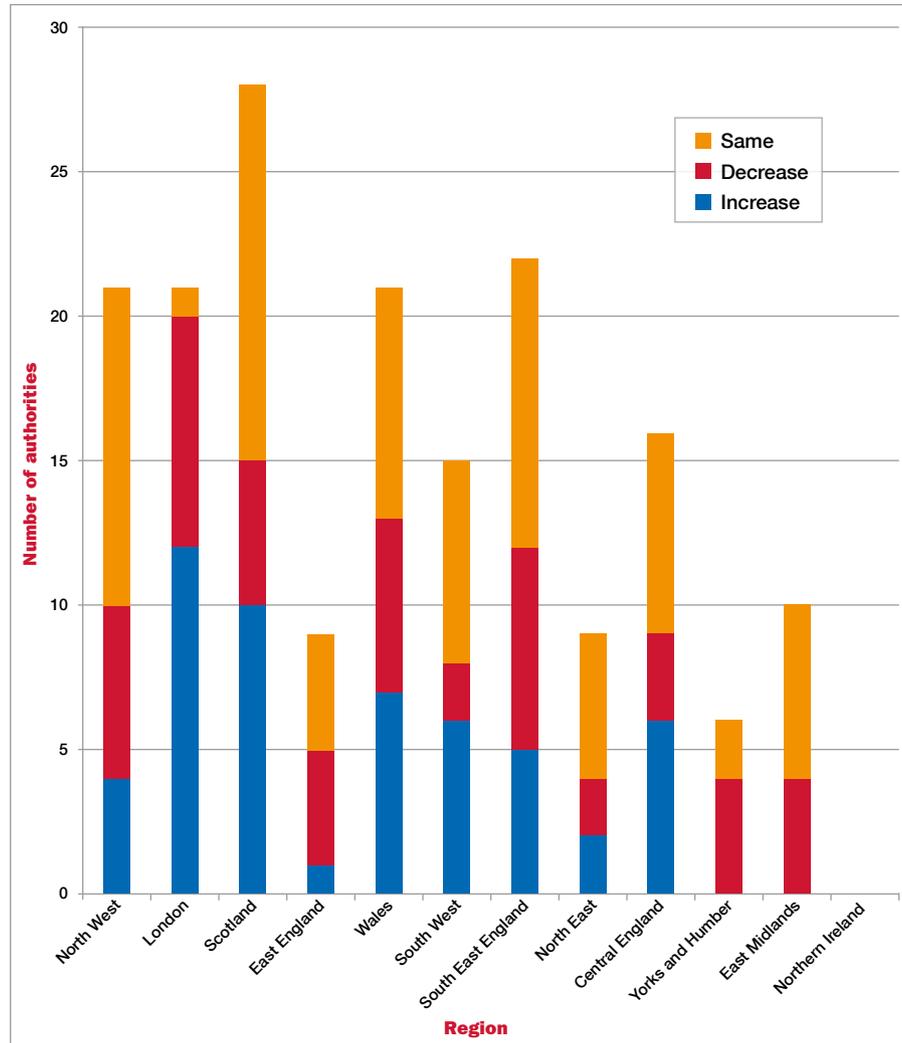
The bar chart, shown below, illustrates the level of IP infringement relating to the intentional copying of registered designs since 2013/14.



3(e) – LEVELS OF ENFORCEMENT

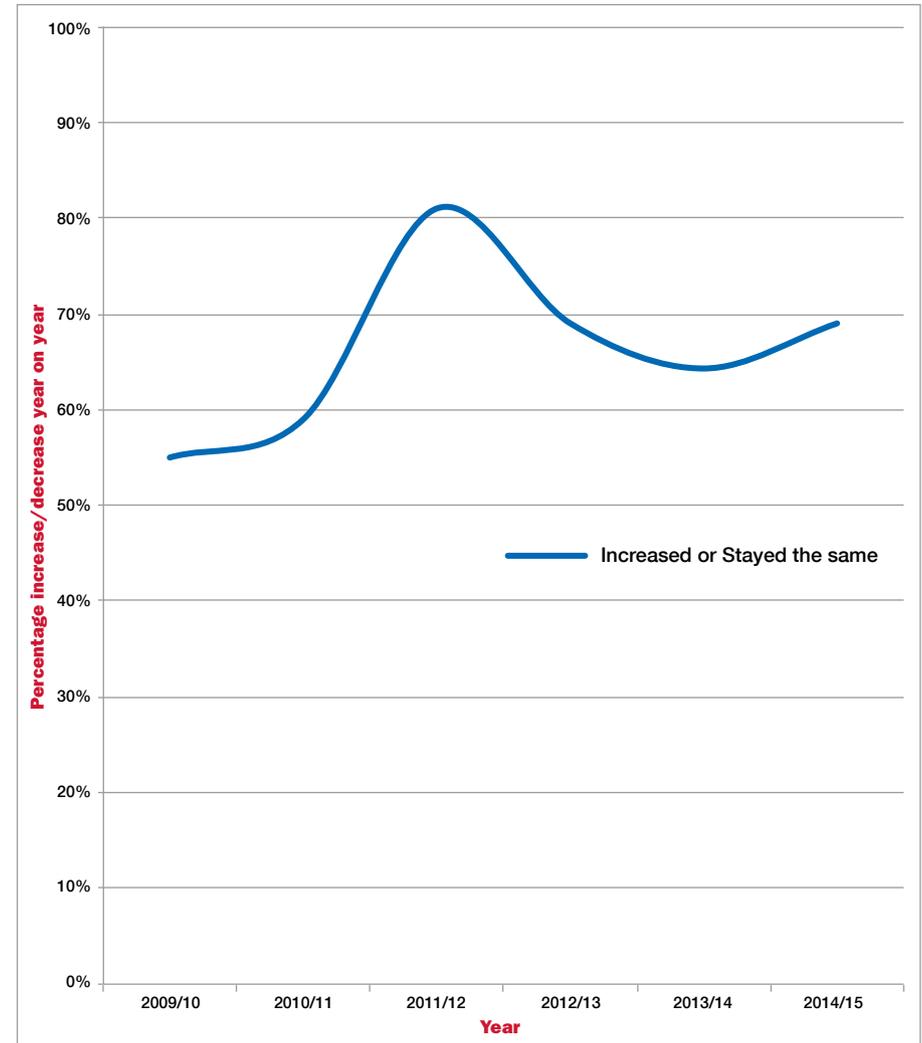
Increase or Decrease in Regional Enforcement compared to 2013/14

London has seen the biggest increase in regional enforcement compared to 2013/14.



