

# Intellectual Property Infringements

## Risks and Dangers behind the Phenomenon

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The aim is to demonstrate the importance of protecting and enforcing intellectual property rights (IPRs) from different perspectives, not only within the dimension of the European Union (EU) but also in relation to certain global actors. The research looked at specific product categories, and their threats to determine which products pose a direct or indirect threat or risk to users, consumers, or the environment. It also focused on the connection with other serious crimes.

The research systematically collected, analysed and evaluated reports and studies that are part of the relevant international literature.

The study is based on comprehensive statistics and reports published by the European Union Intellectual Property Office (EUIPO), the Organisation for Economic Co-operation and Development (OECD), the World Customs Organisation (WCO) and other relevant EU and non-EU organisations.

The IPRs are crucial for the economy of the EU. The IP sensitive industry is responsible for 47.1% of the GDP and 29.7% of employment. On average, 13% of citizens in the 27 EU countries have intentionally bought counterfeit products, during the period under review. The analysis reveals numerous harmful consequences of counterfeiting, such as endangering the health and lives of consumers, non-fulfilment of state revenues and the damage caused to economic operators. In addition to an overview of the problems and an assessment of the hazards, the author has also considered the responses and suggestions for solutions from public – law enforcement authorities and the private sector.

Given that the proportion of people aged 15 to 24 who deliberately bought counterfeit goods was twice as high as the average of the EU citizens of all ages, in cooperation with the IP enforcement community, particular attention should be paid to awareness-raising and training and education of youngsters.

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## Introduction

The threat of counterfeiting is manifold and well documented, but the real scale of the threat can only be based on assumptions. To get around this, it is worth reviewing the relevant literature at a global level first and then moving to a regional level. According to the Belgium-based World Customs Organization (hereinafter: WCO) report, 43.7 million pieces of counterfeit goods were seized in 2022,<sup>2</sup> while in 2023,<sup>3</sup> 98 million pieces. The reports treat medical and pharmaceutical products separately, with 5,442 seizures of 221 million pieces and 195 tonnes in 2022 and 4,434 seizures of 158 million pieces and 338 tonnes in 2023. It should be noted that these figures exclude the last two quarters of seizure data from the United States of America for the year 2023.

According to a joint study<sup>4</sup> by the European Union Intellectual Property Office (hereinafter: EUIPO) and the Organisation for Economic Co-operation and Development (hereinafter: OECD), in 2019, around 2.5% of world trade was affected by counterfeiting and piracy, equivalent to approximately €412 billion, and 5.8% of EU imports were affected by counterfeiting and piracy in the same year, equivalent to €119 billion. More information on the European Union (hereinafter: EU) figures is available by reviewing the latest edition of the so-called detention report<sup>5</sup> produced as a result of the joint work of the Directorate-General for Taxation and Customs Union (DG TAXUD) of the European Commission (hereinafter: EC) and the EUIPO.

On average, nearly 80 million items are detained or seized annually by EU authorities in the internal market (dark blue) or through customs procedures (light blue). The yellow line represents the value of the goods seized/detained, which is around €2–2.5 billion. The assumed volume of EU imports and the amount of goods seized or detained by the authorities, and the unknown amount of intentional or negligent purchases of counterfeit products, put the EU economy as a whole at risk. A report<sup>6</sup> on the IPR-intensive sectors of the economy, jointly compiled by the European Patent Office (EPO) and the EUIPO, finds that these sectors accounted for, on average, nearly 30% of the jobs in the EU and 47% of Gross Domestic Product (GDP) in the period under review (2017–2019). This translates into 61 million jobs and €6.4 trillion.

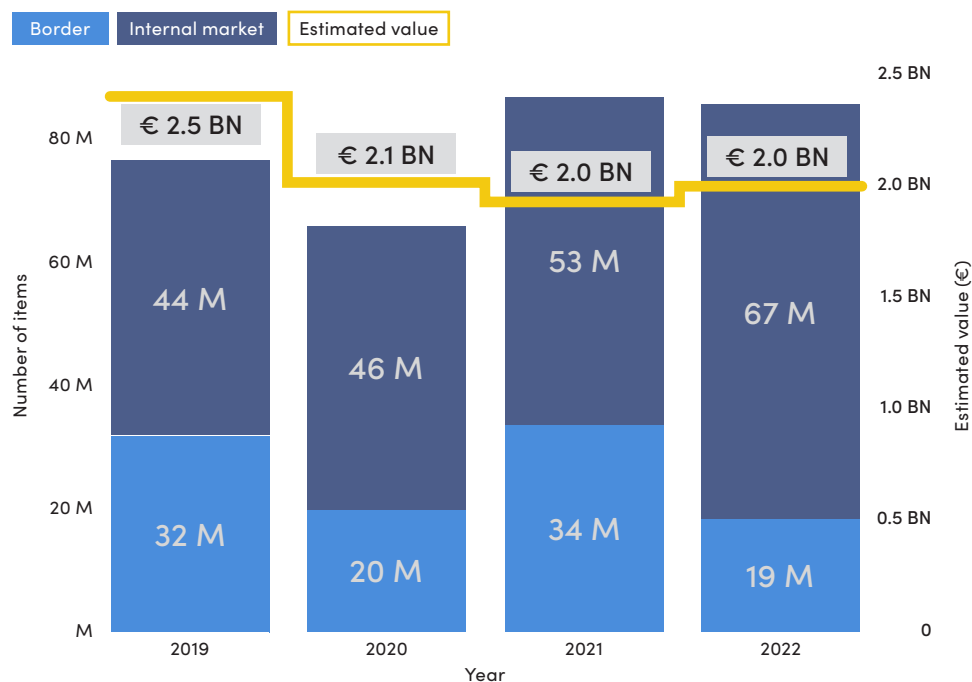
<sup>2</sup> World Customs Organization 2023: 187.

