

Consumer Attitudes and Their Role in Reducing the Impact of Counterfeit and Pirated Goods and Services

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CONSUMERS COUNCIL OF CANADA

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Copyright

Counterfeiting and piracy impacts middle class jobs, innovation and consumer health and safety. Experts forecast that if current trends continue, the total value globally of counterfeit goods by 2022 will reach at least U.S. \$991 billion and the trade in pirated goods (understood as digital piracy in film, music and software) will reach at least U.S. \$384 billion (Frontier Economics 2016). In addition, there are social, health and safety, and environmental costs borne by business, governments and consumers.

The Consumers Council of Canada conducted a national consumer survey, held consumer focus groups, and formed an ad hoc stakeholder advisory committee to explore Canadian consumer attitudes towards counterfeit and pirated goods. This report presents the results of the research and recommends how business and governments can work with consumers and consumer organizations to respond to this problem. The report addresses attitudes and assumptions consumers have about counterfeit and pirated consumer goods, their expectations of governments and business to solve the problem, and what they think they need as tools to protect themselves in an environment that is difficult to police.

Keywords: counterfeit goods, pirated goods, consumer protection

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Executive Summary

“The supreme end of education is expert discernment in all things – the power to tell the good from the bad, the genuine from the counterfeit, and to prefer the good and the genuine to the bad and the counterfeit.”

– Samuel Johnson

Background

Counterfeiting and pirating of consumer goods and services is a growing global problem. The negative impacts on legitimate business, middle class jobs, innovation, and consumer health and safety are well documented. The economic, social, and environmental costs are borne by everyone.

Law enforcement agencies report increasing concern that distributors of counterfeit goods are associated with organized crime and terrorist groups. Brand owner and government agency budgets are strained as they attempt to control the proliferation of the sale of counterfeit goods and pirated digital products.

Consumer health and safety risks tied to counterfeit products are significant and the prevalence of pirating digital content exposes consumers to multiple risks of malware and identity theft.

Consumers are both victims and supporters of counterfeiting and digital piracy. Knowingly or unknowingly, the acts of individual consumers sum to

the demand side of the equation, and are the source of great economic, social and environmental risks. Yet, consumer organizations and civil society organizations generally have not been engaged with business and governments to design and implement anti-counterfeiting/piracy strategies. This is unlike the cases of other serious societal, public health or public policy issues addressed through multi-stakeholder collaboration. This project examines i) consumer attitudes towards counterfeit and pirated digital content; ii) the extent of consumer and consumer group involvement in anti-counterfeiting/anti-pirating initiatives; iii) and what strategies might be effective in developing a multi-stakeholder approach that includes greater engagement of consumer organizations.

Methodology

Research conclusions were reached through the use of a national web panel survey of adult Canadians, six focus group panels, literature searches and key informant interviews. An ad hoc expert advisory panel was established to assist with orienting and supporting the study, and advising on research questions. The research was conducted under the guidance of a research methodologist.

National Web Panel Survey

Researchers used an online quantitative survey conducted by national research firm Environics Research Group to directly collect the views of 2,000 adult consumers. The survey assessed: consumer experience in knowingly or unknowingly purchasing counterfeit goods or services, including pirated digital content; consumer awareness of the health, safety, economic and societal consequences of purchasing counterfeits or pirating digital content; consumer views on what conditions might curb consumption of counterfeit goods or the accessing of pirated digital content; consumer awareness of government and business anti-counterfeiting initiatives; views on who should be responsible for reducing the availability of counterfeit goods and pirated

digital content; and views on the engagement of consumer organizations and the role of consumer personal responsibility in curbing counterfeiting and digital piracy.

An online quantitative survey is a non-probability method of quantitative research. This survey was sampled to be representative of Canada's general population 18 years of age or older based on age, gender and region from the 2016 Census. Demographic questions were included, allowing examination of responses to specific issues and concerns of different demographic groups.

Respondents – often referred to as panelists for online quantitative studies – were recruited primarily through social media, online advertising and via telephone. This approach was designed to optimize the probability that the panel reflected the overall composition of the target online population.

