



# The European Observatory on Infringements of Intellectual Property Rights

Techniques for the Detection, Investigation,  
and Prosecution of Offline IPR Infringement Cases

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IP Key SEA Workshop on the Fight Against Counterfeit Goods  
07-8 November 2024, Hanoi, Vietnam

[www.ipkey.eu](http://www.ipkey.eu)



## INDEX

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- The European Observatory on Infringement of Intellectual Property Rights
- Scale of the problem and latest trends
- Physical Marketplaces modus operandi and challenges
- Investigation steps from preparation to exploitation
- International Cooperation against IP Crime



# THE EUROPEAN OBSERVATORY ON INFRINGEMENT OF INTELLECTUAL PROPERTY RIGHTS



## EUROPEAN UNION INTELLECTUAL PROPERTY OFFICE (EUIPO) 30 Years of Excellence

Location: Alicante, Spain  
Established: 1994  
Missions: Protecting innovation and creativity  
Executive Director: João Negrão  
Staff: ± 1 200



### THE EUIPO'S KEY ROLE AND RESPONSIBILITIES

- Protects and manages **European Union (EU) trade marks, EU designs and Geographical Indications (GI)** for craft and industrial products covering the territory of the **27 EU Member States**.
- Is responsible for the **EU Register of Geographical Indications**.
- Promotes common services and standards with **National Intellectual Property (IP) Offices** of the EU for the benefit of businesses and citizens.
- Manages the **EU Observatory on Infringements of IP Rights**.
- Assists in strengthening the **enforcement of IP rights** and combats counterfeiting with a network of experts, specialist stakeholders and enforcement entities.
- Manages the Orphan Works Database, Out-of-Commerce Portal and Agorateka in the area of **copyright**.
- Collaborates with non-EU IP offices to promote and **strengthen IP systems worldwide**.
- Manages international **EU-funded IP projects** in Africa, America, Asia and Eastern Europe with a total budget of more than **€ 48 million**.
- Implements more than 100 extensions of **EU IP common practices** in third countries.

The Observatory is a department in the EUIPO and a Network

The European Observatory on Infringements of Intellectual Property Rights (Observatory) was established in 2009 to support the protection and enforcements of IPR and help to combat the growing threat of IP Crime





## OBSERVATORY'S OBJECTIVES

Build trust and respect for IP  
Support EU policies



to provide facts and evidence for use by policymakers in the formulation of effective IP policies



to create tools and resources to step up the fight against IP infringement



to raise awareness of IP and of the negative effects of counterfeiting and piracy

# FACTS AND EVIDENCE: 130 PUBLICATIONS AND STUDIES IN 12 YEARS

**IPR-intensive industries and economic performance in the European Union**  
Industry-level analysis report, fourth edition  
October 2022  
A joint project of the European Patent Office and the European Union Intellectual Property Office

Green EU trade marks - 2023 update

**EUROPEAN CITIZENS AND INTELLECTUAL PROPERTY: PERCEPTION, AWARENESS, AND BEHAVIOUR - 2023**

**Economic performance of IPR indicators 2022 edition, March 2023 update**  
IPR indicators for selected EU Member States  
10/2023

