WHY INTELLECTUAL PROPERTY MATTERS

Intellectual Property Rights (IPR) such as patents, trade marks and designs are a key driver for innovation and creativity. They enable authors, artists, designers, inventors and other creators to benefit when others use their creations and inventions. Companies that own IPRs perform better in economic terms; they have more employees, pay higher salaries and generate more revenue per employee. They also have more opportunities to export their products.

About half of EU industries use a high number of IPRs, most of them in sectors like: engineering, construction, luxury goods, financial services, insurance, car manufacturing, retail, IT and pharmaceutical.

The sectors account for 42% of EU GDP worth €5.7 trillion and generate 38% of all jobs (82 million out of 216 million).

THE IMPACT OF IP INFRINGEMENTS

Harmful to business

The toys and games industry loses about €1.4 billion of revenue annually due to the presence of counterfeit games and toys in the EU marketplace, corresponding to 12.3% of the sector’s sales. Counterfeiting in the clothing, footwear and accessory sector causes approximately €43.3 billion of lost sales to the EU economy, which in turn leads to employment losses of 518,281 and a loss of €8.1 billion in government revenue.

Harmful to people

Counterfeit parts, food, medicines, electrical household goods and toys may pose a serious threat to consumers’ health and safety. In 2016 they amounted to 34.2% of all detained products.

Harmful to taxpayers’ money

Illegal operators avoid taxes and social contributions. Governments lost €14.4 billion in the same nine sectors.

But helpful to criminals

Counterfeiting is connected to criminal organisations and organised crime. Criminal networks penetrate legitimate global supply chains to infiltrate counterfeit products or divert products.
EU RESPONSE TO IPR INFRINGEMENTS

New challenges have to be tackled due to the:

- **Rise of online shopping**: in ten years the share of Europeans buying online has almost doubled (from 29.7% in 2007 to 55% in 2017).

- **Rise of counterfeiting across the globe**: in 2013, 2.5% of world trade worth €338 billion was in counterfeit and pirated goods (up from 1.9% in 2009).

The Commission wants to:

1. Offer more specific guidance on the interpretation of EU legislation on IP enforcement
2. Building on previous success, continue to encourage voluntary industry agreements (MoUs). The MoU on the sale of counterfeit goods via the internet is delivering positive results:
   - Better cooperation between internet platforms and IPR right holders which has led to more counterfeit offers being taken down
   - More awareness on the risks of online counterfeiting, both for buyers and sellers
3. Facilitate the wider use of alternative dispute resolution to settle IP disputes
4. Explore the potential of new technologies such as blockchain to combat IP infringements in supply chains
5. Step up efforts and make the public more aware about risks related to counterfeiting and piracy
6. Offer more targeted assistance to national customs authorities in a new Customs Action Plan: in 2016, customs authorities detained 41.3 million articles worth €672 million suspected of violating IPRs
7. Reinforce cooperation programmes with third countries (China, South-East Asia, Latin America) and set up IP infringements market-watch lists, identifying online and physical markets in third countries

THE SCALE OF IPR ABUSE

IPR infringements on a commercial scale are on the rise and any sector may be affected. In the EU these goods accounted for 5% of imports worth €85 billion.

In 2016, customs authorities detained 41.3 million articles worth €672 million suspected of violating IPRs.