

IP Crime Data 2007



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Introduction

The last IP Crime Report was published in December 2007 which included IP Crime data from 2006. Previously, the reporting period was from January to December but it was found that many contributors would find it easier to report from March to April - following the financial year.

This interim report will cover IP crime data from 2007 as a result of the change in approach and will be included as an annex to the 2008/09 report.

The data contained in this report comes from a variety of sources, including Government, industry and enforcement agencies and the sources are referenced, where appropriate, in the report. The responsibility for the data remains with the respective originators and any questions concerning data collection or methodologies deployed should be directed to the originators.



The UK Perspective

This section includes market research carried out by IPSOS¹ on film piracy, IP crime seizure figures from industry and the Northern Ireland Organised Crime Task Force and Court statistics from England & Wales and Scotland.

Research

In November 2007 IPSOS published the fifth wave of their national survey on digital and physical video piracy in the UK². The main objectives are to assess the scale and impact of video piracy in the UK, and to get a better understanding of the motivations and behaviour of the people who engage in it.

The survey looks at three types of piracy:

- Physical piracy: buying counterfeit or home copied DVDs
- Digital piracy: electronic distribution (downloading/streaming) from unofficial sources
- Secondary piracy: Borrowing or viewing an illegal copy – as opposed to making or buying one

Fieldwork took place in November 2007. The sample was consistent with earlier IPSOS studies with 2000 adults (aged 15 or above) interviewed as part of the IPSOS Capibus study. The sample is nationally and regionally representative and

is matched to the previous fieldwork, ensuring direct comparability in the results.

The tables below show the average number of film titles which those surveyed said that they had viewed, possessed or used in each year and how the total number of titles pirated has changed from 2006 to 2007. Both tables show the average figure for the UK based on the results from the sample.

¹<http://www.ipsos.com>

²IPSOS (November 2007) 'Digital & Physical Piracy in GB' Available at: http://www.ukfilmcouncil.org.uk/media/pdf/g/m/Ipsos_Piracy_UK_2007.pdf

The table below shows the average number of pirated film titles **possessed** or **used** by individuals. The average number of copies produced through burning has decreased whilst all other forms of piracy are on the increase.

	2006 (average number per person)	2007 (average number per person)	Difference (average number per person)
Counterfeit	9.3	11.0	+1.7
Purchased Home Copied	7.1	8.1	+1.0
Downloading	14.8	14.9	+0.1
Burning	6.3	4.9	-1.4
Borrowed	6.6	8.1	+1.5
Viewed (Pay per view)	6.8	12.4	+5.6
On Memory Card/ via e-mail	n/a	11.1	n/a
Via streaming (Watching via the internet)	n/a	15.6	n/a

The following table shows the total number of film titles pirated and the difference between 2006 and 2007. The estimated total number of counterfeit copies has increased by over 50%.

	2006	2007	Difference
Counterfeit	32,550,000	49,500,000	+52%
Home Copied	10,650,000	12,150,000	+14%
Downloading	44,100,000	52,150,000	+18%
Borrowed/ Viewed	87,000,000	112,500,000	+29%
Total	174,300,000	226,300,300	+30%

Impact of Piracy: Film and TV series

Respondents who stated that they had been involved in the activities defined in the previous table were then shown a list of thirty current films and thirty TV series. Respondents were then asked whether they had seen any of the titles in the last 12 months. Those who had seen one or more titles (film and TV) were then asked about these titles in detail:

- When they viewed
- How they would have viewed if they had not seen an unofficial copy
- How likely they were to have viewed an official copy if not seen unofficially

It should be noted that the base figure (number of relevant respondents) was low in relation to TV series. The responses were then used to calculate the estimated loss to the industry based on the assumed price of the viewing method (detailed below).

The table below outlines the total financial impact of piracy in relation to film and TV series.