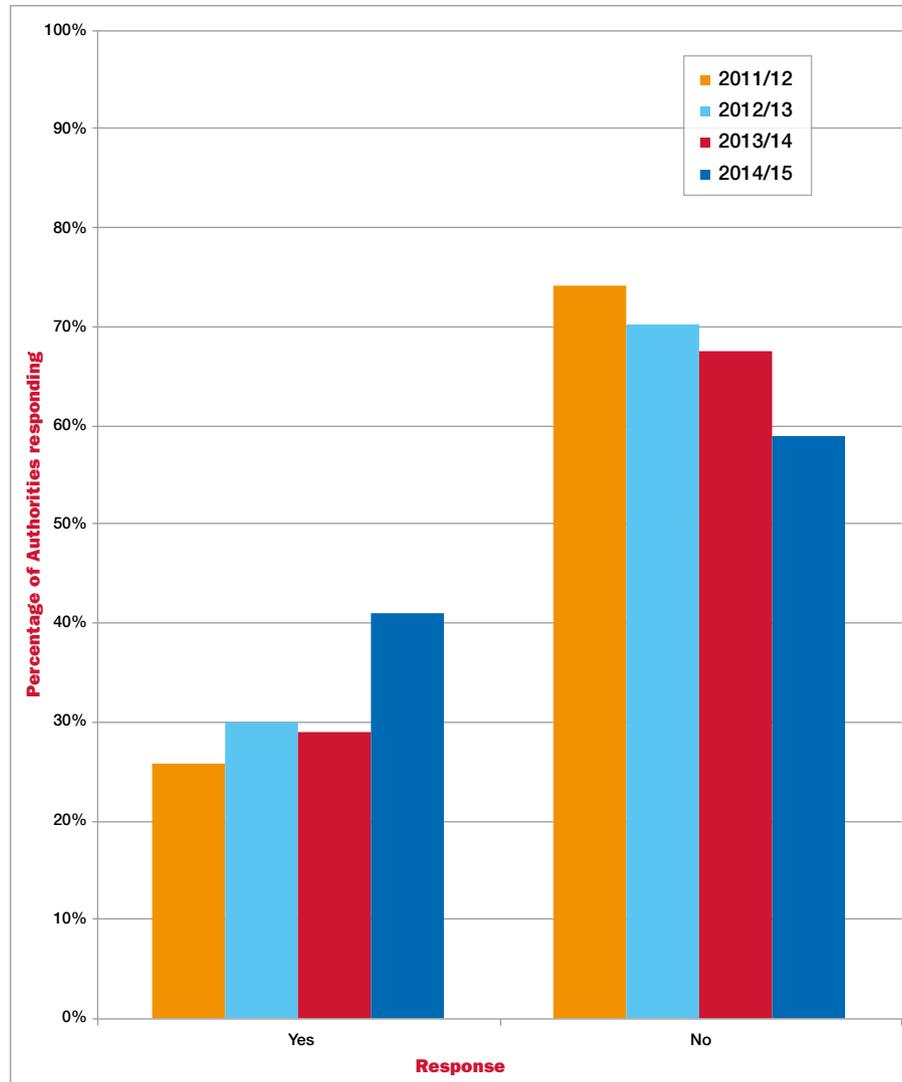
Annual Comparison of Overall enforcement activity

The line graph, shown below, illustrates enforcement of IP rights over the past six years by Trading Standards authorities.



Proceeds of Crime Act (POCA) Restraint Orders used

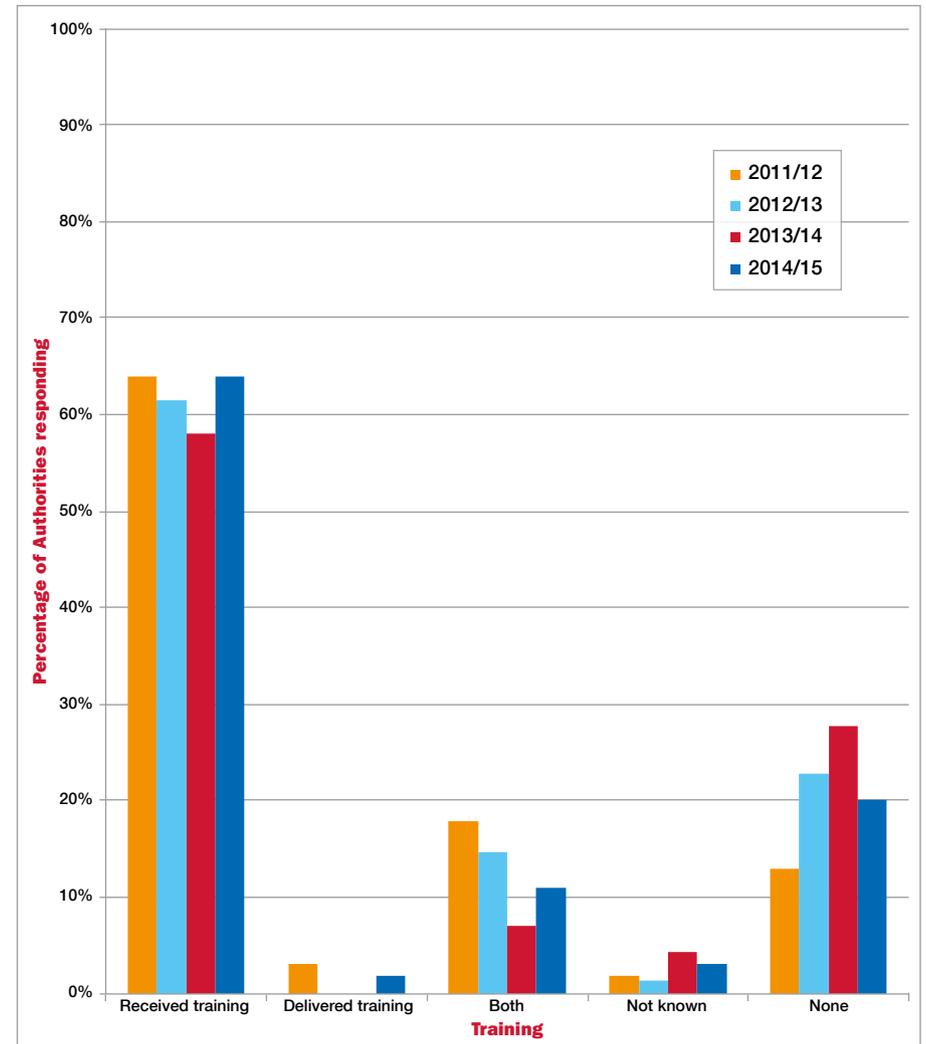
The level of Proceeds of Crime Act (POCA) Restraint Orders used has risen compared to previous years.



