

Advisory Committee on Enforcement

Sixteenth Session

Geneva, January 31 to February 2, 2024

ADDRESSING OFFLINE INTELLECTUAL PROPERTY INFRINGEMENT

Contributions prepared by South Africa and the United Kingdom

1. At the fifteenth session of the Advisory Committee on Enforcement (ACE), held from August 31 to September 2, 2022, the Committee agreed to consider, at its sixteenth session, among other topics, the “exchange of information on national experiences relating to institutional arrangements concerning IP enforcement policies and regimes, including mechanisms to resolve IP disputes in a balanced, holistic and effective manner”. Within this framework, this document introduces the contributions of two Member States on measures to address offline intellectual property (IP) infringement.

2. The contribution by South Africa describes the results of a pilot project undertaken by the Companies and Intellectual Property Commission (CIPC) to upcycle seized counterfeit goods. Through this project, the CIPC is reducing waste disposal, thereby reducing both the cost to right holders and the impact on landfills and the environment. In addition, the project reduces the carbon footprint, creates jobs and raises awareness of the negative impacts of counterfeiting, particularly among the youth.

3. The contribution by the United Kingdom describes the *Tick Box* project, which is a partnership between government agencies, the self storage industry and others to prevent self storage facilities from being used to store IP-infringing goods. The contribution addresses the goals of the initiative, its implementation and key elements.

4. The contributions are in the following order:

The Upcycling of Seized Counterfeit Goods in South Africa	3
The <i>Tick Box</i> Public-Private Partnership for the Self Storage Industry in the United Kingdom	10

[Contributions follow]

THE UPCYCLING OF SEIZED COUNTERFEIT GOODS IN SOUTH AFRICA

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ABSTRACT

This contribution focuses on a cost-effective environmentally friendly way to deal with confiscated counterfeit goods that are bound for destruction, which also creates new job opportunities for small, medium and micro-sized enterprises (SMMEs). The idea was born when the Companies and Intellectual Property Commission (CIPC) realized that the current methods used to destroy counterfeit goods are expensive, very damaging to the environment and not sustainable in the long term. This was particularly true when dealing with the huge quantities of counterfeit clothing, footwear and apparel confiscated in South African marketplaces. The CIPC is piloting a program to recycle and upcycle these goods, rather than destroying them. The items are deconstructed and used to make entirely new items, such as toys for children and pets, as well as tools used in therapy sessions. All reconstituted items come without any trace of the counterfeit trademarks. To further mask the origin of the new items, some of them are painted by local artists.

I. THE ROLE OF THE COMPANIES AND INTELLECTUAL PROPERTY COMMISSION

A. BACKGROUND AND INTRODUCTION

1. The Companies and Intellectual Property Commission (CIPC), is the custodian of the Counterfeit Goods Act (No. 37 of 1997) and responsible for overseeing and compliance monitoring of counterfeit good warehouses, designated by the Minister of Trade and Industry to store seized goods. The CIPC is concerned about the current destruction methods for counterfeit goods. Over the years, these goods were burned, shredded or buried in landfill sites. Apart from the devastating effect these methods have on the environment, they also destroy the useful parts of the products. Some processes involved recycling the confiscated goods, but not many of these projects were successful and are done on a large scale.

2. Given the challenges faced destroying counterfeit goods in an environmentally friendly way, not only in South Africa but also in the rest of the world, the idea came to life for an innovative project to transform counterfeit goods into useful items, taking away the trademark or any reference thereto and adding value through artistic effort. In addition, this would create opportunities for social entrepreneurs and create new jobs.

3. A pilot project was conceptualized with 20 pairs of shoes, 20 bags and 20 denim jeans, all destined for destruction. CIPC facilitated the delivery to various artists that had an open ended mandate to upcycle the products. On conclusion, a workshop to display the final products took place on May 16, 2023, and decisions about the feasibility of the various ideas had to be taken.

* The views expressed in this document are those of the author and not necessarily those of the Secretariat or of the Member States of WIPO.

4. This project is an opportunity to turn the devastating effects of counterfeit goods on businesses into something positive that will save money on destruction, protect the environment and create new job opportunities.

II. A GLOBAL CHALLENGE FACED BY MOST COUNTRIES

A. THE SCALE OF THE PROBLEM IN SOUTH AFRICA

5. Manufacturing and trafficking of counterfeit items is the world's fastest growing and most profitable industry, reaching epidemic proportions. South Africa is no exception to this, with the counterfeiting industry growing at just as fast a pace.