<sup>3</sup> World Customs Organization 2024a: 170.

<sup>4</sup> European Union Intellectual Property Office – Organisation for Economic Co-operation and Development 2021: 4.

<sup>5</sup> European Union Intellectual Property Office 2023a.

<sup>6</sup> European Union Intellectual Property Office – European Patent Office 2022: 17.



*Figure 1: Enforcement of intellectual property rights in the EU: results at EU borders and in the EU internal market in 2022*

Source: European Union Intellectual Property Office 2023a

However, the economic interests at stake are secondary to the risks and dangers to the life and physical safety of citizens. A study<sup>7</sup> published by the EUIPO provides a summary of the numerous alerts transmitted through the EC Rapid Exchange of Information (RAPEX) system on potentially dangerous products that carry the potential for electric shock, choking, fire, hearing damage and other injuries. From 13 December 2024, the RAPEX system will be known as the Safety Gate Raid Alert System in view of the Regulation (EU) 2023/988 of the European Parliament and of the Council of 10 May 2023 on general product safety. This system contains information on non-food commodities, with the exception of healthcare products. In the context of the warning messages, it will be possible to indicate whether the product is counterfeit or not. Product categories include, among others:

- clothing, textiles and fashion items
- cosmetics
- motor vehicles
- toys

<sup>7</sup> European Union Intellectual Property Office 2019.

In this work the different categories will be reviewed in line with the above categories in order to identify the threats to consumers. At the same time, some other product categories not mentioned are also included, in view of their potential negative impact on the population and possibly on the environment. In this process, not only the above-mentioned report has to be relied upon, but also more reports and studies will be systematically collected, analysed and evaluated as part of a secondary research, as part of the relevant international literature, have been used, complemented by the author's professional experience.

## Products posing the greatest risk

We are facing a phenomenon of complex risks<sup>8</sup> from multiple sources. Counterfeit products pose a threat to the economy, the personal safety of consumers and the natural environment. The aim of this work is not to quantify specific risks, but rather to evaluate the characteristics, scale and potential impact of damage across the following product categories:

- toys
- clothes, cosmetics
- healthcare products
- plant protection products, improved plant varieties
- food and drink
- spare parts
- semiconductors

### *Toys*

The threat is described in detail by the European Union Agency for Law Enforcement Cooperation (hereinafter: Europol) in its report<sup>9</sup> on international law enforcement operation LUDUS I. Two thirds of the seized goods were toys for babies, the most vulnerable members of society, which were put at increased risk of choking or poisoning due to the use of poor-quality paint of unknown origin. The results of the operation coordinated jointly with the EUIPO and OLAF can help in assessing the scale of the phenomenon. Operation LUDUS I, which ran from 19 October 2020 to 31 January 2021, involved 24 countries and resulted in 4,768 checks and seizures of nearly 5 million items – of which nearly 10% were counterfeit – worth €16 million. A total of 11 people were arrested. According to the EUIPO study<sup>10</sup> focusing on specific sectors, the toy sector is smaller than the clothing and cosmetics sectors, but it suffers from the highest loss of sales due to counterfeiting in the period under review (2018–2021). This loss represented an 8.7% drop in sales, a loss of €1 trillion and 3,600 job losses.

<sup>8</sup> CSABA–GECSEI 2021: 134.

<sup>9</sup> European Union Agency for Law Enforcement Cooperation 2022a: 14.

<sup>10</sup> European Union Intellectual Property Office 2024a: 7.



*Figure 2: Dangerous, fake children's toys*  
Source: RAPEX 2017

The EUIPO study<sup>11</sup> focusing on products that pose a risk to users describes a case study in which the Cypriot market surveillance authorities found a battery-powered multifunctional toy that infringed IPRs. The panel holding the batteries was not properly fixed as shown in the Figure 2, making the batteries accessible and even ingestible by children. The toy did not comply with the relevant toy safety directive requirements.