	Estimated Loss to Industry (£M)				
	Total 2006	Total 2007	Physical Piracy	Digital Piracy	Secondary Piracy
Cinema	102	88	36	7	45
DVD sales	300	258	48	77	133
Rental	28	58	14	2	42
Pay Per View	11	8	1.5*	1.5*	5
Official downloads	15	53	n/a	53	n/a
Live streaming	2	22	5	11	6
Total loss 2007	459	486	103	152	231

*Value as near an approximation as the source tabulation will allow

The table below outlines the assumptions used in calculating the losses in the previous table.

	2006	2007
Cinema ticket	£4.87 (Source UK Film Council)	£5.07
New Release DVD	£12.96 (Film), £21.25 (TV) (Source TNS)	£12.21 (Film), £21.11 (TV)(Source TNS)
Catalogue DVD	£7.29 (Film), £17.44 (TV) (Source TNS)	£6.46 (Film), £17.11 (TV) (Source TNS)
DVD Rental	£3.11 (Film/TV) (Source BVA)	£3.11 (Film/TV)
Pay Per View	£3.50 (Film) (estimate)	£2.00- £3.50 (used £3.00) (Film)
Download	£10- £17.99 (used £14) (Film) (estimate)	£9.99- £19.99 (used £14) (Film)
Live streaming	£5.00 (TV) (estimate)	£21.99 (TV)

Industry Figures

Anonymous Contributions

Two brand industry contributors have supplied anonymous statistical information for the calendar year 2007. These figures relate to seizures of counterfeit versions of their product by enforcers.

The figures in the first table relate to counterfeit product. The number of items seized is the number of units, for example number of actual razor blades (not packs), number of bottles, etc, and the value (£) is the price at which the goods are sold to the retailer. This is not the recommended retail price (RRP).

Contributor 1

Category	No. Of Items Seized	(£) Value
Razors & Blades	255,396	271,370.16
Batteries	259,776	203,979.40
Oral Care	9,684	9,684.00
Fine Fragrances	13,824	483,840.00
Hair Care	161	322.00
		969,195.56

The values for potential losses in the second table are calculated using the RRP of the genuine article.

Contributor 2

	Sweatshirts	T-Shirts	Shirts	Fleeces	Jackets	Jumpers	Polo Shirts
2007 Units	24,554	13,293	126	49	336	318	255
2006 Units	20,582	31,273	18	26	491	223	214
Total potential lost revenue 2007	£1,227,430	£265,860	£6,300	£4,165	£79,440	£15,980	£11,475
Total potential lost revenue 2006	£1,029,100	£625,460	£900	£2,210	£118,330	£11,290	£9,630

	Trousers	Boots	Baseball caps	Shorts	Socks	Labels	Shoes	Other
2007 Units	19,729	31,698	1	167	489	12,000	265	227
2006 Units	8,500	8,405	4,404	290	793	17,800	134	33
Total potential lost revenue 2007	£1,182,185	£3,770,280	£20	£4,175	£4,890	£60,000	£22,525	£11,350
Total potential lost revenue 2006	£509,810	£1,001,870	£110,100	£7,250	£7,930	£89,000	£11,390	£1,650

FACT Seizure Figures and Analysis

The Federation Against Copyright Theft (FACT) details figures for the number of pirated goods they seize each year. The figures below relate to the number of individual items seized.

	Number of units seized per year							
	2000	2001	2002	2003	2004	2005	2006	2007
VHS	98371	136871	83387	87462	11067	2520	2205	1106
DVD	9245	89723	337617	1618203	2391398	804162	142214	115021
DVD-R	0	0	93995	195256	538943	1273120	1404681	2707111
VCD	46658	87337	164499	126810	43874	743	1188	211
TOTAL	154274	313931	679498	2027731	2985282	2080545	1546895	2823449

Notes:

- DVD = discs manufactured using commercial plants
 DVD-R = discs burned using DVD burners or PCs
 VCD = video disc
 Total includes all seized product
- The totals from 2005 onwards are lower because of the reduced quantity of Customs seizures. This is due to the impact of the closure of large scale manufacturing plants in the Far East. The majority of product seized in the UK is now manufactured/produced in the UK.
- FACT is now working towards more intelligence based investigations rather than just targeting the low-end sellers. The aim is to disrupt the manufacture and supply and then look to seize criminals' assets.
- Criminals are now carrying less pirate 'stock' – street sellers carry on average 150-200 per person and market/ car boot sellers carry less to protect them should their stall get raided. They will re-supply over the course of a day or burn to order for later collection.