6. While the detection and confiscation of counterfeit goods is becoming increasingly efficient in South Africa, this creates new logistical and environmental challenges.

B. THE WAY IT USED TO BE – BURNING AND BURRYING IN LANDFILLS

7. Generally, counterfeit goods are disposed of by open-air incineration, grinding, crushing, or burial in a landfill, with the precise method varying according to the nature of the goods to be destroyed¹. Depending on the context, donations are also possible. A problem is that methods like open-air incineration, which is an effective way to definitively eliminate counterfeit goods from the market, can have devastating long-term effects on the environment and public health. To minimize the environmental impact of the disposals, specialized facilities, expertise and high levels of stakeholder collaboration have been required.

8. From an intellectual property (IP) perspective, the first step in addressing seized counterfeits is to ensure the goods cannot re-enter the market. For some IP Offices, the subsequent step has become to identify ways to recycle the goods.

III. THE UPCLYCLING PROJECT (MAISHA MAPYA): REBIRTH INTO A NEW LIFE

A. ADDING VALUE THROUGH ARTISTIC EFFORTS

9. The CIPC has found that disposing of counterfeit goods in an environmentally friendly manner is not only possible but can also generate new sustainable jobs, create additional income, raise awareness and thus decrease the demand from consumers for counterfeit clothing.

10. The items are deconstructed and used to make entirely new clothes, such as aprons, or other items without any trace of the unauthorized trademarks the goods displayed when they were seized. To further mask the origin of the new items, some of them are painted by local artists.

11. One benefit of the program is that it creates jobs, and special emphasis has been on recruiting women to participate. It has moved from the pilot phase to the first phase of

¹ See, in more detail, Martin Guard (2017), The Environmentally Safe Disposal and Destruction of Intellectual Property Infringing Goods (document WIPO/ACE/12/3 Rev.), available at: https://www.wipo.int/meetings/en/doc_details.jsp?doc_id=375396.

implementation and has grown to include innovative processes that focus on new technological and industrial ways to deal with all the off-cuts that cannot be upcycled.

12. The women had very creative ideas and added value by reconstructing pieces of the material into new creations. The denim material was particularly popular and was transformed into stuffed toy animals, soft furniture, and interior decorating items. Although this added a lot of value to the used goods, it did not deal with the bulk of the material used to manufacture the counterfeit goods. Additional solutions to upcycle had to be explored.

B. AWARENESS-RAISING OPPORTUNITIES

13. The project can benefit the efforts of creating general awareness about the harms of counterfeiting for children as young as eight. This will be done by the two rabbits below. A book telling their story, starting as a counterfeit pants in a foreign country to being the bearers of good news as upcycled rabbits. They will be sold with the books to promote knowledge about the devastating impact the trade in counterfeit goods has on the environment and to deter people from buying these goods.



IV. EXPANDING ON THE PROJECT IDEAS – PARTNERSHIPS WITH UNIVERSITIES AND GOVERNMENTS DEPARTMENTS

14. Through newly established partnerships more innovative projects started to take shape. The Centre for Social Entrepreneurship of the University of Technology of Kwa-Zulu Natal came on board, and a competition for fashion students will be launched soon. They will be issued with neutralized material (clothing items with all counterfeit marks removed) that they can use for a design competition. Closing the fashion loop is a priority for the fashion industry and the re-use of counterfeit clothing items fits right into that overarching strategy.

15. The CIPC also formed a partnership with Clothes to Good (CTG), a textile recycling and disability empowerment organization. Its mission of facilitating a value-centered, fully inclusive, green ecosystem that aligns well with the objectives of the upcycling project. CTG works relentlessly on empowering people through what others would categorize as “waste”.

16. Over the last decade, CTG has synergized an ecosystem of like-minded organizations, led by individuals committed to meaningful, sustainable positive social impact in enterprise development, inclusion (especially people with disabilities) and care for our environment. Their involvement ensures that neutralized material is sorted into natural fiber that has a higher re-use value and can be upcycled through artistic processes. CTG also uses machinery that is safe to use for challenged persons to remove the soles from shoes. Material that is sorted into different value items is more usable.



17. The best pieces of material are converted into therapeutic tools for occupational therapists. This is done at a fraction of the cost of the existing equipment available in the market.