### *Clothes, cosmetics*

Both categories were merged for the purposes of the analysis, as they were the unified scope of the international law enforcement operations Fake Star.<sup>12</sup> The operation, coordinated by the Spanish Policia Nacional, involved authorities from a further 18 countries and was supported by a number of EU agencies – Europol, OLAF, EUIPO and the European Union Agency for Criminal Justice Cooperation (EUROJUST) – to ensure its success. While the first operation seized nearly 2 million counterfeit products worth €87 million with 378 arrests, the second operation seized nearly 14 million counterfeit products worth €121 million with 264 arrests. The vast majority of the products seized<sup>13</sup> – nearly 8.5 million items – were counterfeit clothing, footwear and accessories, but also included counterfeit toothpaste, detergent, bed linen and even lighters. A common characteristic is that these products are in direct contact with the user and that the unauthorised chemical ingredients of unknown origin can be dangerous to the health of users. According to the aforementioned EUIPO study<sup>14</sup> focusing on specific sectors, the clothing sector recorded a 5.2% drop in sales due to counterfeit goods over the period under review (2018–2021), which translates into a loss of €12 billion in revenue and 160,000 job losses.

<sup>11</sup> European Union Intellectual Property Office 2019: 29.

<sup>12</sup> European Union Intellectual Property Office 2023b.

<sup>13</sup> European Union Intellectual Property Office 2023b.

<sup>14</sup> European Union Intellectual Property Office 2024a: 27.



*Figure 3: Dangerous, counterfeit clothing and cosmetics*

*Source: RAPEX 2015a*

The EUIPO study<sup>15</sup> includes case studies in both categories. The counterfeit children's sports clothing shown in the Figure 3 was found by the Bulgarian authorities and as the cords of the hood are too long, they could get caught and cause strangulation, for example during play. The findings of a report by the Spanish Asociación Nacional de Perfumería y Cosmética (hereinafter: STANPA) on counterfeit cosmetics are also presented. The laboratory commissioned by STANPA tested one genuine and one fake perfume. It was found that the original product contained 36 compounds, of which only 14 were present in the counterfeit product at lower concentrations. The other compounds did not match those in the original product and therefore pose a chemical hazard risk as the product, making it dangerous as it was likely not authorised. During the investigation, several samples were checked, and it was found that "diethylene glycol, found exclusively in the counterfeits, is a toxic substance whose use, beyond mere traces is forbidden in cosmetics".

### ***Healthcare products***

The international law enforcement operation, code-named STOP III, took place between 4 and 15 December 2023 with the participation of 111 customs authorities. The operation was coordinated by the WCO, with the International Olympic Committee (IOC), OLAF and the International Criminal Police Organization (Interpol) as partners. Preparatory meetings were held prior to the operation, with 230 participants. During the operation,<sup>16</sup> 48 customs authorities reported detections, representing 894 cases and 1,488 seizures, representing more than 45 million seized products, of which 43.5 million were illicit medicines and medical devices and 1.1 million goods infringing IPRs.

A joint EUIPO–OECD report<sup>17</sup> identified a number of harmful effects of trade in counterfeit medicines. It is estimated that between 72,000 and 169,000 children die each year from pneumonia and an additional 116,000 deaths linked to malaria derive from treatment with counterfeit medicines. The reputation of the legal participants in

<sup>15</sup> European Union Intellectual Property Office 2019: 23.

<sup>16</sup> World Customs Organization 2024b.

<sup>17</sup> European Union Intellectual Property Office – Organisation for Economic Co-operation and Development 2020: 12.

the pharmaceutical market is damaged by the counterfeit products. More than 80,000 jobs in the sector are at risk. At the national level, a significant loss of revenue could be as high as €1.7 trillion for EU Member States. Further harm to the health of patients treated with counterfeit medicines will mean additional costs for national level budgets. The production of counterfeit products can lead to serious environmental – toxic – contamination. During the Covid-19 pandemic, it became evident that organised crime groups (hereinafter: OCGs) can adapt very quickly to changes in circumstances and new business opportunities. Fake or poor quality medical and personal protective equipment was sold online and offline, and even managed to penetrate the legal supply chain. Fake Covid-19 vaccines were also identified later in the pandemic, according to the joint EUIPO and Europol study.<sup>18</sup>

### *Plant protection products, improved plant varieties*

A mention of pesticides is essential in the context of adulteration and environmental damage. Pesticides are a highly controlled product, as unknown, unauthorised or untested active substances pose a serious threat to the environment through severe toxic pollution, primarily to soil and groundwater, and to human life and health. The entire food supply chain is under threat, both economically and reputationally. The number of people who are at risk caused by the movement of illegal chemical goods or a traffic accident is also worth mentioning, as they may come into contact with chemicals of unknown origin and chemical properties – e.g. firefighters. In recognition of this, the eighth edition of the international law enforcement operation Silver Axe has taken place involving authorities from 32 countries and several EU bodies, as well as the private sector. In the end, more than 2,000 tonnes of illegal pesticides were seized, resulting in the withdrawal of nearly 7,000 tonnes from the market since the start of the operation.<sup>19</sup> Understanding the danger posed by the seized quantity can be aided by information shared during a previous operation,<sup>20</sup> which revealed that 360 tons of counterfeit pesticides could be enough to spray 48,000 square kilometres, an area approaching the size of the United Kingdom's arable land.

In the author's view, the range of products can be associated with improved plant varieties that can be protected by plant variety rights (hereinafter: PVRs). The topic is linked to a much more complex issue, or more precisely, challenge. There is growing support from society at large for protecting our environment and tackling the degradation and climate change that is affecting the whole planet. This has also been recognised by EU policy makers and is partly the reason for the European Green Deal.<sup>21</sup> Improved crop varieties are particularly important in achieving the desired goals, as they can have a number of remarkable characteristics such as more intensive drought tolerance, reduced water requirements or higher yields. These characteristics<sup>22</sup> are particularly important in

<sup>18</sup> European Union Intellectual Property Office 2022: 22.