**IPR indicators for selected EU Member States 10/2023**

**Intellectual Property and Youth Scoreboard 2022**

**Women in design**

**Illicit Trade Dangerous Fakes**  
TRADE IN COUNTERFEIT GOODS THREATENING SAFETY AND ENVIRONMENTAL RISK

**Storage and destruction of seized counterfeit goods in the EU**

**Intellectual Property Owner Guide to Criminal Referrals in Intellectual Property Crime Cases**



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January 2024

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# Latest trends



## SCALE OF THE PHENOMENON IN THE EU

### Estimated economic damages to EU businesses

**€83**

billion

**Loss in sales  
in 11 key  
sectors**

**670 000**

**Jobs lost every year**

**SMEs particularly affected**





## COUNTERFEIT AND PIRATED GOODS ARE A GLOBAL PHENOMENON

Globally

€410  
billions

(\$ 464 billions)  
equal to 2,5%  
of global trade

In the UE

€119  
billions

(\$ 134 billions)  
equal to 5,8% of all  
importations in the EU

Illicit Trade  
Global Trade in Fakes  
A WORRYING THREAT

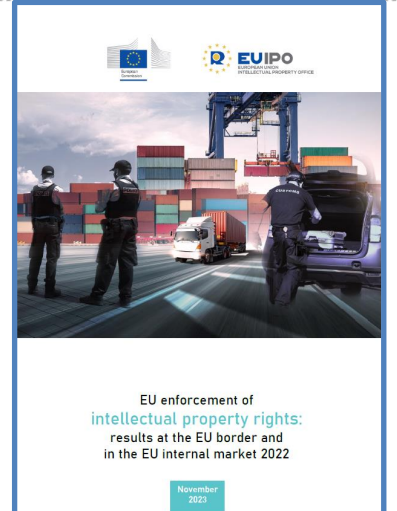
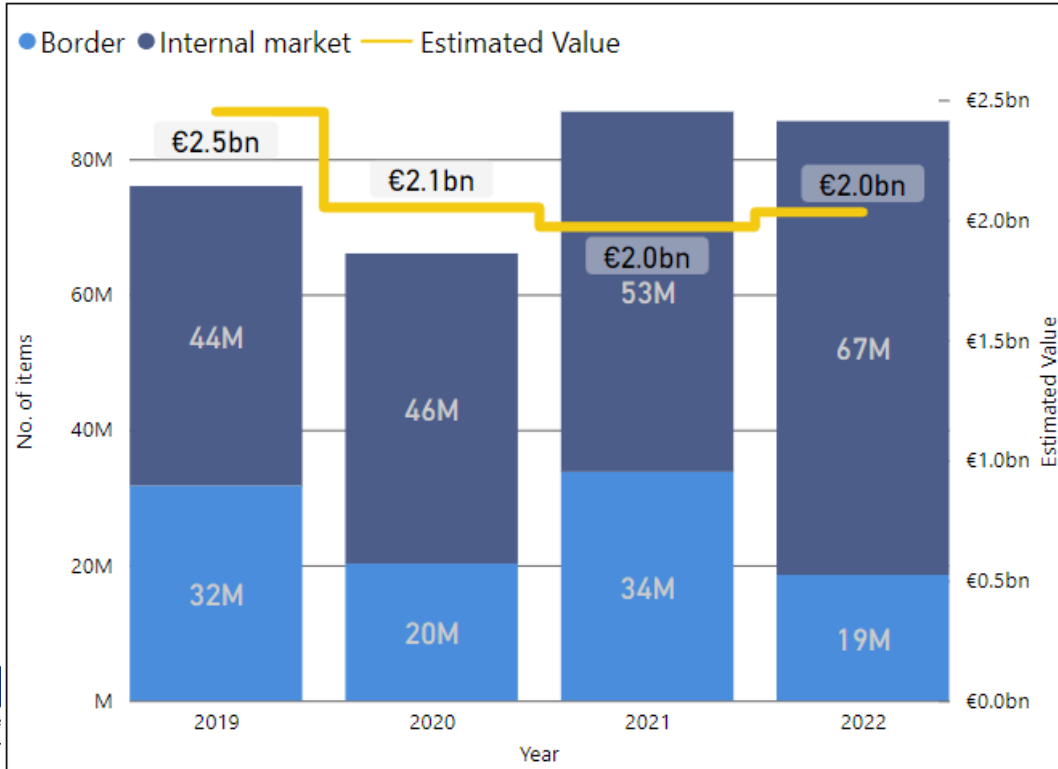
OECD EUIPO