In order to gain entry and remain on the panel, panelists needed to: clearly and actively have indicated an intention to join; received an invitation with the opportunity to opt out; were not a duplicate of another panelist; possessed confirmed validated demographic data matched to postal address files and correct geographic assignment; had been assigned a unique panelist ID (their identifier used for de-duplicating, re-contacts, and post-survey analysis if needed); understood that survey participation was not to be a means to supplement their income; and agreed to keep information confidential.

Consumer Focus Groups

Six telephone focus groups (a minimum of seven participants per group) were conducted by Environics Research Group, in Montreal (one in English, one in French), Toronto area (two in English), and British Columbia (two in English).

The focus groups provided researchers with deeper insights into some of the key questions asked in the National Web Panel Survey. Participants were asked to expand on views regarding: their awareness of the prevalence of counterfeits and their experiences (good or bad); how they feel about the potential negative health, safety and economic consequences of counterfeiting

and the links with organized crime; how much they know about current efforts under way to curb counterfeits and pirating of digital content; and what role they and consumer organizations can play in assisting business and governments in combatting these harmful practices.

Literature Review

Literature reviews added the perspectives of:

- Other relevant and recent academic research.
- Consumer awareness of counterfeiting and consumer engagement in anti-counterfeiting.
- National and international anti-counterfeiting initiatives.
- Consumer behavioural patterns and counterfeiting.
- Consumer detriment (health, safety and economic risk factors).

Ad Hoc Stakeholder Advisory Panel

An ad hoc stakeholder advisory panel was established to assist the researchers. The panel members consisted of: a lawyer who specializes in intellectual property protection; a test laboratory representative who works on protection of standards certification marks; a representative from the Canadian Anti-Counterfeiting Network; and an academic. In conjunction with the project methodologist, they assisted researchers as they reviewed and helped refine the consumer survey and interview questions designed to seek answers to the identified research questions.

Summary and Conclusions

Canadian consumers are generally aware that counterfeit goods and pirated digital content are available in the Canadian marketplace, and they understand that business and consumers can be harmed.

Consumers believe that governments and business should be responsible for controlling the distribution and sale of counterfeit and pirated goods, yet they have low awareness of initiatives being taken by either to do so.

Online sales are most problematic because consumers do not have the same ability to examine the goods, packaging and labelling that would help them determine if a product is counterfeit as if they were in a retail setting.

Consumer experiences do not align with how rights owners and governments frame the issues. They see little risk in buying certain counterfeit products (mostly fashion accessories and luxury items) and downloading certain pirated digital material (mostly movies). However, they seem instinctively aware of the counterfeit goods that may harm them (prescription drugs, certain electronic products).

Informants representing rights holders confirmed findings in this research that the Canadian public is unaware of initiatives being taken by business and governments to curb or eliminate counterfeits and pirating. This is partially due to the lack of coordinated messaging. Their focus on intellectual property rights infringement may be too abstract to appeal to consumers, and the 'shock ad' approach of bombarding consumers with dire warnings and graphic images appears to be ineffective and even counter-productive.

Re-framing counterfeit and digital piracy simply as matters of consumer fraud and unfair/unsafe trade practices as opposed to concentrating on property rights infringement would cast a new light on the subject and place a more appropriate focus on responsibilities of law enforcement, including consumer protection agencies.

Most national and international efforts to combat counterfeiting and pirating promote some form of consumer awareness program. However, researchers in this study found no examples of independent consumer advocacy organizations being actively engaged as full partners with any of these organized efforts.

Motivating governments, business and consumers to take measures to prevent product misrepresentation and lower health and safety risks is in line with the mandates of most Canadian consumer organizations. And there is ample evidence that consumers have a high degree of trust and confidence in these organizations. Yet, to date, consumer organizations and government

consumer protection agencies are not full partners in Canadian anti-counterfeiting/pirating strategies.

Reducing consumer demand for counterfeit goods is as important as curbing the influx of these goods into the Canadian marketplace. Consumers need help to navigate the retail and online marketplace to avoid being victimized by counterfeits that could lead to health, safety and societal detriments.

Consumer organizations have brand credibility to communicate to consumers about their risks when owning counterfeit goods and accessing counterfeit services. They are more trusted messengers than business or governments in this instance, and are capable of supplying real help to consumers. What they do not have are the financial resources they need to help consumers avoid being exploited by counterfeiters and pirates.