Source: FACT website

Available at: http://www.fact-uk.org.uk/site/media_centre/dvd_seiz_0405.htm

The Business Software Alliance

The Business Software Alliance (BSA) and International Data Corporation (IDC) published their fifth Annual Global Study of Software Piracy in May 2008.

The study shows that the amount of illegal or unlicensed software on PCs in the European Union (EU) fell by 1% this year to 35%. Losses to the industry as a result of software piracy in the EU topped \$12 billion (£6 billion).

The amount of illegal software in the UK shows a similar downward trend (falling from 27% to 26%) over the same period. This reduction follows a significant investment by the BSA in education and enforcement programmes over the last year in the UK. They embarked on dedicated regional programmes the first of which targeted Glasgow and its specific piracy problems.

The BSA reports that “The fact remains that an unacceptable level of UK organisations still flout software licensing regulations. By using software illegally, businesses are undermining the software industry- a massive revenue generator for the UK- and also putting themselves at risk of losing data and incurring both financial penalties and serious damage to reputation.”

European Union	Piracy Rates					Estimated Losses				
	2007	2006	2005	2004	2003	2007 (\$M)	2006 (\$M)	2005 (\$M)	2004 (\$M)	2003 (\$M)
Austria	25%	26%	26%	25%	27%	\$157	\$147	\$131	\$128	\$109
Belgium	25%	27%	28%	29%	29%	\$223	\$222	\$257	\$309	\$240
Bulgaria	68%	69%	71%	71%	71%	\$63	\$50	\$41	\$33	\$26
Cyprus	50%	52%	52%	53%	55%	\$14	\$12	\$13	\$9	\$8
Czech Republic	39%	39%	40%	41%	40%	\$161	\$147	\$121	\$132	\$106
Denmark	25%	25%	27%	27%	26%	\$193	\$183	\$199	\$226	\$165
Estonia	51%	52%	54%	55%	54%	\$20	\$16	\$18	\$17	\$14
Finland	25%	27%	26%	29%	31%	\$160	\$149	\$156	\$177	\$148
France	42%	45%	47%	45%	45%	\$2,601	\$2,676	\$3,191	\$2,928	\$2,311
Germany	27%	28%	27%	29%	30%	\$1,937	\$1,642	\$1,920	\$2,286	\$1,899
Greece	58%	61%	64%	62%	63%	\$198	\$165	\$157	\$106	\$87
Hungary	42%	42%	42%	44%	42%	\$125	\$111	\$106	\$126	\$96
Ireland	34%	36%	37%	38%	41%	\$106	\$92	\$93	\$89	\$71
Italy	49%	51%	53%	50%	49%	\$1,779	\$1,403	\$1,564	\$1,500	\$1,127
Latvia	56%	56%	57%	58%	57%	\$29	\$26	\$20	\$19	\$16
Lithuania	56%	57%	57%	58%	-	\$37	\$31	\$25	\$21	\$17
Luxembourg	21%	-	-	-	-	\$16	-	-	-	-
Malta	46%	45%	45%	47%	46%	\$7	\$7	\$5	\$3	\$2
Netherlands	28%	29%	30%	30%	33%	\$502	\$419	\$596	\$628	\$577
Poland	57%	57%	58%	59%	58%	\$580	\$484	\$388	\$379	\$301
Portugal	43%	43%	43%	40%	41%	\$167	\$140	\$104	\$82	\$66
Romania	68%	69%	72%	74%	73%	\$151	\$114	\$111	\$62	\$49
Slovakia	45%	45%	47%	48%	50%	\$54	\$47	\$44	\$48	\$40
Slovenia	48%	48%	50%	51%	52%	\$39	\$36	\$33	\$37	\$32
Spain	43%	46%	46%	43%	44%	\$903	\$865	\$765	\$634	\$512
Sweden	25%	26%	27%	26%	27%	\$324	\$313	\$340	\$304	\$241
United Kingdom	26%	27%	27%	27%	29%	\$1,837	\$1,670	\$1,802	\$1,963	\$1,601
EU	35%	36%	36%	35%	37%	\$12,383	\$11,003	\$12,048	\$12,151	\$9,786
Total World-wide	38%	35%	35%	35%	36%	\$47,809	\$39,698	\$34,482	\$32,778	\$28,803