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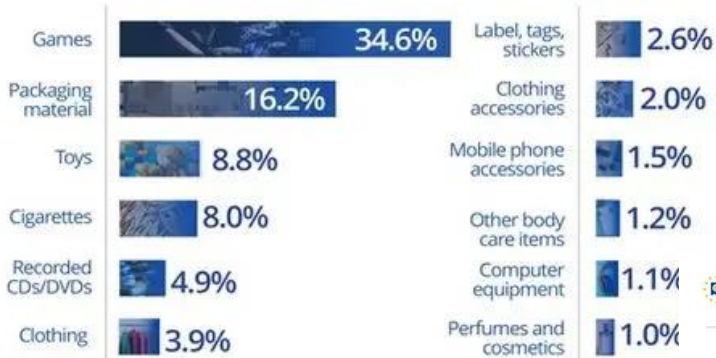
## QUANTITY AND ESTIMATED VALUE OF ITEMS DETAINED IN 2022 IN THE EU



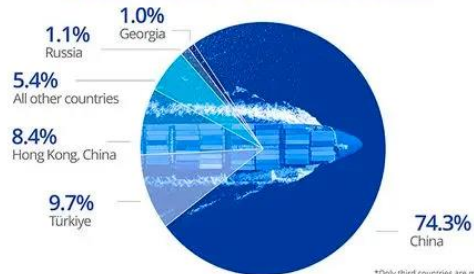
# TYPES OF SEIZED PRODUCTS AT EU LEVEL AND PROVENANCE



Top categories by number of detained articles overall in the EU



Top countries of provenance by number of articles detained



\*Only third countries are mentioned



EU enforcement of  
intellectual property rights:  
results at the EU border and  
in the EU internal market 2022

November  
2023



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# IP CRIME AND ITS LINK TO OTHER SERIOUS CRIMES

BRIBEY & CORRUPTION



DRUGS TRAFFICKING



EXCISE FRAUD



FOOD FRAUD



FORCED LABOUR



ILLEGAL WEAPONS POSSESSION



MANSLAUGHTER



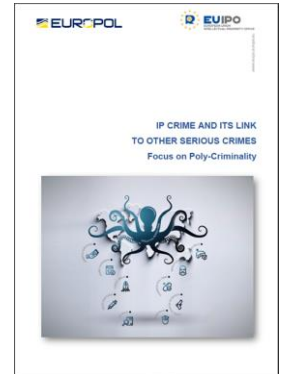
MONEY LAUNDERING



PHARMACEUTICAL CRIME



VAT FRAUD

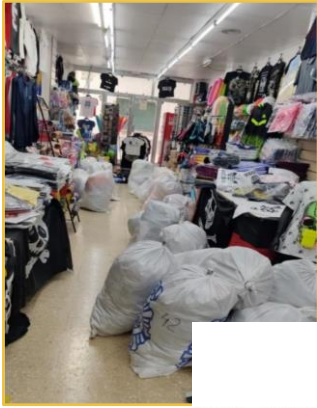




## Physical markets



## THE CHANGING LANDSCAPE OF COUNTERFEITING



As e-commerce continues to grow and evolve, physical marketplaces in Europe are experiencing a decline in popularity

The COVID-19 pandemic significantly accelerated this shift

Nonetheless, **physical markets** and stores remain common venues for the **sale of counterfeit** clothing, accessories, and luxury items.



## PHYSICAL MARKETS



## PHYSICAL MARKETPLACES

### Challenges

- High number of vendors
- Lack of public-private cooperation
- Lack of consumer awareness
- Storage of seized goods
- Environmentally friendly destruction







## Investigation steps



## INVESTIGATION LEADING UP TO DAY OF ACTION

### Initial Investigation

- Identify relevant intellectual property rights (IPRs)
- Seek prior right holder cooperation
- Public records and Open Source Intelligence on the potential targets
- Surveillance and interception of telecommunication if law allows





## Day of Action



## DAY OF ACTION

### Action Points to Remember!

- Protect the area to preserve any evidence on the store shelves, floor or adjacent areas, products and IT equipment
- Document the outlet using photographs of the product shelves, surrounding area, and any shots which would provide information on the product, its location and store layout
- Prioritize arrests





