



European
Commission

STEPPING UP THE FIGHT AGAINST COUNTERFEITING

March 2024

Counterfeiting and piracy are global challenges requiring common solutions

The Recommendation provides EU stakeholders and Member States with a toolbox to strengthen the EU's capacity to protect the single market from counterfeiting and piracy. It facilitates collaboration and transparency, promotes best practice, and addresses the specific challenges faced by industry today. It safeguards innovation & creativity, protects compliant industries, and fosters a sustainable and level playing field in the single market.

Counterfeiting facts and figures

- ▶ Up to **6%** of EU imports were counterfeit products in 2019, almost **€119 billion** in value
- ▶ Annual losses from counterfeiting in the EU amount to **€83 billion** in sales in 11 key sectors, with **€15 billion** losses in tax revenues and more than **670,000 job losses**
- ▶ **When affected by counterfeiting, SMEs are 34% more likely to fail** than larger companies

Counterfeiting and piracy affect many economic sectors, in particular clothing, food and drinks, spare parts, electronic devices, pesticides, pharmaceuticals, and the creative industry. It has serious detrimental effects on companies' reputation and undermines their investment in innovation. Counterfeit products can also be dangerous for consumers and the environment.

Counterfeiting affects all sectors:



Clothing:

The sector lost an estimated **€12 billion** in sales corresponding to **5.2%** of total EU sales and **160.000** fewer people employed in the industry.



Cosmetic:

The sector lost **€3 billion**, representing **4.8%** of total EU sales, and almost **32.000** fewer people employed in the industry.



Toys:

The sector lost **€1 billion** in sales corresponding to **8.7%** of total EU sales and **3.600** fewer people employed in the industry.



Pharmaceuticals:

The sector lost an estimated **€16.5 billion** in sales and **80.000** fewer people employed in the industry.

Key recommendations to fight counterfeiting and piracy



The Recommendation is addressed to Member States authorities and economic operators, in particular IP right holders, intermediary services providers, including SMEs. It focuses on 5 key areas:

More effective cooperation



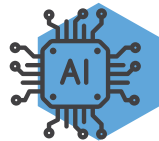
- ▶ All stakeholders should designate a single contact point for IP related matters
- ▶ Signatories of the Memorandum of Understanding on the online sales of counterfeits are encouraged to apply for the DSA trusted flagger status and participate in the modernisation of the MoU
- ▶ Social media, transport & logistic, payment, and domain name service providers should help to prevent the misuse of their services
- ▶ Member States should further empower market surveillance authorities to detect and combat counterfeiting

Stronger IP enforcement



- ▶ Encouraging Member States to assess and increase sanctions for serious IP crimes, to adapt procedures to account for new illegal practices (e.g. by allowing use of dynamic injunctions), and to enable appropriate compensation for damages suffered in result of IPR infringement
- ▶ Promoting the use of alternative dispute resolution for all IP disputes, including on domain names
- ▶ Promoting faster, cheaper, and more eco-friendly storage and disposal of counterfeit products

Futureproof IP protection



- ▶ Increasing the use of AI systems, including blockchain and content recognition technology, to enhance the traceability and detection of counterfeit and pirated products
- ▶ Developing a checklist for SMEs to effectively use AI while safeguarding their intangible assets
- ▶ Launching a new stakeholder dialogue on protection of IP in virtual worlds

Raising IP awareness



- ▶ Member States to raise awareness of IP rules among the general public and entrepreneurs
- ▶ Member States to integrate education on IP rules into national training curricula for police, customs, and public prosecutors
- ▶ Encouraging EU businesses to consult available information on the state of IP protection and enforcement in non-EU countries where they want to do business

IP protection tools for SMEs



- ▶ A new IP Scan Enforcement Voucher for SMEs to cover the costs of expert advice on enforcing their IP rights
- ▶ New Cybertheft Prevention Toolkit for SMEs with materials and training on how to prevent and react to cyber attacks



Boosting IP protection & enforcement for businesses

A modernised memorandum of understanding on the online sales of counterfeits fit for the DSA era

Greater cooperation & information exchange on IP trends and on repeat infringers

Deterrent criminal sanctions to discourage counterfeiting

Public authorities, including market surveillance authorities, will actively combat counterfeits and piracy, providing further support to businesses in the single market

SMEs will receive tools, knowledge, and financial support to combat IP violations and avoid infringing others' IP rights

Businesses will be better prepared to prevent or react to cyber-attacks targeting their trade secrets

Producers of crafts and industrial products protected with geographical indications will be promptly alerted if their brand name is registered as a domain name

More education on IP in schools and training for enforcement authorities will improve the overall IP environment for businesses

The **European Union Intellectual Property Office** will support the Commission in further promoting, implementing, and monitoring the impact of this Recommendation by 2027.



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