Key Recommendations

A Single Coordinating Body for Anti-Fraud Initiatives

Feedback from the national panel survey, focus groups, and stakeholder interviews indicated a need for Canadian governments to support a single-window agency to coordinate anti-fraud activities – including action against counterfeiting and pirating. This agency would:

- Facilitate and highlight collaboration and liaison opportunities with international anti-counterfeiting and anti-fraud agencies.
- Provide better access for consumers and rights holders to provide feedback, complaints and intelligence on fraud, and to partner with law enforcement and consumer organizations on training and education programs.
- Raise the profile and seriousness of fraud and its impact on citizens, acting as consumers or otherwise, and their societies.
- Respond to federal government commitments to control the distribution and sale of counterfeit goods in Canada.

- Seek active involvement from provincial consumer protection agencies and consumer organizations which have not been active in anti-counterfeiting initiatives.
- Send a more understandable message to consumers that counterfeiting and pirating consumer products and services is intentional deception (fraud) and is not solely a matter of intellectual property rights infringement.

Engage and Partner with Consumer Organizations

The national panel survey, focus groups and stakeholder informants also supported engaging with consumer organizations which can field complaints, operate education programs on anti-fraud, serve as liaison with other consumer and non-profit organizations, and provide consumers with tools to help them avoid falling victim to fraud – including counterfeit products and pirated digital content.

Provide Sustainable Funding For Consumer Organizations

The impetus for this research was, in part, to determine why civil society, consumers and consumer groups have avoided or have not been invited to join rights holders and governments in countering illegal activities that are driven by consumer demand, and also harm consumers. It would seem evident that consumer representation would be at the heart of these activities but this is not the case.

Consumer representation is at a tragically low level in Canada. Abundant research exists to demonstrate this. The evidence also indicates little appetite on the part of business or government to engage consumer groups concerning the problems created by fraud and product and service counterfeiting and piracy.

Consumer groups are accustomed to working with governments and, in some cases, private sector organizations, when there is agreement on a common objective to protect and advance consumer interests on selected

issues. Anti-fraud/counterfeiting should be one of them. It is essential that governments and private sector organizations seeking objective analysis and evidence-based input from consumer organizations provide adequate and sustained funding to these organizations. To be fully effective in this capacity, consumer groups also need adequate resources to directly engage with consumers.

Introduction

“Counterfeiting has become a huge, highly organized, global business.”

Canadian Anti-Counterfeiting Network

The Importance of This Research to Consumers

Counterfeiting and pirating of consumer goods and services is a growing global problem. The negative impacts on legitimate business, middle class jobs, innovation, and consumer health and safety are well documented. The economic, social, and environmental costs are borne by everyone.

Law enforcement agencies report increasing concern that distributors of counterfeit goods are associated with organized crime and terrorist groups. Brand owner and government agency budgets are strained as they attempt to control the proliferation of the sale of counterfeit goods and pirated digital products.

Consumer health and safety risks tied to counterfeit products are significant and the prevalence of pirating digital content exposes consumers to multiple risks of malware and other computer viruses.

Consumers are both victims and supporters of counterfeiting and digital piracy. Knowingly or unknowingly, individual consumers form the majority of the demand side of the equation, and are exposed to the greatest economic, social and environmental risks. Yet, unlike other serious societal, public

health or public policy issues that are addressed through multi-stakeholder collaboration, consumer organizations and civil society organizations generally have not been engaged with business and governments to design and implement anti-counterfeiting/piracy strategies.

This project examines: i) consumer attitudes towards counterfeit and pirated digital content; ii) the extent of consumer and consumer group involvement in anti-counterfeiting/anti-pirating initiatives; iii) and what strategies might be effective in developing a multi-stakeholder approach that includes greater engagement of consumer organizations.

Glossary of Some Terms Used in This Report

Counterfeit: Essentially a product presented to buyers as identical to another product and so trademarked without authorization. Significant quality differences *may* exist between the goods using authorized labels and/or packaging and ‘counterfeit’ ones offered to consumers at a lower price.