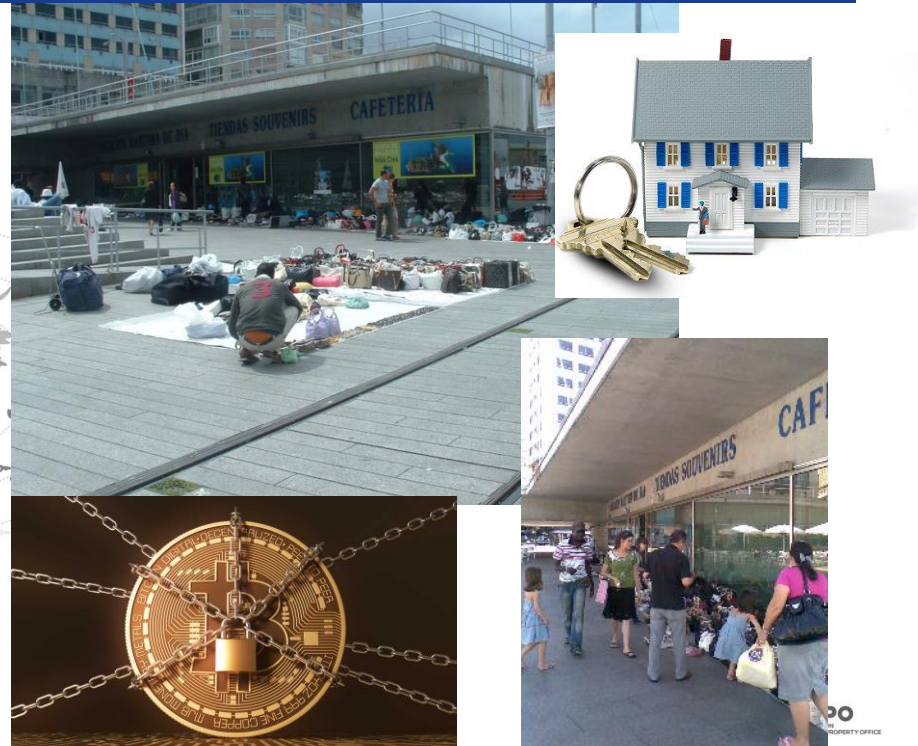
## Investigation after Day of Action



## INVESTIGATION AFTER DAY OF ACTION

### Investigation Methods

- Follow the Goods
- Follow the Money
- Follow the Crypto





# International Cooperation



## INTERNATIONAL COORDINATED CASES – FOOD AND BEVERAGES

### Case example

#### OPSON X - a Europol - INTERPOL joint operation against fake and substandard food and beverages ( <sup>54</sup> )

*Since 2017, Europol and Interpol coordinated ten editions of Operation OPSON, a joint effort targeting fake and substandard food and beverages.*

*The last edition of the operation involved law enforcement authorities from 72 countries, including 26 EU Member States. The operation was supported by the European Anti-Fraud Office (OLAF), EC DG SANTE, EUIPO, national food regulatory authorities and private-sector partners.*

*The most recent operational results include operation led to:*

- *the seizure of **15 451 tonnes** of illicit products with a value of about **EUR 53.8 million***
- *the disruption of **42 criminal networks***
- *other results*

*IPR infringing foodstuffs and drinks detected by law enforcement include a very diverse range of luxury foods and drinks, both alcoholic and non-alcoholic.*



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### Case example

#### ORO GIALLO – 150 000 LITRES OF FAKE EXTRA VIRGIN OLIVE OIL SEIZED ( <sup>44</sup> )

*In 2019, Italian and German law enforcement authorities arrested **20 individuals** and seized **150 000 litres of fake olive oil** violating geographical indications of origin, worth up to **EUR 8 million**. The criminals modified the colour of low-quality oils by adding chlorophyll, beta-carotene and soya oil. The criminal network was tampering with large quantities of sunflower oil in Italy, in order to sell it as extra-virgin oil on the German market including to restaurants and shops. The production at the olive oil mill was carried out in unsanitary conditions. Some of the workers were responsible for the production and packaging, while others were responsible for the delivery of the fake oil in lorries every two weeks. The ingredients to produce the counterfeit oil were partly imported from other Member States and partly from non-EU countries.*