<sup>19</sup> European Union Agency for Law Enforcement Cooperation 2023b.

<sup>20</sup> European Union Agency for Law Enforcement Cooperation 2018a.

<sup>21</sup> European Commission 2019.

<sup>22</sup> International Seed Federation 2017.

the light of what experts predict for the 2050s, such as a population of almost 9 billion, decreasing land capacity or increasing water demand. Protecting PVRs is key to sufficient food supply and food safety. Adulteration in this area is both a threat to food safety and a threat to the investment of plant breeders, which can only be profitable in the longer term due to the long research and development (R&D) period.

EUIPO has carried out a joint study<sup>23</sup> with the Community Plant Variety Office (CPVO), – the EU institution responsible for the administration of the Community Plant Variety Right (hereinafter: CPVR) system – to gain a broader understanding of the characteristics of the area. The study concludes that without CPVR, an IPR, EU citizens would face higher food prices. The innovation protected by the CPVR provides food (fruits, vegetables, etc.) to tens of millions of people. On the economic side, it generates approximately 90,000 direct jobs, while indirectly the sector has an impact on 800,000 jobs and its contribution to GDP is estimated at €13 billion. On the environmental side, impressive figures are also available, with annual greenhouse gas (GHG) emissions reduced by 62 tonnes. This amount is almost equal to the total greenhouse gas emissions of Hungary, Ireland or Portugal. In addition, water use in agriculture and horticulture is reduced by more than 14 billion cubic metres, which is the equivalent of a third of the volume of Lake Constance. Infringements threaten the innovations that secure these results.

### *Food and drink*

In the context of food safety, it is inevitable to review the OPSON series of operations to combat substandard or counterfeit food and beverages intended for human consumption, which was conducted for the 12<sup>th</sup> time in 2023, with the participation of EU agencies and the private sector, as well as 25 Member States. Thanks to 400 checks reported<sup>24</sup> to Europol, 6 criminal networks were dismantled, 8,000 tonnes of illicit products and 6.5 million litres of mostly alcoholic liquids were removed from the market, among other things. The range of products seized is very wide, which also serves to raise awareness of the scale of the phenomenon. In addition to the alcoholic beverages already mentioned, cereals and cereal products, sweets, fruits, meat, dairy products and food supplements were also affected. The modus operandi is broad, for example, relabelling of expired products or preventing the traceability of the origin of the product. In terms of IPRs, infringements of geographical indications (hereinafter: GI) are the most common, where protected designations of origin (PDO) or protected geographical indications (PGI) are infringed. Examples include a cheese protected by a GI which is not produced in the way that is typical of the region, is not made from the specified raw material or is not produced there. There is no link between the quality characteristics of the product and its region of origin, which is typical of a legitimate product.

The above shows that counterfeit, poor quality food and drink products pose a particularly significant threat because of the wide range of products that can reach consumers once they enter the legal supply chain. Although the following example fortunately does not illustrate this, the dangerous fake product did not enter the legal supply chain, but it

<sup>23</sup> Community Plant Variety Office – European Union Intellectual Property Office 2022: 9.

<sup>24</sup> European Union Agency for Law Enforcement Cooperation 2023c.

did reach a small group of consumers and caused a disaster. Just before Christmas 2017, nearly 20 people in Eastern Hungary were hospitalised with symptoms of poisoning. The investigation<sup>25</sup> found that the unknown composition of alcoholic liquid came from the same place and was sold in bottles of original alcohol products by a local offender who produced poisonous drinks on his farm. Two of the victims taken to hospital later died.

### *Spare parts*

Continuing with the overview of the broad categories of products that pose a risk, the danger posed by counterfeit car parts deserves particular attention. Furthermore, the importance of this sector is critical for the EU economy. In order to map and better understand the phenomenon and to enhance cooperation, operation Spare Off was implemented in 2022.<sup>26</sup> In addition to the 18 participating countries, EU agencies and the private sector have contributed to achieving the objectives. Many dangerous items were identified during the operation, such as body and crash parts (e.g. bumpers, brake pads), safety equipment (e.g. airbags), diagnostic equipment and software or other related products such as mugs, key rings, caps, etc.

The Europol report<sup>27</sup> from 2023, which assesses the threat posed by financial and economic crime, specifically mentions counterfeit car parts as a growing threat to safety and the environment. One of the biggest dangers, as with food and medicines, is that these counterfeit products can enter the legal supply chain and reach an even wider range of users. Counterfeit products pose a threat not only to those who buy and use them, but also to other road users. The use of counterfeit diagnostic tools carries the risk that incorrectly calibrated equipment and components will not work according to the manufacturer's parameters, endangering the user and polluting the environment, for example in the case of potentially unjustified increases in fuel consumption and emissions. In its study on the potential risks to users, the EUIPO gives the example of counterfeit branded racing



*Figure 4: Finding a product with a re-labelled expiry date – excerpt from an awareness-raising video*

Source: European Union Agency for Law Enforcement Cooperation 2018b

<sup>25</sup> Police Headquarters of Hajdú-Bihar County 2017.

