



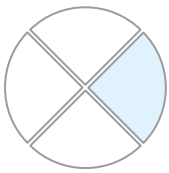
The invisible threat: Why companies must fight counterfeiting



The fight against product and brand piracy has long been an a topic of corporate social responsibility (CSR).

Nowadays, everyone knows about **counterfeit brands and products**. Business representatives and consumers are often aware that the damage caused to companies by counterfeits and illegal imitations is enormous. However, **the massive negative effects on people, the environment and society are often overlooked**. But this is precisely what makes the fight against the illegal machinations of pirates **a central issue for corporate social responsibility (CSR)** in business, and indeed, corporate social responsibility is important in all dimensions: **from economic and legal to ethical and philanthropic.**





Economic responsibility

Counterfeit Protection Means Economic Protection

Companies bear economic responsibility: a contribution that is systematically undermined by counterfeiters. For European companies alone, the loss of turnover due to counterfeiting is estimated at around 83 billion euros - year after year. The tax losses are correspondingly massive, and these funds are ultimately lost to the community. In addition, an estimated 671,000 jobs are lost.¹ This directly affects many individual members of society.

EUROPEAN
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83 BILLION
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TURNOVER ANNUALLY
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PRODUCTS.

¹EUIPO, Status Report on IPR infringement, 2020

Anti-Piracy Fights Illegal Activities

Companies have a legal responsibility, and they also have a function as a social role model. Therefore, effective brand protection and the defence against counterfeiting and plagiarism should actually be a standard practice. After all, they are illegal and can violate legal requirements in many ways: from disregarded legal standards for workplaces, production and distribution to neglected environmental protection and safety requirements. Counterfeits and pirated products can also expose individual consumers to tangible dangers; for example, if a fake charger explodes in someone's own home.² And who should care that the fake sunglasses, hand-bag or luxury watch from their holiday could be linked to other serious crimes such as drug trafficking, illegal possession of weapons or, for example, human trafficking?³ This cesspool of crime even extends to organised and internationally active terrorist networks.⁴



**Legal
responsibility**

PLAGIARISM CAN
BE LINKED TO
OTHER SERIOUS
TYPES OF CRIME,
INCLUDING **DRUG TRAFFICKING,
WEAPONS POSSESSION,
HUMAN TRAFFICKING
AND TERRORISM**



²Macwelt, Apple has one million fake products deleted on Facebook and Instagram, 2021

³EUIPO/Europol, IP Crime and its link to other serious crimes, 2020

⁴UNIFAB, Counterfeiting & Terrorism, 2016



Anti-Piracy Stops Unethical Activity



Ethical Responsibility

Companies have an ethical responsibility. Therefore, it is hardly surprising that brand protection can also often mean taking action against concrete human rights violations. In 2020, for example, authorities in Spain - in the middle of Europe - were able to free numerous workers who were being held in an underground factory and forced to produce plagiarised products under unacceptable conditions.⁵ But less extreme cases of poor working conditions can also be prevented; for example, if workers are not forcibly detained, but are exposed to dangers due to a lack of safety standards and occupational health and safety. In some cases, this can even endanger people's lives, as shown by a devastating fire at an illegal production facility in Spain demonstrates.⁶

⁵EUIPO/EUROPOL, IP Crime and its link to other serious crimes, 2020

⁶Guardia Civil, La Guardia Civil desmantela una organización delictiva dedicada a la falsificación y contrabando de tabaco, 2019



Philanthropic
responsibility

Saying No to Counterfeiting Develops Social Consensus

Companies lead the way. Not only as technical or economic, but often also as human, sustainable or even humanitarian drivers of innovation. Nowadays, this also includes consistent action against product piracy and brand piracy. Measures against counterfeit medicines or imitation car parts have shown how human lives can be protected in very concrete ways; for example, when medicines with harmful or ineffective ingredients can be removed from circulation. The World Health Organisation estimates that more than a quarter of a million children die each year from counterfeit medicines, which only includes those against pneumonia and malaria.^{7,8} Potentially devastating effects on humans and the environment could also be prevented, for example, by actions against the trade in illegal pesticides that contain banned and partly toxic substances - and with which, for example, an area larger than the entire agricultural area in Germany could have been treated in 2020 alone.⁹

ACCORDING TO
WHO > **250.000**
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MEDICINES

Overall, it becomes apparent that **brand protection and the fight against counterfeiting are not a self-serving endeavour.** Instead, **it becomes clear that it is an important part of a company's commitment to a sustainable corporate social responsibility.** This is a requirement that must be fulfilled to contribute to the greater good of society. It is also imperative that this matter is actively communicated and addressed, to cultivate a sense of **awareness among key stakeholders, including employees, consumers, and the public, regarding the potential hazards of plagiarism.**

⁷OECD, Trade in Counterfeit Pharmaceutical Products, 2020

⁸Automotive Anti-Counterfeiting Counsel, The Online Sale of Counterfeit Automotive Parts, 2020

⁹Europol, A record number of 1 346 tonnes of illegal pesticides taken off the market in 2020 global operation Silver Axe, 2020

SCRIBOS

SCRIBOS GmbH enables brand owners around the world to win the fight against counterfeiting, by setting the standard for brand protection solutions. Since the discovery in 1998 that adhesive tapes can be used as data carriers and our foundation in 2001, we have become a leading solution provider for product labelling and the development of digital applications. We develop and manufacture innovative, highly secure product labels and combine them with state-of-the-art digital tools. This creates effective brand protection solutions that help brand owners around the world combat counterfeiting, grey market trade and unauthorised overproduction.

They also open up new avenues for track & trace, multiple customer interactions and market analysis. Our company has over 20 years of experience in the field of brand protection and has worked with over 500 leading brands around the world, including Stellantis, Bosch, Castel and Chlo  .

As a wholly-owned subsidiary of the KURZ Group, we benefit from the extensive experience and global presence of our parent company in the international security applications market.



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Counterfeit products not only harm the affected companies themselves, but are also a **danger to the health and lives** of their customers. In addition, they cause enormous economic damage, are often connected to organised crime and are an attack on our social cohesion. **Each company carries the responsibility to protect its trademarks against abuse.**

Dr. Tobias Kresse | Managing Director

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