18. In the case of shoes, when the uppers are removed from the bottoms, often a hard rubber-like material is left. The rubber-compounded soles are then chopped up into smaller pieces and sent to Green Corridors for mixing into cement tiles used for outdoor paving and to AfriEco for manufacturing soft interior tiles, usually used in preschools and therapy rooms. Both companies are passionate about giving the more conscious consumer options to lessen their carbon footprint on the world. True to their goal to “use creativity to re-think, re-design and re-make differently and in so doing, protect tomorrow better”, they reduce the amount of waste ending up as landfill. They offer waste minimization solutions to large companies by finding ways to reprocess waste. After developing the process and products they also develop markets for them and then set up manufacturing facilities to meet the demand they have created. Their approach speaks to all aspects of the upcycling project.





19. The Department of Trade Industry and Competition is actively involved in promoting the South African small, medium and micro-sized enterprises (SMMEs) and, as part of its incentive programs to the leather clothing and footwear sector, funds entrepreneurs. Two entrepreneurs with factories equipped with machinery and skilled workers have taken on the big task of reworking vinyl handbags into fashionable sandals. There is also a focus on skills development and training.



20. The new lines created to deal with the counterfeit goods brought new jobs and additional income streams. By way of feedback, the Centre of Excellence performing a dual role by manufacturing products and educating new recruits), said it is “excited to be part of this job-creating initiative”. This venture is sure to create jobs for unemployed youth, and at the same time they are doing their part in protecting the environment.

21. The CIPC continues to investigate innovations around better ways to take counterfeit products out of the system in a way that is not damaging to the environment and in fact may produce positive net results. The latest initiative, in collaboration with Mashauri, an organization dedicated to helping universities give their students an entrepreneurial mindset, aims to unleash university students’ innovation capacity through a “waste-athon” program. The idea is to challenge a group of students trained in entrepreneurial thinking with solving the problem of confiscated counterfeit goods in a way that results in a sustainable business venture.

22. The initiative, for which Mashauri is still looking for working partners, is envisaged to have three phases. A pre-program will give the students the basic startup and related knowledge to participate in the event. As an intense, short-term event, the Mashauri / CIPC Waste-athon will expose selected students to confiscated counterfeit goods. They then enter a dynamic, idea-creation process to develop venture ideas to solve this problem. Lastly, they participate in an

incubation program where teams with ideas with spin-off potential are supported in the further development of their ventures.

V. CONCLUSION AND FUTURE BENEFITS

23. Illicit trade in counterfeit clothing items, handbags and shoes has a negative impact on the environment at different levels. First when they are manufactured and transported, and later when they are confiscated and destroyed to prevent them from being sold. The life cycle of counterfeit products tends to be very short as they are typically new when they are seized. Through this project, the CIPC is reducing the waste disposal, thereby bringing down both the cost to companies and the impact on landfills / the environment. As it reduces the carbon footprint, the project also creates jobs and raises awareness among the youth. It also encompasses an educational component that increases awareness at all stages of the newly created value chain.

24. In full capacity, the upcycling project will be capable of dealing with hundreds of tons of confiscated counterfeit goods annually. It also has the potential of being scaled up to the rest of the African Continent as the various recycling and upcycling initiatives are likely to be easily replicated in other countries. All in all, the value-cycle includes people, passion, technology and consumer environmental change, resulting in sustainable, high social impact. The public also benefits from reduced negative environmental and public health impacts from destruction. Other beneficiaries include those employed by the program, consumers of the upcycled goods, and, last but not least, the rights holders whose seized counterfeit goods are eliminated from the market while avoiding the negative impact of destruction.

25. Creating this environmentally friendly system to recycle or upcycle seized counterfeit goods has so many wins. It generates jobs, creates additional income to create IP awareness, favors the work of local artists and emphasizes the recruitment of women. The CIPC has seen benefits in the following areas:

- Resource conservation: Upcycling often involves reusing or repurposing materials from counterfeit products. This reduces the demand for new raw materials and conserves natural resources, such as timber, metals, and plastics, which would have otherwise been used to produce new goods.
- Energy savings: The production of new goods from virgin materials consumes a significant amount of energy. Upcycling generally requires less energy compared to manufacturing entirely new products, contributing to energy conservation and reduced greenhouse gas emissions.
- Reduced pollution: The manufacturing process for new products often generates pollutants and greenhouse gas emissions. By upcycling counterfeit goods, the environmental impact of these manufacturing processes is reduced, leading to cleaner air and water.
- Lower carbon footprint: The transportation of raw materials and the manufacturing, and distribution of new products typically involves long supply chains and transportation emissions. Upcycling counterfeit goods locally or regionally can help lower carbon emissions associated with transportation.
- Promotion of the circular economy: Upcycling fits within the framework of a circular economy, where products and materials are kept in use for as long as possible. This approach minimizes waste and maximizes resource efficiency, contributing to sustainability and environmental preservation.