Source: Fifth Annual BSA and IDC Global Software Piracy Study, May 2008

Available at: http://global.bsa.org/idcglobalstudy2007/studies/2007_global_piracy_study.pdf

The Government Enforcement Community

The Northern Ireland Organised Crime Task Force

The Northern Ireland Organised Crime Task Force published its eighth Annual Report and Threat Assessment in June 2008, where the main focus of activity is to confront organised crime networks, concentrating on serious illegal activities.

They embarked on a successful advertising campaign during Christmas 2007 which highlighted the link between buying fake goods and organised crime. The emphasis of the campaign was to demonstrate how funding criminal gangs through the purchase of counterfeit goods causes harm in communities.

The table below shows the quantity of goods seized and their estimated street value.

Police Service of Northern Ireland: Counterfeit Goods Seized in 2007		
Product	Quantity	Value
Film	58,344	£867,126
Music	33,559	£436,267
PS2/Xbox	7,312	£292,480
Cigarettes	587,460	£152,739.60
Hand Rolling Tobacco	737	£8,844
Clothes	15,352	£854,800
Trainers	1,466	£146,600
Washing Powder	28	£70
Perfumes/ Sunglasses	2,083	£208,300
Drink	132	£1,716
Computers	86	£73,100
Burners	187	£14,960
Batteries	53	£265
Watches	222	£22,200
Equipment	988	£903,200
Total Value of Goods Seized 2007		£3,982,667.60

Source: 2008 Annual Report and Threat Assessment,
Organised Crime Task Force, June 2008
Available at: [http://www.octf.gov.uk/uploads/
publications/27620%20FINAL.pdf](http://www.octf.gov.uk/uploads/publications/27620%20FINAL.pdf)

Court IP Statistics on IP

Court actions

In September 2008 the Ministry of Justice published Judicial and Court statistics. The following table shows the number of intellectual property claims and proceedings issued by the Chancery Division (London) between 2003 and 2007.

Intellectual Property	Number of cases heard				
	2003	2004	2005	2006	2007
Confidential Information	81	5	11	3	21
Passing off and trade marks	212	66	105	50	118
Patents and registered designs ³	238	153	54	57	111
Copyright and design right ³	306	195	148	120	172

Available at: <http://www.justice.gov.uk/docs/judicial-court-stats-2007-full.pdf>

³These matters are dealt with in the Patents Court

Sentencing

The following information has been received from the Scottish Executive detailing the penalties handed down by courts in Scotland for the financial year 2006/07

The tables give comparison for the previous three financial years of the number of people sentenced and fined, the length of the sentence and the amount of the fine.