Digital piracy: The illegal distribution of copyrighted material, e.g. software, videos, digital video devices (DVDs), music and subscription-based content. ‘Piracy’ occurs when someone other than the authorized user of the content copyright copies the product and sells it.

Trademark: a device (such as a word, logo, distinctive design, graphics, symbols) pointing distinctly to the origin or ownership of merchandise to which it is applied and legally reserved for the exclusive use of the owner as maker or seller. Trademarks allow consumers to choose among goods and services, based on perceived quality and reputation of their source.

Copyright: A form of intellectual property law that protects original works of authorship including literary, dramatic, musical, and artistic works, such as novels, movies, songs and computer software.

Summary of National Web Panel Survey Results

Counterfeit Goods

Most panelists claimed no experience of discovering that products they purchased were actually counterfeits. When asked if they had ever discovered that they had purchased counterfeit goods without knowing at the time of purchase that the goods were counterfeit, only a small percentage of the respondents (18 %) said this had happened to them. Those claiming that this had not happened were either aware that the goods were counterfeit or they were somehow confident that what they purchased was the real thing. The responses were consistent across educational and income levels.

Consumers who discovered they had purchased counterfeit goods reported that the primary indicators were poor quality and that the product didn't function as expected. Other indicators included poor or no packaging, lack of warranty, and no support or refunds were provided by the retailer. These findings were supported by anecdotal evidence from the focus group interviews.

When it comes to buying counterfeit luxury goods such as branded footwear, jewellery, apparel and purses and entertainment, more males indicated they knowingly bought these types of counterfeit products than females. Also, more

males than females indicated they purchased counterfeit sporting goods, shoes and jerseys. Those with university or higher levels of education were the largest group knowingly purchasing counterfeit goods of this type.

Of those who knowingly purchased counterfeit goods, most (77%) purchased from retail outlets (primarily flea markets) and independent stores. About half of these respondents also purchased from well-established online sales sites.

When purchasing goods online, most respondents agreed that they always looked for the best deal (82%). The youngest group (18 – 24) were much more likely to look for the best deal versus those in the oldest age group 65+. A minority of panelists (15%) did not believe that there was any real difference between the counterfeit good and the real thing, other than price.

Overall, the responses were split, agreeing vs disagreeing when queried if they saw any problem in buying cheaper versions of luxury items. But there was a difference in the responses based on age. Younger panelists (18 – 24) were less reticent to buy cheaper versions of luxury items. Older panelists (65+) were more likely to agree (62%) that buying cheaper versions of luxury items was problematic and were more unwilling to accept inferior quality for a lower price.

Owning a brand name was important to 41% of the respondents. And of that group, it was of slightly greater importance to men than women (48% vs 36%). As well, owning brand names was also of more importance to panelists in the highest income bracket.

Pirated Digital Content

Only thirteen percent (13%) of panelists reported unintentionally purchasing pirated digital content. The majority of the respondents either knew they were downloading pirated content or downloaded legal content. Panelists 25-34 years of age were more likely to unknowingly purchase pirated digital content as were those whose income was above \$150,000. Key indicators that the content was pirated were poor quality and lack of

functionality. Fifteen percent (15%) of those who unintentionally downloaded pirated digital content reported that their computers were infected with malware.

Half of the respondents reported having downloaded pirated digital content, or knew someone who did. Panelists in age brackets of 18-49 with higher education and higher incomes reported the most activity.

Of the 991 respondents who acknowledged they download pirated digital content, the main items accessed were films (80%), music (67%), television programming (53%) and computer programs (33%). Only 2% downloaded books. Those with high school or less education were less likely to download TV programming. Those with higher education (college and university) were most likely to download films.

The majority (77%) agreed that the experience with the pirated digital content was satisfactory. This may be due to low expectations (the content is cheap or 'free'), or owning lower quality hardware where the consumer is accustomed to living with lower technical quality.

Of the 23% who found the experience unsatisfactory, the vast majority (87%) cited poor quality of the downloaded material, 26% had their computers infected with malware viruses and 7% experienced identity theft. Close to 100% of panelists from the Atlantic Provinces and 73% from B.C. reported poor quality. Those in the highest income (\$150K+) bracket were more likely to report getting malware than the lowest income group.