- Job creation: Upcycling initiatives can create jobs in local communities, particularly in the areas of recycling, repurposing and craftsmanship. This not only benefits the environment but also supports economic development.
- Awareness and Education: Upcycling counterfeit goods can raise awareness about the environmental impact of counterfeiting and the importance of responsible consumption. It can also educate consumers about sustainable alternatives to buying counterfeit products.
- Innovation and Creativity: Upcycling often requires creative thinking and innovative solutions to transform counterfeit goods into new and valuable products. This promotes a culture of innovation and creativity, which can extend to other environmental challenges.

26. Over time, as upcycling practices become more widespread, they can contribute to a shift in consumer behavior towards more sustainable and responsible consumption choices, reducing the demand for counterfeit goods. Upcycling counterfeit goods is a sustainable approach that aligns with broader environmental goals and can serve as an important component of responsible and sustainable waste management practices.

[End of contribution]

THE TICK BOX PUBLIC-PRIVATE PARTNERSHIP FOR THE SELF STORAGE INDUSTRY IN THE UNITED KINGDOM

*Contribution prepared by Mr. Oneydes Staggemeier, Senior Policy Advisor, Enforcement Outreach and Stakeholder Engagement, Intellectual Property Office, Newport, United Kingdom**

ABSTRACT

The contribution provides insight into the Self Storage Project, which is a partnership between the United Kingdom's (UK) Government and law enforcement agencies, the UK Self Storage Industry and other partners to deter criminals from using self storage facilities. As the self storage industry grows, so does the threat from criminals who are using these storage facilities to store counterfeit and illicit goods. This is also intended to provide an overview of how this partnership project works in practice and the results achieved so far.

I. UK SELF STORAGE INDUSTRY BACKGROUND

1. Self storage (a shorthand for "self-service storage," and also known as "device storage") is an industry that rents storage space (such as rooms, lockers, containers, and/or outdoor space), also known as "storage units," to tenants, usually on a short-term basis (often month-to-month). Self storage tenants include businesses and individuals.²
2. Self Storage facilities first appeared in the 1960s in the United States of America. The concept did not arrive in the UK until the 1980s and has grown steadily since. In recent years, it has grown at a faster pace thanks to multi-site operators and through small business diversification.
3. The Self Storage Association UK (SSAUK) estimates that the self storage industry in the UK has over 2,200 premises and around 55 million square foot of storage space, with an estimated turnover in 2022 of nearly 1 billion pounds sterling. Around 30 per cent of UK self storage facilities are owned by large operators (10 or more sites). Over 75 per cent of the self storage stores in the United Kingdom are members of SSAUK, along with many suppliers to the sector.³

II. THE THREAT

4. In the 2019 Intellectual Property Office (IPO) Strategic Threat Assessment report⁴, it was highlighted that the use of self storage units would increase over the next few years, possibly increasing opportunities for the wholesale storage of Intellectual Property (IP) infringing products. Seizures of counterfeit and illicit goods since the implementation of the Self Storage Project in 2020 confirm this threat.

* The views expressed in this document are those of the author and not necessarily those of the Secretariat or of the Member States of WIPO.

² https://en.wikipedia.org/wiki/Self_storage, accessed on October 18, 2023.

³ <https://www.ssauk.com/industry-info/size-of-the-industry.html>, accessed on July 7, 2023.

⁴ Because of the confidential nature of this report, a link to access it cannot be provided at the time of publishing this contribution.

5. Over the past two years, more than 15 million pounds sterling's worth of counterfeit and illicit goods have been seized from self storage facilities, many as a result of the awareness-raising activities conducted with law enforcers in the context of the Self Storage Project. Some of the seizures were from multi-million pound criminal operations.⁵

III. THE TICK BOX SCHEME

6. The Self Storage Project, known as *Tick Box*, is a partnership project with UK Trading Standards in England and Wales⁶, Scotland⁷ and Northern Ireland⁸, SSAUK and other law enforcement partners aiming to reduce the appeal of self storage facilities to criminals, by introducing a voluntary code of practice in the sector. The project is funded by the IPO and UK Trading Standards.

7. This program of work is delivered in partnership with UK Trading Standards, which has statutory powers to enforce trademarks, designs and copyright legislation.