3(f) – TRAINING

Intellectual Property Training

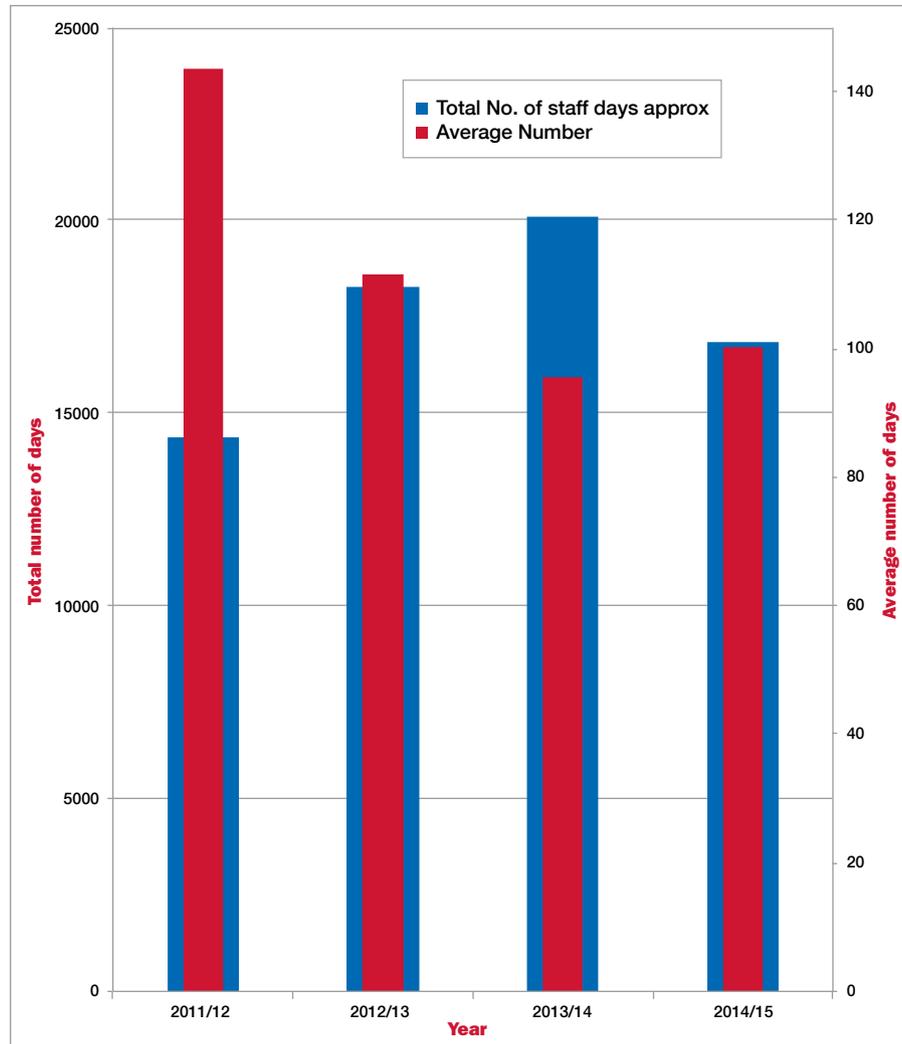
The number of authorities that have received and delivered IP related training has risen compared to 2013/14.



3(g) – RESOURCES

Total and average of staff days dedicated to tackling IP Crime

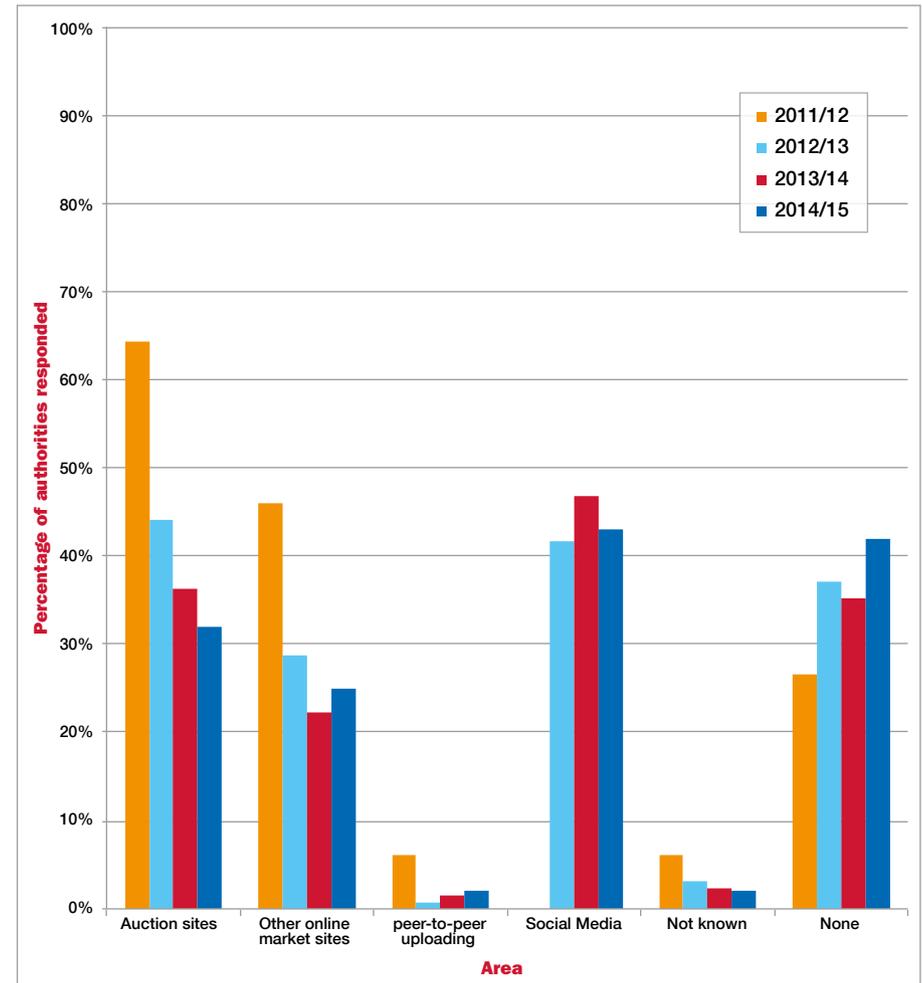
The total number of staff days dedicated to tackling IP Crime has dropped compared to 2013/14.