*Counterfeit food and drink products are often produced in settings with inadequate hygiene, using substandard and even harmful ingredients. As such, they constitute a significant risk to the health and safety of consumers.*



## INTERNATIONAL COORDINATED CASES - PESTICIDES

### OPERATION SILVER AXE – A GROWING EFFORT AGAINST ILLICIT PESTICIDES

In 2015, Europol launched Operation Silver Axe targeting the illicit pesticide trade. Silver Axe is organised annually together with the European Union Intellectual Property Office (EUIPO), Member States, third countries and third parties from the public and private sectors. Cooperation with private industry remains crucial to tackling this criminal activity. The European Anti-Fraud Office (OLAF) joined Operation Silver Axe II and has since then provided Europol and Member States with intelligence on suspicious containers of pesticides shipped into the EU.

Six editions of Operation Silver Axe led to the seizure of **3 771 tonnes** of illegal pesticides. The operation has evolved over time to shift focus from checks at major seaports, airports and inland borders to targeting parcel deliveries, online markets and production and repackaging facilities in the EU. In 2020 and 2021, Silver Axe operations resulted in the seizure of **2 549 tonnes** worth up to **EUR 174 million**.



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With the  
**550 tonnes**  
of counterfeit pesticides seized



You can spray an area of  
**49 000 Km<sup>2</sup>**  
and this is enough to cover  
the whole of Estonia\*

\*a estimation of the possible use rate of the found product



## INTERNATIONAL COORDINATED CASES - PHARMACEUTICAL PRODUCTS

### Operation Shield

Between March and September 2020, Europol coordinated Operation Shield, a global effort to target the trafficking of counterfeit and misused medicines and doping substances. The Operation was led by Finland, France, Greece and Italy and involved 27 countries (19 EU Member States and 8 third-party countries), OLAF, and the private sector.

The Operation led to the disruption of **25 criminal networks**. It resulted in nearly **700 arrests** and the seizure of more than **25 million** units of counterfeit anti-cancer drugs, erectile dysfunction medicines, pseudoephedrine, various doping substances, analgesics, antioestrogens, antivirals, hypnotics, antihistamines and anxiolytics. The seizures were worth nearly **EUR 73 million**. In addition, **10 clandestine laboratories** were seized, **453 websites** shut down and another **4 009** monitored. As part of the Operation, **536 doping inspections** were performed, as well as controls on **650 athletes**.

Operation Shield also highlighted how emerging pharma crime is linked to the COVID-19 pandemic, with the seizures of almost **33 million** medical devices, **8 tonnes** of raw materials, chemicals and antivirals and **70 000 litres** of hygienic sanitisers.



## INTERNATIONAL COORDINATED CASES - TOYS

### Operation LUDUS

Between October 2020 and January 2021, Europol led the first edition of Operation LUDUS with the support of OLAF and EUIPO. The operation targeted counterfeit toys and involved the participation of 24 countries.

The operation led to:

- close to 5 million toys seized for a total value exceeding EUR 16 million
- 4 768 inspections carried out
- 44 127 samples tested in laboratories
- 125 judicial cases opened
- 11 individuals arrested

**4 768**

inspections carried out

**51**

online markets checked

**44 127**

samples tested in laboratories



Large seizure of illicit toys by the Italian authorities during LUDUS I.



## Conclusions

- Close cooperation between rights holders and enforcers and the quality of the information shared, are of key importance for enforcement work, both at the EU border and in the EU internal market;
- International cooperation is very often necessary since by nature this kind of crime is transnational;
- Intelligence-driven law enforcement actions and prevention measures. This would also help to counteract the difficulties law enforcement agencies face in increasing controls of the supply chain, due to shortages in enforcement resources dedicated to IPR;
- Increase information and training on IP rights that are more difficult to understand than trade marks, in order to help enforcement authorities to become accustomed to identifying the remaining, not always so evident, infringed IP rights.





**THANK YOU**

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