Persons given a custodial sentence for selected offences in Scottish courts

	2003-04			2004-05			2005-06			2006-07						
	N	Sentence in Days			N	Sentence in Days			N	Sentence in Days			N	Sentence in Days		
		Mean	Min	Max		Mean	Min	Max		Mean	Min	Max		Mean	Min	Max
a:Trademarks Act 1994 sect 92	-	-	-	-	2	289	122	456	7	300	28	731	12	194	61	456
b:Copyright Design and Patents Act 1988	1	365	365	365	2	259	152	365	-	-	-	-	-	-	-	-

Persons given a fine (£) for selected offences in Scottish courts

SCRO Charge	2002-03			2003-04			2004-05			2005-06			2006-07							
	N	Amount of Fine (£)			N	Amount of Fine (£)			N	Amount of Fine (£)			N	Amount of Fine (£)						
		Mean	Min	Max		Mean	Min	Max		Mean	Min	Max		Mean	Min	Max				
a:Trademarks Act 1994 sect 92	14	698	200	2,000	16	561	100	2,000	29	714	100	3,000	19	688	100	2,250	31	2,098	170	45,000
b:Copyright Design and Patents Act 1988	2	400	200	600	-	-	-	-	7	536	200	1,000	14	606	100	2,500	13	297	150	500

Key: SCRO = Scottish Criminal Records Office
N = Number of people sentenced / fined

Source: Ministry of Justice

The European Perspective

The European Commission

The European Commission Taxation and Customs Union published a report on 'Community Customs Activities on Counterfeit and Piracy, results at the European Border 2007' in May 2008 which detailed customs activity in relation to counterfeiting and piracy.

The report shows a decrease in the total number of articles seized from last year's figure of 128 million to 79 million this year. This is due to a growth in the number of seizures which involve small quantities of counterfeit and pirated articles. This may be due to the increase in internet sales and the fact that counterfeiters are taking fewer risks by sending smaller quantities per shipment. Goods that are transported via air/ express courier and mail transport represented almost 70% of customs interventions.

Cigarettes and clothing continue to represent a large proportion of seizures (35% and 22% respectively). The increase in products that pose a danger to consumers are highlighted in the report, notably medicines, electrical equipment and personal care products.

The amount of seizures is at their highest with an increase from 37,000 in 2006 to 43,000 in 2007 - representing a 17% growth.

Most sectors show substantial increases over 2006. In particular:

- Cosmetics and personal care- +264% (originating from Georgia and Turkey)
- Toys- +98%
- Medicines- +51%

China remains the main source of counterfeit goods with almost 60% of all articles seized coming from there.

Product Sector	Number of cases	% of total number of seizures	Number of articles	% of total number of seizures	2006-2007
1. Food stuffs, beverages	64	0.15%	1,924,896	2.43%	62%
2. Cosmetics, personal care products	1,504	3.44%	6,103,171	7.72%	264%
3. Clothing, accessories	26,670	61.07%	17,783,130	22.49%	24%
a) Sportswear	3,255	7.45%	1,441,502	1.82%	19%
b) Other clothing (ready to wear)	11,030	25.26%	5,025,682	6.36%	16%
c) Clothing accessories	6,547	14.99%	6,290,642	7.96%	29%
d) Shoes	5,837	13.37%	5,025,304	6.35%	
4. Electrical equipment	2,097	4.80%	3,648,348	4.61%	22%
5. Computer equipment	896	2.05%	246,236	0.31%	62%
6. CD, DVD, cassettes	2,502	5.73%	3,298,813	4.17%	-78%
7. Jewellery, watches	4,148	9.50%	1,787,016	2.26%	89%
8. Toys, games	744	1.70%	4,685,037	5.92%	98%
9. Other products	2,583	5.92%	8,357,699	10.57%	-37%
10. Cigarettes	418	0.96%	27,161,056	34.35%	-63%
11. Medicines	2,045	4.68%	4,081,056	5.16%	51%

Source: Report on Community Customs Activities on Counterfeit and Piracy, Results at the European Border- 2007, European Commission Taxation and Customs Union, 2008

Available at: http://ec.europa.eu/taxation_customs/resources/documents/customs/customs_controls/counterfeit_piracy/statistics2007.pdf

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