3(h) – PROACTIVE MONITORING OF THE INTERNET

Proactive monitoring

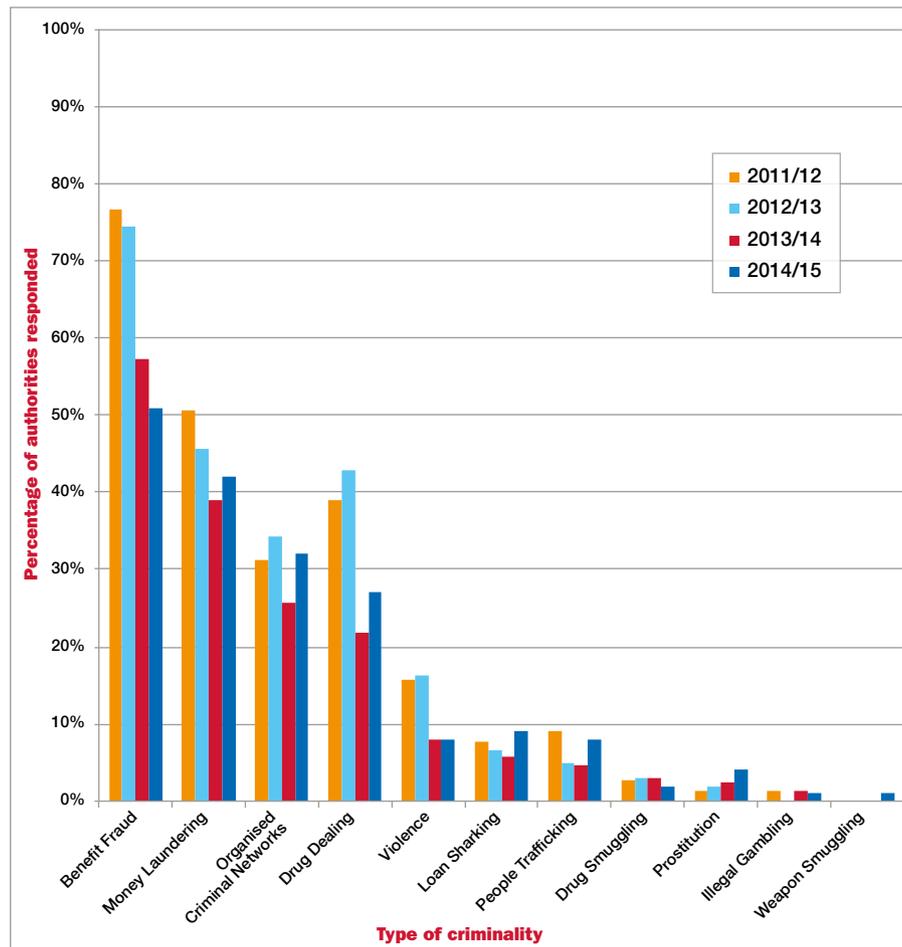
The bar chart, shown below, illustrates the percentage of proactive monitoring of online locations by Trading Standards authorities over the past four years. Other online market sites and peer-to-peer uploading has seen an increase compared to 2013/14.



3(i) – LINKS TO OTHER CRIMINALITY

Links to other criminality

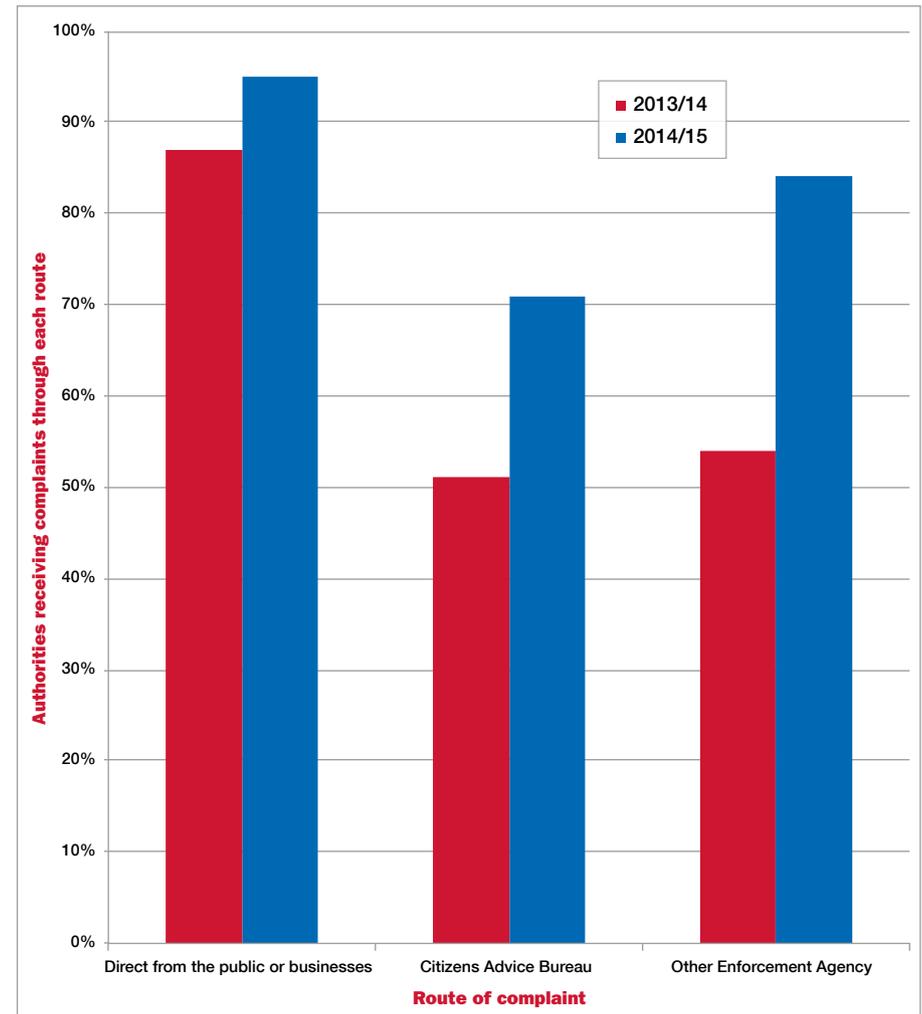
A snapshot of the main criminality that Trading Standards identified as being linked to IP Crime over the past four years. On a whole there has been an upward trend when compared to 2013/14, with noticeable increases in drug dealing, loan sharking and people trafficking. Although Benefit Fraud has dropped slightly this still remains the top crime, followed by money laundering and Organised Crime Networks.