<sup>26</sup> European Union Intellectual Property Office – European Union Agency for Law Enforcement Cooperation 2022.

<sup>27</sup> European Union Agency for Law Enforcement Cooperation 2023a: 43.

harnesses. These posed a serious risk of injury as the harness could fail at several points and the passenger could be thrown from the vehicle in the event of an accident.



*Figure 5: Car parts potentially involved in counterfeiting*

Source: RAPEX 2015b

### **Semiconductors**

In the context of the aforementioned large-scale threat, the aftermath of the Covid–19 pandemic and the risk of infiltration into the legal supply chain, it is essential to review counterfeit semiconductor products. The protection of topographies of semiconductor products is a specific form of IPR, the purpose of which “is to prevent original microchip or integrated circuit designs from being copied and subsequently commercialised, either as they are, or in any product in which they are incorporated” according to a summary of Directive 87/54/EEC<sup>28</sup> on the legal protection of topographies of semiconductor products. Semiconductors are becoming an increasingly important commodity, essential components of the electronic devices that make our lives easier. Industrial production declined as a result of the Covid–19 pandemic, and after the pandemic, the production could not

<sup>28</sup> European Union 2020.

keep up with the sudden increase in demand. Even though more than 1 trillion microchips were produced in 2021, the automotive industry, for example, suffered from a shortage.

Shortage and demand are the watchwords for OCGs, capable of rapid adaptation, as already seen in the case of healthcare products. This is of course known to enforcement bodies, which is why an international conference<sup>29</sup> on the subject was held in 2022 in cooperation between OLAF and the EUIPO. The already cited Europol report<sup>30</sup> also assesses the threat to the sector, as the infiltration of counterfeit semiconductors into the legal supply chain can cause failures in critical infrastructure, endangering health, transport and even military defence systems. For example, in case of an aircraft involved in air transport, where dozens of passengers may be killed, or in case of a submarine related to the military industry, where the lives of the crew and the vessel, which is of significant value, may be at critical risk of failure due to the use of a counterfeit component. For private devices, the possibility of data theft or loss could increase.

### *Possible attempts at a solution*

The risks to consumers' lives and health, economic damage and lost revenues have all led policy makers to respond to this threat, which is why they have included IP crime as part of the priorities of the four years long policy cycle, European Multidisciplinary Platform Against Criminal Threats, better known as EMPACT.<sup>31</sup> This policy cycle provides a clear concept, a management environment to set, implement and evaluate priorities in the fight against organised and serious international crime, such as IP crime. The ultimate objective is to tackle – identify, prioritise and address – the most important threats with the cooperation of the IP enforcement community (including the EUIPO, EU law enforcement bodies, private sector and the competent authorities of the Member States). The current cycle expires at the end of 2025. The European Council (EC) is expected to decide on the priorities for the next cycle (2026–2029) in 2025. The decision relies heavily on the Serious and Organised Crime Threat Assessment (SOCTA) report,<sup>32</sup> prepared by Europol.

Keeping IP crime within EMPACT priorities is one of the main goals for the IP enforcement community.

This intelligence-led and evidence-based EU initiative was first implemented in 2012. Based on the priorities, the Operational Action Plans (OAPs) have specific operational actions to tackle specific crime areas, such the above-mentioned international operations: OPSON, Fake Star or Spare Off. One of the most important goals is to gather, exchange and cross-check information to act as effectively as possible against the threat. This element is crucial to detect any relation, any link to other criminal activities. In relation with the current study, the term *polycriminality* means that OCGs are involved in more than one criminal activity. As counterfeiting is a very lucrative illegal activity with high profit and relatively low risks – low chance of detection and lower sentences compared to other

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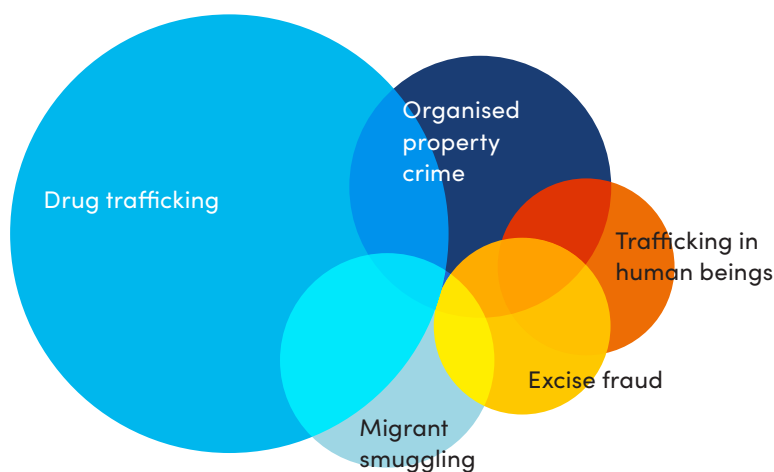
<sup>29</sup> European Anti-Fraud Office – European Union Intellectual Property Office 2022.