Consumer Views on Business Impacts, Health and Safety, and Links to Criminal Organizations

Sixty-five per cent (65%) reported being aware of the high degree of negative economic impact counterfeiting presents. Panelists 18-24 years of age with high school or less education, and those making less than \$50,000 per year were slightly less aware.

Most consumers understood that pirating digital content harms artists and business. When asked whether they were aware of the impact of pirating digital content on business, just over half the group indicated they were aware, and considered it to be a problem. A significant number (20%) believed no harm is done, and 14% said they knew of the harms to business but didn't care. Panelists 18- 34 years of age were more likely to fall into this category.

Fewer panelists (51%) were aware of the negative health and safety implications of counterfeit products and even fewer (46%) were aware that counterfeit products were linked to activities of organized crime and terrorist organizations. In this latter category, Quebec panelists had the least awareness, in particular those 18-25 years of age.

Of the counterfeit goods that panelists admitted to knowingly purchase, 20% were products that could represent a health and safety risk (pharmaceuticals, auto parts and batteries). A small number of respondents (4%) indicated the counterfeit goods they bought made them sick. About half those sales were online with established, select or independent online retailers. These results were fairly evenly distributed across all income levels but those with university or higher education (65%) were more likely to admit that they had knowingly purchased counterfeit goods.

When asked whether they believed counterfeit goods met safety requirements, 90% of the respondents disagreed. Those 25-34 years of age were less likely to disagree (79%). Six per cent (6%) thought counterfeit pharmaceuticals were as safe as approved products.

Consumer Views on Anti-Counterfeiting Strategies

The consumers surveyed were almost completely unaware of any government programs designed to curb or eliminate digital pirating and the sale and distribution of counterfeit goods. Only 5% indicated some awareness. One quarter of this smaller group couldn't remember the source of the messaging.

Survey respondents were equally unaware of any business programs aimed at curbing digital piracy and the distribution of counterfeit goods. Of the 5% that remembered seeing something, no program stood out, nor could they identify the source in most cases.

Consumers believe it is primarily the responsibility of government and business to address the issue. But about half of those surveyed believed all parties had a role to play including consumers, consumer organizations, business, law enforcement, retailers, web site owners and governments.

A strong majority of consumers (87%) believed that consumer organizations should be more engaged in curbing the sale of counterfeit goods and the pirating of digital content.

Consumers strongly agreed or agreed (92%) that more education is needed to help identify counterfeit goods and to teach about the detriment counterfeiting of goods and digital content piracy causes.

Panelists identified several factors that may convince consumers to reduce or eliminate consumption of counterfeit goods:

1. better information about the role of organized crime and terrorism linked with the distribution of counterfeit goods.
2. better education on the negative consequences of the counterfeiting and pirating (examples of serious medical issues as a result of counterfeit drugs, explosions/fires from counterfeit electrical or electronic devices).
3. profiling real human interest stories such as job losses, injuries, computer hacking and viruses due to counterfeit goods and pirating that would help consumers make the connection between the written material and actual real life consequences.

These recommendations are logical given the fairly high degree of skepticism expressed by focus group members who felt that claims of harm, threats, and involvement by organized crime etc. are simply hyperbole intended to serve industry and government interests. More may need to be done to convince consumers that these threats are palpable. Currently they do not see much

evidence of an urgent response in their own communities if the high level of harm and potential harm is indeed real.

The majority of consumers believed that the key action they could take was to inform authorities when they identified promoters/sellers of counterfeit goods and/or digital pirated content. Other actions noted were: convincing peers and family to resist buying counterfeit and pirated goods (consumer social/ethical responsibility); pressuring federal politicians to do more; and joining a consumer organization to advocate for more consumer and public engagement in anti-counterfeiting/anti-pirating campaigns.

IV

Summary of Telephone Focus Groups

What People Buy That They Think May Be Counterfeit or Pirated

Many among the focus group participants said they thought that counterfeit goods are currently most commonly sold online. This view is supported by a May 2019 study by the Better Business Bureau International that provides an overview of the growing trend in marketing counterfeit goods online and the challenges it poses for law enforcement and brand holders (Better Business Bureau International, 2019). Some respondents mentioned that counterfeit goods are still commonly sold in retail outlets and flea markets, and a few respondents spoke of several media stories about the Pacific Mall in Markham, Ontario, which U.S. authorities have called a “notorious market” of counterfeit luxury goods (CTV News Toronto, 2019).