3(j) – SOCIAL MEDIA

Route of complaints about infringement on Social Media

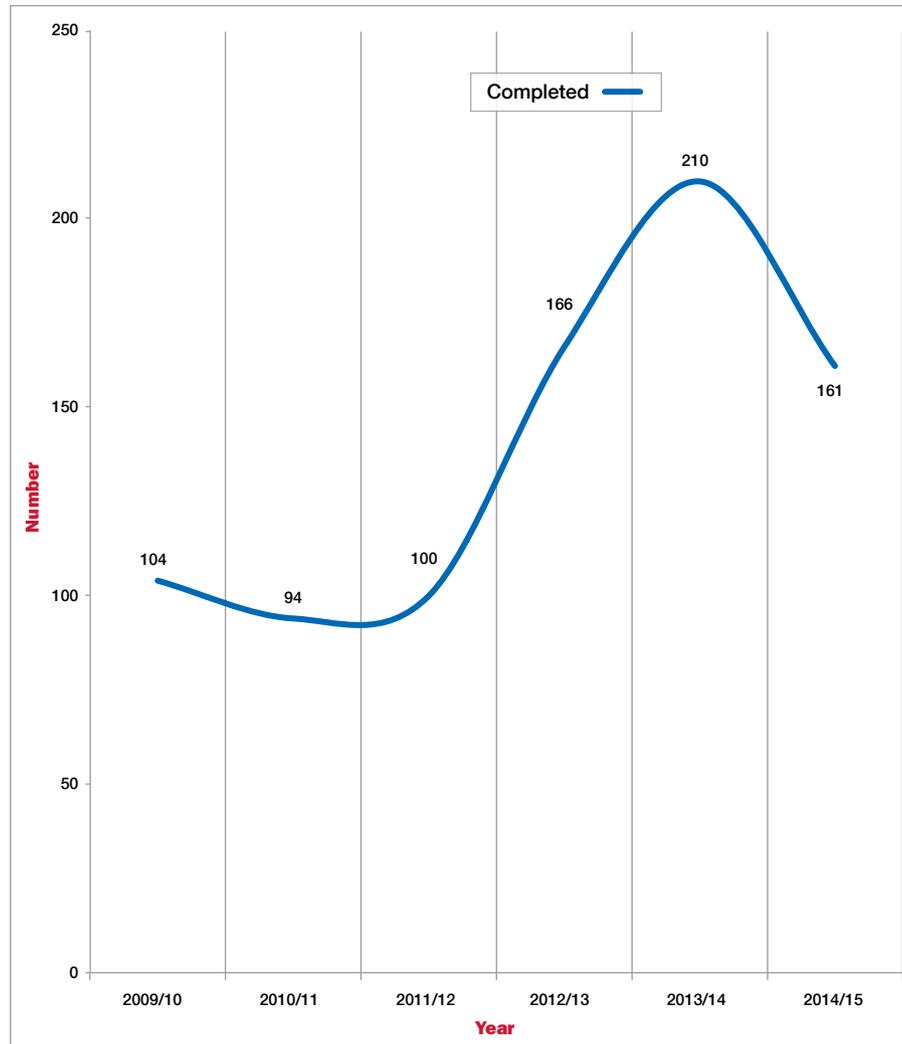
The bar chart, shown below, illustrates how Trading Standards are being informed about Social Media infringements. This year has seen an increase across each of the routes of complaint compared to 2013/14.



3(k) – IPO

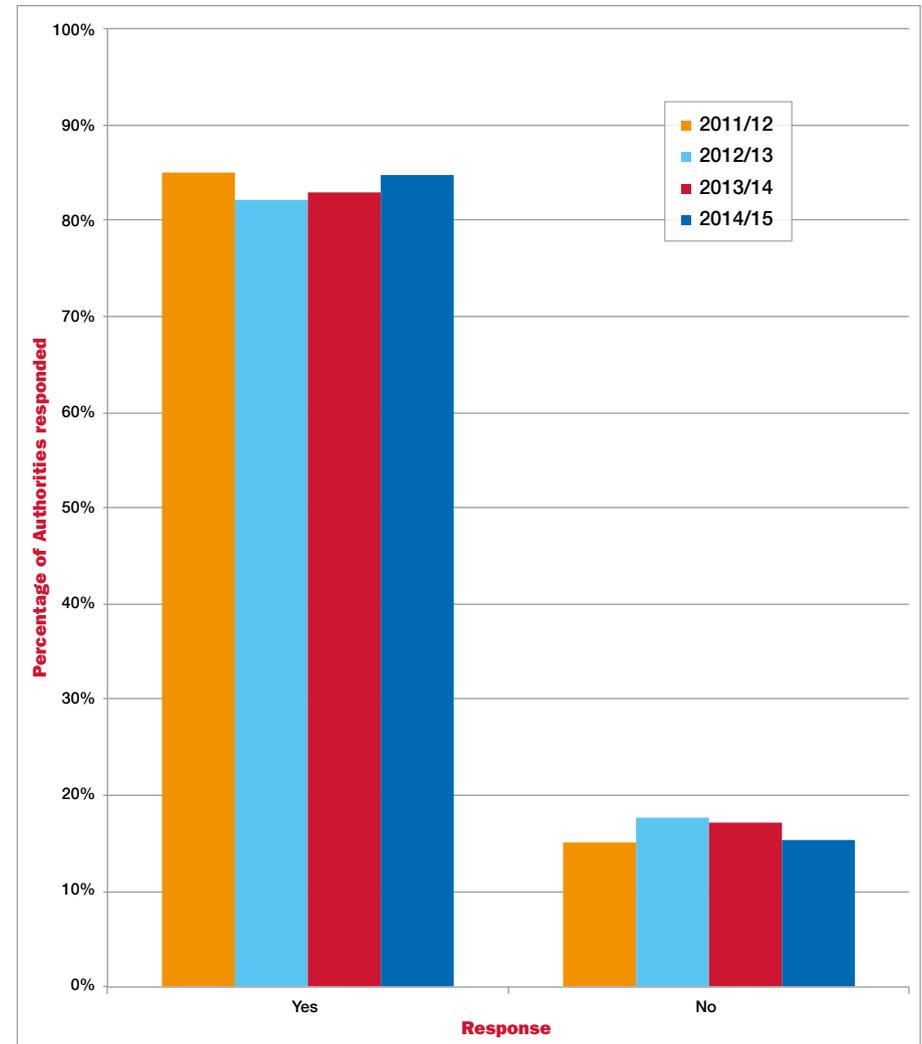
Number of Trading Standard Authorities Completed Survey

This year has seen a drop in the number of Trading Standards authorities who completed the survey compared to the past two years.