<sup>30</sup> European Union Intellectual Property Office 2022: 13.

<sup>31</sup> European Union Agency for Law Enforcement Cooperation 2022b.

<sup>32</sup> European Union Agency for Law Enforcement Cooperation 2025.

## Involvement of OCGs active in the EU in different crime areas



*Figure 6: Representation of polycriminality by OCGs*

*Source:* European Union Agency for Law Enforcement Cooperation 2017

types of crime –, it offers a great opportunity for OCGs, to support one criminal activity with another or run parallel activities. These linkages are described in detail, along with a number of specific examples, in a joint EUIPO and Europol report<sup>33</sup> on polycriminality.

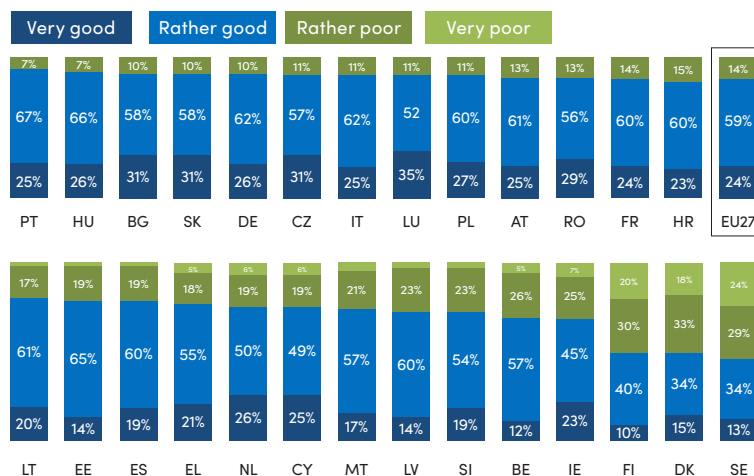
In addition to IP offences, other crimes that occur most frequently include money laundering, drug production and trafficking, and VAT fraud. This was the case in the context of the Love2shop case,<sup>34</sup> where the perpetrator was arrested and charged with fraud and money laundering in the United Kingdom. The IP criminal created a deceptive, fraudulent website that closely resembled the legitimate Love2Shop site and linked it to a domain name nearly identical to the original. Through this misleading website, he managed to obtain the details of 12,000 credit cards and nearly 200 PayPal accounts.

In conclusion, EMPACT provides better visibility, effective cooperation and joint action, which help to facilitate awareness-raising activities. An example of this is the publication<sup>35</sup> of the EMPACT achievements for the year 2023, which shows that 1,096 arrests and 1,406 investigations were initiated in that year. The various operations, some of which are described below, resulted in the seizure of 25.4 million counterfeit cosmetics and body care items, 8.5 million counterfeit clothes and garments, 2,040 tonnes of fake or illegal pesticides and €19 million of toys packages. As the Silver Axe operation against illegal pesticides was not carried out under the EMPACT umbrella, the results of the operation may have been misreported.

<sup>33</sup> European Union Intellectual Property Office 2020: 4.

<sup>34</sup> BBC News 2021.

<sup>35</sup> General Secretariat of the Council of the European Union 2023: 27.



Q1: Personally, would you say that you have a very good, rather good, rather poor or very poor understanding of the meaning of the term "intellectual property"? (Total base; n = 25,824)

*Figure 7: Understanding of the term IRP by EU countries*  
Source: European Union Intellectual Property Office 2023c

## Society's attitude to the phenomenon

It can be concluded from the above that the key to effective response is broad cooperation, which should not happen without consumer involvement. In this respect, it is necessary to review their attitudes towards counterfeit products. According to the latest EUIPO IP Perception Study,<sup>36</sup> the proportion of people who claim they understand IP 'very good' or 'rather good' ranges from 92% in Portugal and Hungary to 47% in Sweden.

Across the 27 EU Member States, the average percentage of a good – including "very good" or "rather good" – understanding of IP is 83%, but more importantly the intent to buy counterfeit goods among EU citizens is 13% on average across Member States. The prevalence of self-declared purchases of counterfeit goods varies widely from country to country. They range from 8% in Finland to 24% in Bulgaria.

The study looked at the intention to buy counterfeit goods by age group and found that the younger generations, particularly those aged 15–24, are twice as likely to buy counterfeit goods (26%) as the EU average (13%).

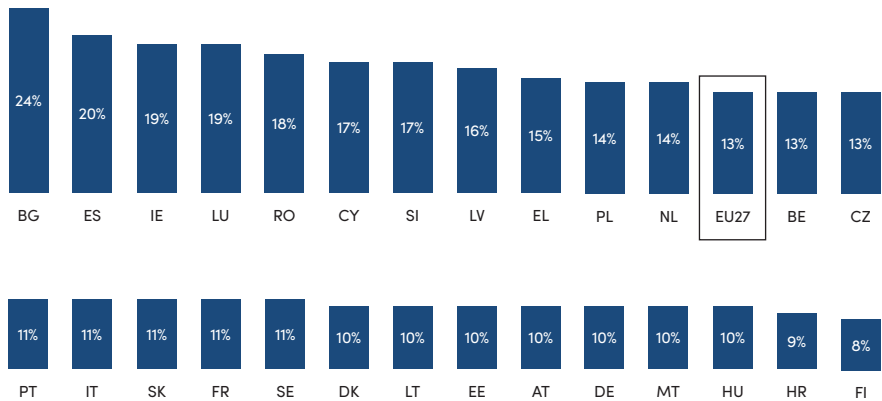
This attitude is consistent with the findings of the latest EUIPO study<sup>37</sup> about online copyright infringement: "A higher proportion of young people tends to lead to an increase in piracy."