8. The overarching aims of the project are to:

- increase industry awareness of counterfeit and illicit goods;
- increase reporting and intelligence;
- increase engagement between the industry, UK Trading Standards and law enforcement; and
- deter counterfeiters from using self storage facilities, disrupt their supply chain and make it hostile for them to operate in the UK.

9. The Tick Box scheme was introduced just before the Covid-19 pandemic in 2020. While progress was slow during that difficult period, great progress has been made since. The scheme has more than 130 self storage members with over 900 physical premises (approximately 40 per cent of all premises, as of October 2023).

10. The implementation of the project began in late 2020 in England and Wales, followed by Scotland in 2022 and Northern Ireland in 2023. The project is now part of the UK's Counter-Infringement Strategy⁹ evaluation program. Although it is a relatively new project, it has already begun to show great potential as an example of a strong Government/industry/law enforcement partnership work.

11. All self storage businesses that are committed to fair trading and consumer protection are invited to join the Tick Box scheme. It is easily implemented, with no administrative barriers, costs or membership fees. Businesses do not have to be a member of the SSAUK to join the scheme. Joining the scheme is very straightforward; eligibility is confirmed by a simple audit of the business against the code of practice standards, undertaken either by a local Trading Standards Officer or by one of the scheme's coordinators through a pre-established form. These audits are usually fast, taking no more than one hour to be completed. Once the Tick Box code of practice has been confirmed following the audit to the business, a certificate will be issued, and the company can display the certificate or code of practice/posters within its premises and the Tick Box logo on the website. If the business does not meet the minimum

⁵ <https://tick-box.org.uk/news/>, accessed on July 7, 2023.

⁶ <https://www.nationaltradingstandards.uk/what-we-do/>, accessed on October 18, 2023.

⁷ <https://www.tsscot.co.uk/>, accessed on October 18, 2023.

⁸ <https://www.economy-ni.gov.uk/articles/trading-standards-service>, accessed on October 18, 2023.

⁹ <https://www.gov.uk/government/publications/ip-counter-infringement-strategy-2022-to-2027>, accessed on July 7, 2023.

standards set by the code of practice, it has an opportunity to take remedial measures and then be reassessed.

12. At the heart of the scheme is the Code of Practice¹⁰ which constitutes “reasonable precaution”, with adherence to it demonstrating “due diligence”. It enables storage businesses to be risk-assessed, increases the level of engagement between law enforcement and the industry and ultimately serves as a deterrent to criminals.

13. Some key elements of the Code of Practice include:

- prohibiting the storage of counterfeit and illicit goods;
- conducting “know your customer” (KYC) identification checks;
- providing reasonable assistance to UK Trading Standards;
- ensuring that all staff understand the Code of Practice and their responsibilities; and
- reporting the storage of counterfeit or other illicit goods to UK Trading Standards.

14. The project is a generator of intelligence sources, which are evaluated by the IPO Intelligence Hub¹¹ to develop intelligence assessments that leads to disruption activities by UK Trading Standards and other law enforcement partners. Increased intelligence submissions flowing into the Intelligence Hub will better inform’s ongoing threat assessments, highlighting the risks and threats of illegal activity in this sector. Because of this work, the project has funded intelligence-led operational activities resulting in large seizures of counterfeit and illicit goods from self storage facilities.

15. As part of the scheme, the IPO, in partnership with UK Trading Standards, SSAUK and other partners, has developed training videos^{12,13} for self storage staff. The training is designed to help them detect and prevent counterfeit and illicit goods being stored on their premises and to raise awareness of the importance of due diligence to keep self storage facilities safe and free of counterfeit and illicit goods.

16. Additionally, the project provides training for law enforcement officers not only about the scheme itself, but also about the concept of intermediary liability and due diligence.

17. The initial success of this project demonstrates that with a relatively small annual investment, it will continue to produce significant results through strong partnerships between Government, law enforcement agencies and industry, achieving shared goals. The concept can be transferred to other industries, such as courier services, with minimal adaptation.

[End of contribution]

¹⁰ <https://tick-box.org.uk/code-of-practice>, accessed on July 7, 2023.

¹¹ <https://www.gov.uk/government/publications/protecting-ip-rights-using-the-ipo-intelligence-hub/protecting-ip-rights-using-the-ipo-intelligence-hub>, accessed on July 5, 2023.

¹² <https://youtu.be/UeEVa7mJctM>, Video 1.

¹³ https://youtu.be/14uiBb_T-L0.