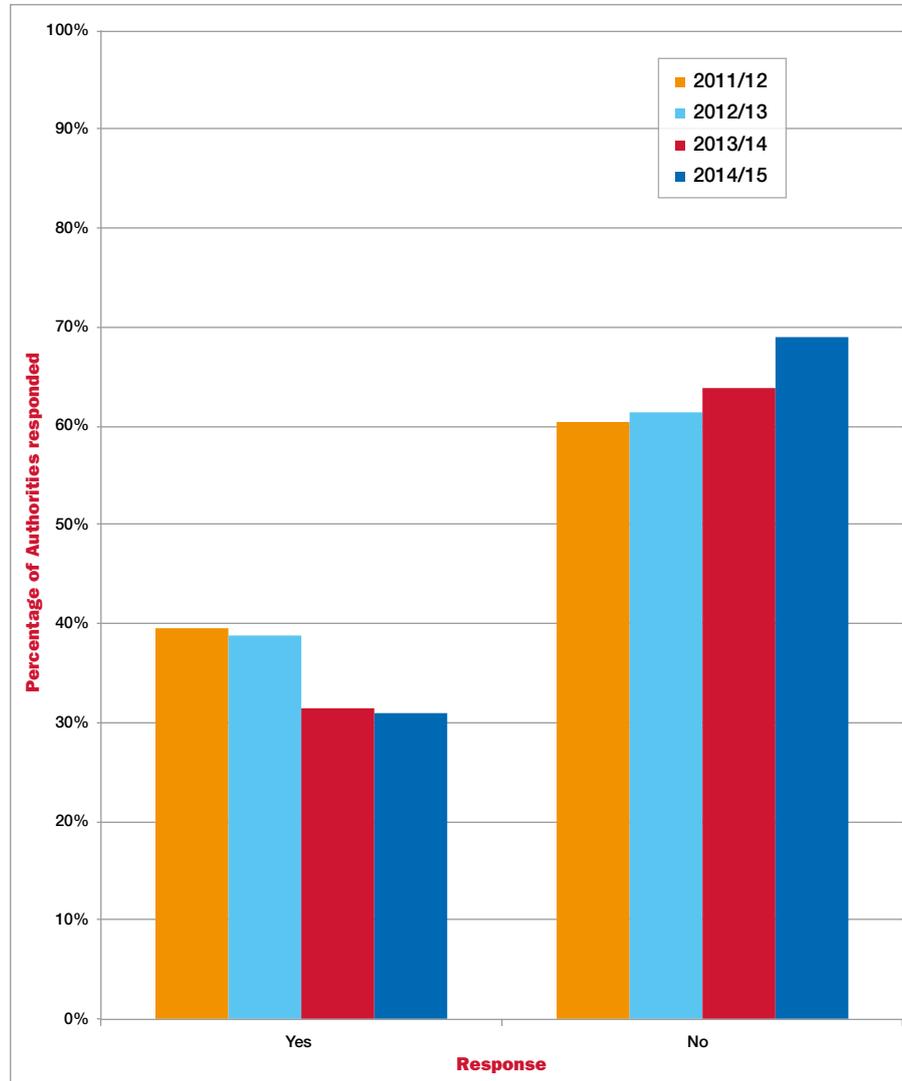
Awareness of Intellectual Property Intelligence Database (IPID)

The bar chart, shown below, illustrates the extent to which authorities are aware of the Intellectual Property Intelligence Database. Awareness of the IPID database has increased compared to 2013/14.



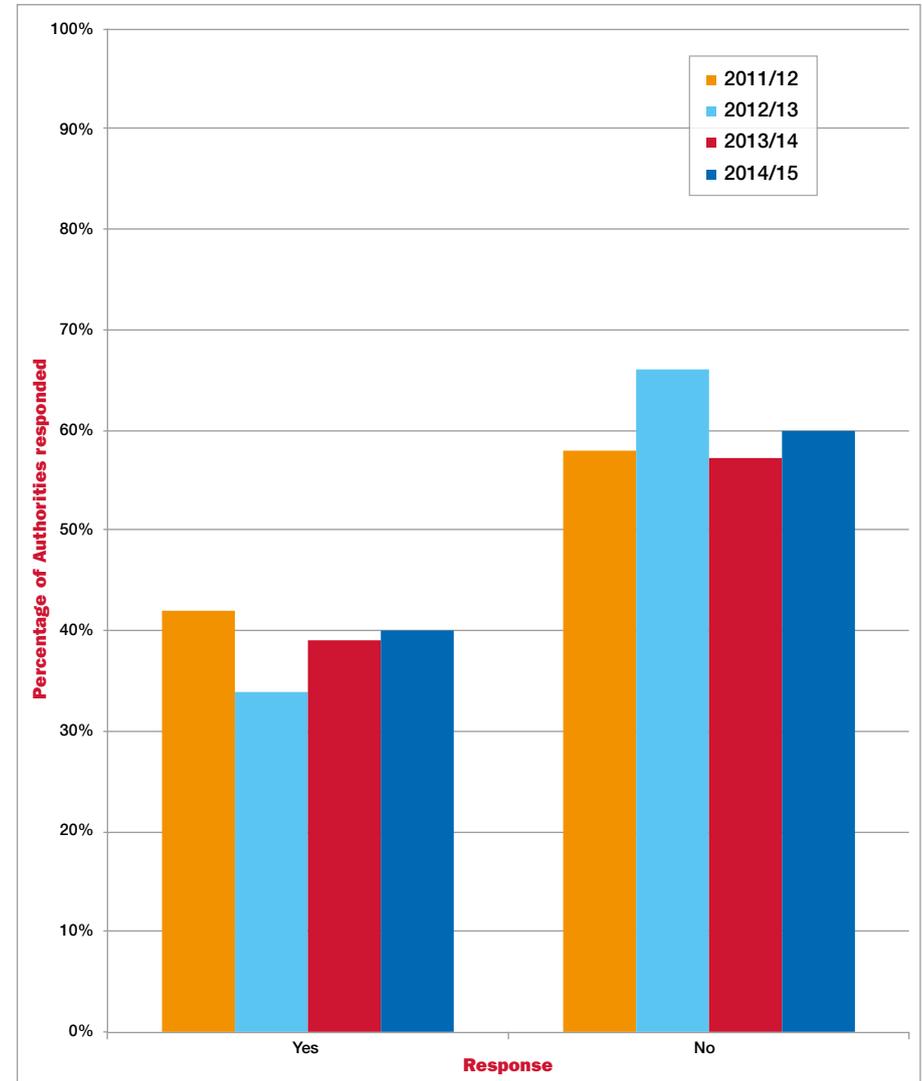
Submissions or enquiries on Intellectual Property Intelligence Database (IPID)

The number of authorities that have not undertaken a submission or enquiry on the Intellectual Property Intelligence Database has risen year on year.