<sup>36</sup> European Union Intellectual Property Office 2023c: 27.

<sup>37</sup> European Union Intellectual Property Office 2023d: 75.

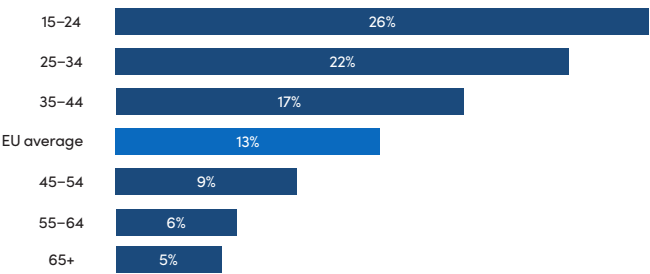
Conclusion

A review of the range of product categories shows that some counterfeit products pose a direct risk to the user, while others can cause significant problems more widely. What is common, however, is that all counterfeit products indirectly have a negative impact on economic operators and public tax revenues. For example, in Hungary, more than 50% of GDP and more than 30% of jobs are linked to the economic activity of legal operators on the market, which is threatened by counterfeiting.



Q4a: During the past 12 months, which of the following have you done? (Total base; n = 25,824) – Percentage yes

Figure 8: Intentional buyers of counterfeit goods by country  
Source: European Union Intellectual Property Office 2023c



Q4a: During the past 12 months, which of the following have you done? (Total base; n = 25,824) – Percentage yes

Figure 9: Intentional buyers of counterfeit goods by age  
Source: European Union Intellectual Property Office 2023c

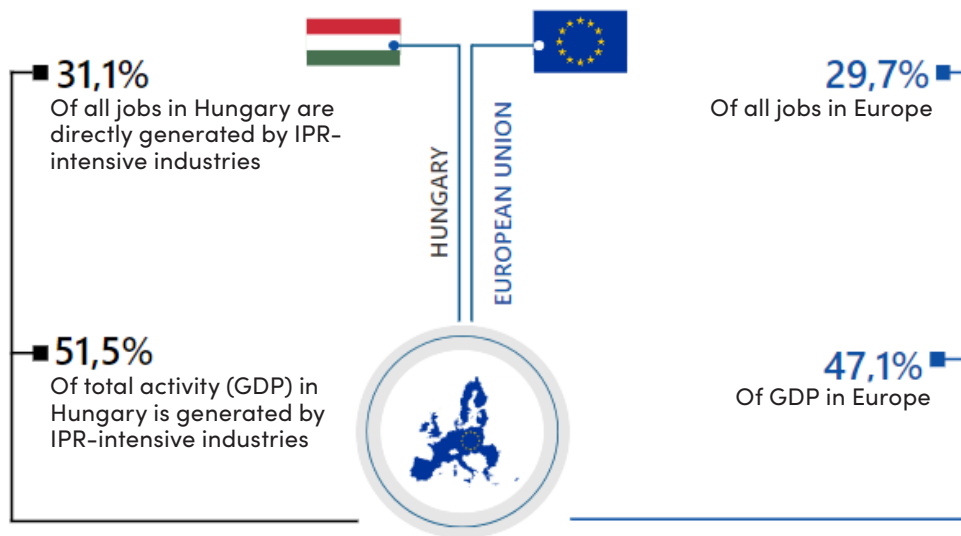


Figure 10: Contribution of IPRs to the Hungarian–EU economy

Source: <http://bit.ly/4mzKC1k>

Recognising the scale of the threat, the EC issued<sup>38</sup> a Recommendation on 19 March 2024 proposing measures “to foster collaboration between rights holders, service providers, and law enforcement, while encouraging best practices and the use of modern tools and technologies”. EMPACT and the IP-enforcement community are specifically mentioned among the proposals to support and enhance cooperation. Agreeing with the proposal, it is of paramount importance that IP crime remains part of the next policy cycle. Considering the achievements and visibility that EMPACT provides, this should be a top priority for the IP enforcement community.

This cooperation is essential to reduce risk. As it can be seen from the categories of goods presented, in some cases – e.g. PVRs, semiconductors – it is only possible to combat this phenomenon if specialised expertise is available. Of course, other goods also require close cooperation with competent market surveillance authorities – e.g. food chain safety authority. There are also different forms of cooperation, beyond the EMPACT-related operations already described. Examples could be a training session<sup>39</sup> with face-to-face participation, or a working group meeting<sup>40</sup> with the rights holders and other EU agencies, a complex campaign<sup>41</sup> or an online webinar<sup>42</sup> involving the affected stakeholders.