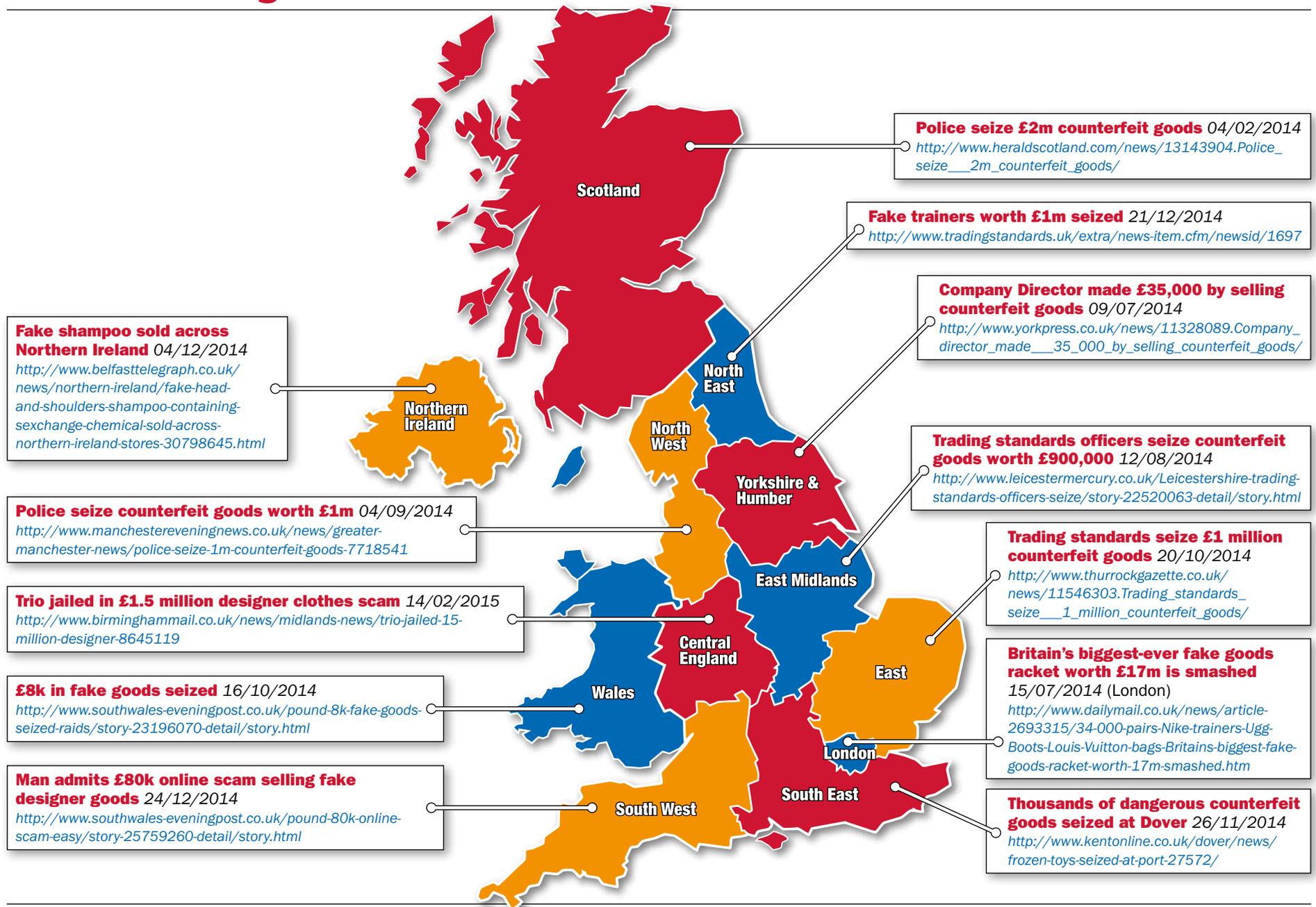


CPS Toolkit used

This year has seen a slight increase in the number of authorities that have used/ and not used the CPS Toolkit.



Counterfeit goods – links to IP crime news



EXAMPLES OF IP CRIME IN THE NEWS

April 2014

Police crackdown on fake goods sites 28/04/2014

<http://www.bbc.co.uk/news/technology-27187821>

Counterfeit goods crackdown sees 2,500 websites shut down 28/04/2014

<http://www.theguardian.com/money/2014/apr/28/counterfeit-goods-crackdown-websites-shut-down-pipcu>

PIPCU suspends 2,500 counterfeit websites in eight months 28/04/2014

<http://www.worldipreview.com/news/pipcu-suspends-2-500-counterfeit-websites-in-eight-months-6566>

May 2014

Forth Valley police seize counterfeit goods worth £2m 14/05/2014

<http://www.bbc.co.uk/news/uk-scotland-tayside-central-27412768>

Counterfeit gear worth £1m seized during raids in Cheetham Hill 26/05/2014

<http://www.manchestereveningnews.co.uk/news/greater-manchester-news/cheetham-hill-police-raids-counterfeit-7172849>

June 2014

Counterfeit street 15/06/2014

<http://www.mirror.co.uk/news/uk-news/counterfeit-street-sunday-mirror-investigates-3695230>

Aug 2014

Border Force officers seize more than a thousand fake Mulberry bags at Manchester Airport 21/08/2014

<http://www.manchestereveningnews.co.uk/news/greater-manchester-news/pictured-border-force-officers-seize-7649600>

Sept 2014

Police seize counterfeit goods worth £1m in North Manchester raids 04/09/2014

<http://www.manchestereveningnews.co.uk/news/greater-manchester-news/police-seize-1m-counterfeit-goods-7718541>

Border Force officers at Stansted Airport have seized thousands of imitation construction brick kits worth more than £18,000. 23/09/2014

<https://www.gov.uk/government/news/fake-toys-seized-by-border-force-at-stansted>

£10m Fake cosmetics seized by Border Force 25/09/2014

<https://www.gov.uk/government/news/10m-fake-cosmetics-seized-by-border-force>

Oct 2014

Suspended jail term for man caught selling counterfeit goods 09/10/2014

<http://www.newsletter.co.uk/news/regional/suspended-jail-term-for-man-caught-selling-counterfeit-goods-1-6349773>

Nov 2014

Dozens of people charged over counterfeit goods at Barras (06/11/2014)

http://www.eveningtimes.co.uk/news/13295925.Dozens_of_people_charged_over_counterfeit_goods_at_Barras/

Police seize £5m in fake goods 07/11/2014

<http://www.itv.com/news/granada/update/2014-11-07/police-seize-5m-in-fake-goods/>

Pre-Christmas raids by police and trading standards result in £5m fake goods haul and 37 arrests 07/11/2014

<http://www.manchestereveningnews.co.uk/news/greater-manchester-news/pre-christmas-raids-police-trading-standards-8064249>

Seized: Fake Disney toys and costumes that could burst into FLAMES 29/11/2014

<http://www.mirror.co.uk/news/uk-news/seized-fake-disney-toys-costumes-4718922>

Dec 2014

Hundreds of fake Frozen toys and clothes including pyjamas are seized amid fears they could burn or strangle children 01/12/2014

<http://www.dailymail.co.uk/news/article-2855882/Fake-Frozen-toys-clothes-seized-Nottinghamshire-County-Council-amid-fears-burn-strangle-children.html>

Counterfeit toys worth £500k bound for Christmas market are seized in Salford 03/12/2014

<http://www.manchestereveningnews.co.uk/news/greater-manchester-news/counterfeit-toys-worth-500k-bound-8222410>

Police seize £500,000 worth of potentially dangerous counterfeit Frozen, Toy Story and Peppa Pig toys destined for Christmas markets 04/12/2014

<http://www.dailymail.co.uk/news/article-2860533/Police-seize-500-000-worth-potentially-dangerous-counterfeit-Frozen-Toy-Story-Peppa-Pig-toys-destined-Christmas-markets.html>

Fake Frozen toys seized at Stansted Airport 10/12/2014

<http://www.bbc.co.uk/news/uk-england-esssex-30416519>

Trading standards officers catch men selling counterfeit goods through Facebook

10/12/2014

<http://www.walesonline.co.uk/news/local-news/trading-standards-officers-catch-men-8264591>

'Rodney Trotter' found selling counterfeit items on Facebook 18/12/2014

<http://www.tradingstandardswales.org.uk/news/news-item.cfm/newsid/213>

Jan 2015

Man's counterfeit goods empire uncovered - when someone tried to break into his car 13/01/2015

<http://www.walesonline.co.uk/news/local-news/mans-counterfeit-goods-empire-uncovered-8437807>

Gang traded in counterfeit goods 'on industrial scale' on Facebook 19/01/2015

<http://www.kentonline.co.uk/sheerness/news/businessman-jailed-after-fake-goods-30404/>

Man held by police after fake goods seized in organised crime raids 30/01/2015

<http://news.stv.tv/west-central/308467-man-held-by-police-after-fake-goods-seized-in-organised-crime-raids/>

Feb 15

The owner of a Leyton based company has been ordered to pay £100k in the next six months after being caught selling counterfeit goods 16/02/2015

http://www.guardian-series.co.uk/news/11795716.Businessman_hit_with___100k_bill_over_counterfeit_goods/

Facebook trader sentenced for selling fake merchandise 24/02/2015

http://www.barryanddistrictnews.co.uk/news/11814778.Facebook_trader_sentenced_for_selling_fake_merchandise/?ref=mr

Mar 2015

Police seize counterfeit goods during intelligence led operation 13/03/2015

<http://www.scotland.police.uk/whats-happening/news/2015/march/police-seize-goods-during-intelligence-led-operation>

Glossary

Alliance for IP

The Alliance for Intellectual Property

ACPO

Association of Chief Police Officers

ACG

The Anti-Counterfeiting Group

AFI

Accredited Financial Investigator

BASCAP

The Business Action to Stop Counterfeiting & Piracy

BEAMA

The British Electrotechnical and Allied Manufacturers Association

BIS

The Department of Business, Innovation and Skills

BPI

The British Recorded Music Industry

BSA

Business Software Alliance

BVA

British Video Association

CDPA

The Copyright, Designs and Patents Act 1988

CENTSA

Central England Trading Standards Authorities

COLP

Compliance officer for legal practice

The Commission

European Commission

CTSI

Chartered Trading Standards Institute

DCATS

Diploma in Consumer Affairs and Trading Standards

DCMS

Department for Culture, Media and Sport

DRS

Dispute Resolution Service

DGIPR

Directorate General of Intellectual Property Rights

ECC

Economic Crime Command

sECC

Shadow Economic Crime Command

EETSA

East of England Trading Standards Association

FACT

The Federation Against Copyright Theft

FASTIIS

The Federation Against Software Theft – Investors in Software

FI

Financial investigator

FICCI

Federation of Indian Chambers commerce and Industry

FSA

The Food Standards Agency

GAO

US Government Accountability Office

gTLD

generic top level domain

The Hub

Intellectual Property Office's Intelligence Hub

HSI

Homeland security Investigation

ICANN

The Internet Corporation for names and numbers

IAB

Internet Advertising Bureau

ICE

Immigration and customs enforcement

IFPI

International Federation of the Phonographic Industry

IFSP

International Federation of Spirits Producers

IPA

Institute of practitioners in advertising

IPEC

Intellectual Property Enterprise Court

IPOP

The Intellectual Property Online Protection group

IPTV

Internet Protocol television

ISBA

Incorporated Society of British Advertisers

IPAU

IP Authorisation Unit

ISP

Internet Service Provider

IWL

Infringing website list

JARD

Joint Assets Recovery Database

LOTSAs

The London Trading Standards Authorities Group

LOCOG

London Organizing Committee of the Olympic and Paralympics games

Met Police

Metropolitan Police Service

MHRA

Medicines and Healthcare products Regulatory Agency

MOU

Memorandum of Understanding

MPA

Music Publisher Association

NTSECC

National Trading Standards E-Crime Centre

NCA National Crime Agency	OLAF European Anti-Fraud Office	The Report IP Crime Report 2013/14	URL Uniform Resource Locator
NETSA North East [of England] Trading Standards Association	PA The Publishers Association	SAITG Scottish Anti Illicit Trade Group	URS Uniform Rapid Service
NIM National Intelligence Model	PACE Police and Criminal Evidence Act 1984	SBRC Scottish Business Resilience Centre	VOSA Vehicle and Operator Services Agency
NMG National Markets Group	PDDRP Post delegation dispute resolution procedure	SCOTSS The Society of Chief Officers of Trading Standards in Scotland	WHO World Health Organization
NTSB National Trading Standards Board	PLS Publishers Licensing Society	SPD Specialist Fraud Division	WHOTS Wales Heads of Trading Standards
NTT National Taxing team	POCC Proceeds of Crime Centre	SMEs Small and medium enterprises	WYTS West Yorkshire Trading Standards
The Observatory The European Observatory on counterfeiting and piracy	The Portal The Publishers Associations' Copyright Infringement Portal	SWERCOTS Trading Standards Partnership for the South West of England	YORKS/HUMB Yorkshire and the Humber Trading Standards Group
OCG Organized crime group	P2P Peer-to-peer	TMA Trade Marks Act 1994	
ODA Olympic Delivery Authority	POCA Proceeds of Crime Act	TSEM Trading Standards East Midlands	
OFCOM Office of Communication	PPA Professional Publishers Association	TSNW Trading Standards North West [of England]	
OGDs Other government departments	PIPCU Police Intellectual Property Crime Unit	TSSE Trading Standards South East [of England]	
OECD Organisation for Economic Co-operation and Development	PSNI Police Service of Northern Ireland	UKEA The UK Electronics Alliance	
OFT The Office of Fair Trading	PS Police Scotland	UKIE The Association for UK Interactive Entertainment	
OHIM The Office for Harmonization in the Internal Market	RART Regional Asset Recovery Team		

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This report is a publication of the IP Crime Group

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