Cooperation can also take a concrete, operational form, for example when the rights holders or their representatives support the authorities on the spot, as in case of a joint

<sup>38</sup> European Commission 2024.

<sup>39</sup> European Union Intellectual Property Office 2024b.

<sup>40</sup> CropLife 2023.

<sup>41</sup> European Union Intellectual Property Office 2024c.

<sup>42</sup> European Union Agency for Law Enforcement Training – European Union Intellectual Property Office 2023.

inspection<sup>43</sup> by the Hungarian customs authorities with the representative of the association of the vehicle industry. The inspection resulted in the seizure of counterfeit fake brake system components. The really shocking aspect of the case is that the investigation showed that the counterfeit air dryer cartridges could have been used by the Hungarian state-owned bus company Volán.

Naturally, there are broader forms of cooperation as well. One example is the memorandum of understanding signed by the leaders of Hungarian authorities – customs, police and market surveillance authorities – as well as representatives from industry associations to ensure more effective action against pharmaceutical counterfeiting. The agreement<sup>44</sup> was signed on 23 July 2023, at the headquarters of the Hungarian Intellectual Property Office (hereinafter: HIPO), following the initiative and active involvement of the HIPO.

There are many ways for law enforcement authorities and rights holders to communicate, but one of the most innovative is the IP Enforcement Portal (IPEP),<sup>45</sup> developed and operated by the EUIPO, which provides a secure, native language communication channel between rights holders and the authorities, along with other fundamental services such as the submission of the application for action (AFA), which is one of the foundations of effective enforcement today.

In the area of training, which is also an element of the recommendations already mentioned by the EC, it should be mentioned that EUIPO, in cooperation with the European Union Agency for Law Enforcement Training (CEPOL), has set up the Virtual Training Centre on Intellectual Property Rights (VTC)<sup>46</sup> where online courses and modules are available for members of customs, criminal investigation and market surveillance authorities. Training officials and officers from the relevant authorities on IPRs and IP crime is a vital aspect. This is a key role for both the relevant EU agencies and the national authorities, not forgetting the contribution of the private sector, which is, after all, the best source of information on the difference between genuine and counterfeit products.

Although this study focuses on the dangers of offline counterfeiting, the SOCTA 2021 report<sup>47</sup> also highlights the dangers of online piracy. It is very important to be aware that users also put themselves at risk in the online space by downloading and/or purchasing illegal, infringing content. Some of these transactions and data flows may result in the destruction or compromise of their personal data, in particular financial information, or the content of their storage media.

When shopping both offline and online, we, the average people need to be more careful and cautious for our own safety and security and that of all of us and – recalling the slogan of the Hungarian customs authority – for the protection of the economy, because although the protection of human life and health is the most important aspect and task, a stable and balanced economy is also an indispensable condition for a safe everyday life through jobs and various public services.

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<sup>43</sup> BALOGH 2015.

<sup>44</sup> Hungarian Intellectual Property Office 2023.

<sup>45</sup> European Union Intellectual Property Office s. a.

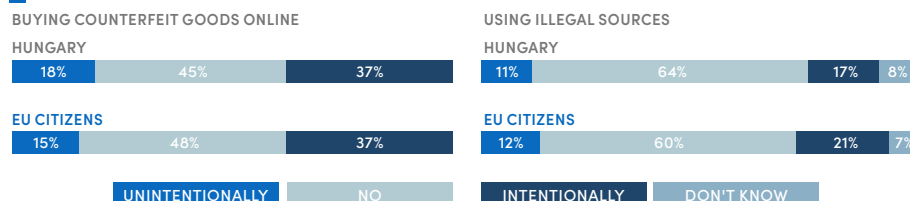
<sup>46</sup> European Union Agency for Law Enforcement Training 2024.

<sup>47</sup> European Union Agency for Law Enforcement Cooperation 2021: 81.

## EU CITIZENS



## EU YOUTH (15–24 YEARS OLD)



**37%** OF HUNGARIAN YOUTH HAVE INTENTIONALLY BOUGHT FAKE GOODS ONLINE  
 37% of European youth have knowingly bought fake goods

**17%** OF HUNGARIAN YOUTH HAVE INTENTIONALLY USED ILLEGAL CONTENT SOURCES  
 21% of European youth have intentionally used illegal content sources

Figure 11: IPR perception  
 Source: <http://bit.ly/3HvoUWY>

Given that the available information suggests that the younger generation is more permissive than the general public when it comes to counterfeit goods and online piracy, the IP enforcement community needs to make further efforts to change this through increased education and training, for which the EC has also made recommendations, particularly with regard to law enforcement and business studies.

The Hungarian situation is fortunate, as the proportion of Hungarian young people (17%) is below the EU average (21%) when it comes to using illegal content, while the proportion of those who are open to purchasing counterfeit products is in line with the EU average (37%). These results do not mean that there is no room for improvement. Close international cooperation allows for learning about and adopting of best practices, and it is worth taking the opportunity to improve on current performance indicators in the future.

The conclusions drawn from the results of this work, regardless of their source, are the author's own and do not necessarily reflect the official position or opinion of the NTCA or of the EUIPO. The publication was prepared with the support of the Scientific Council of the NTCA.

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