How Consumers Define Counterfeit Goods

Focus group interviewers wanted to know how participants define counterfeit goods. Most of the participants characterized counterfeit goods as being of very poor quality, not original, a copy of a product “pretending to be a name brand”. An example was cited of a handbag made cheaper somewhere other than at the approved place of manufacture. Another example given was

“a movie you download that you do not pay for”. Participants said counterfeits often still served their purpose, but they wouldn’t buy items that they suspected would compromise their health or safety.

Understandings of ‘Piracy’

Groups found it easier to define digital piracy. They cited unofficial streaming sites that do not own or license the content. They gave as an example, buying a cheap copy of software or music not officially supplied. A common comment was that more people now stream purchased music because it’s easier, and relatively inexpensive options are available.

Positive Attributes of Counterfeit and Pirated Goods and Services

The most common positive attributes of counterfeit goods cited within the groups were the lower price and acceptable quality. Some noted that software has become very expensive, but lower costs for entertainment subscription services has made them easier and more affordable to access.

Attitudes Toward Companies as Victims of Counterfeiting

Participants expressed awareness that the act of pirating digital content can have a negative impact on legitimate business. The closing of a local music store was cited as likely due to pirating. Some participants said that companies brought trouble on themselves by charging what they felt were unreasonably high prices. They said that companies deserve profits, but it is hard to feel bad for them given the huge profits their industries enjoy. For unknown reasons, respondents from the two B.C. focus groups seemed very unsympathetic to the negative impacts on corporations.

Attitudes About Purchasing Counterfeit Goods

Participants agreed that counterfeiting of products is unfair for brand owners and a possible deterrent to companies and individuals wanting to start new business. However, some felt some goods are too expensive and wondered whether lower prices would make consumers more inclined to buy original items. Some noted that they believed the prevalence of digital content piracy forced providers to think creatively about how they could offer consumers alternative services at lower prices.

Past Purchases of Counterfeit Goods, and Motivation for Doing So

Many participants acknowledged that they had purchased counterfeit goods and had downloaded pirated music and movies to save money. One participant said access to pirated movies may last longer than authorized copies. Another said she buys “fake” watches because they are easy to replace every few years, and no one notices they are fakes. Another said he had purchased cologne which smelled the same as the ‘real’ product.

Respondents gave personal examples of unknowingly purchasing counterfeit goods and pirated content. One participant was tricked into buying counterfeit goods from a website he thought sold authorized products. The packaging did not appear to be genuine when the goods arrived. Another participant said she had bought software from what she thought was an authorized website but it was a counterfeit and it infected her computer with a virus. She obtained no redress from the supplier. A participant said he unknowingly bought a counterfeit iPhone at a retail outlet, not realizing it until he brought it home from the store and tried to use it.

What Categories of Counterfeit Goods Might be Avoided

Participants generally agreed that they would try to avoid purchasing counterfeit software (concerns about malware), cellphones (explosions and

fires), cosmetics (contamination), food and drink, toothpaste (from discount stores), face paints, and medical devices. When prompted, they strongly ruled out buying counterfeit auto parts and drugs offered for sale online.

Perceived Consequences of Buying Counterfeit Goods

Many participants were aware that buying counterfeits impacts a company's viability and ability to carry out research and development. They were aware that pirating digital content takes revenue from artists and can contribute to job losses.

Some noted the risks to children – in particular, counterfeited brand name goods that parents and guardians would normally assume to have been tested for safety.

A variety of sentiments were expressed about likely economic impacts. Some were unclear how economic and job loss statistics were calculated and some speculated that counterfeits inevitably lead to higher prices over time.

One participant said she had lots of friends in the clothing and music businesses, so she knows counterfeits and piracy hurts them. Another noted that retailers can be deceived by suppliers of counterfeit goods and this can have a negative impact on retailers' reputations if counterfeits are discovered by their consumers.

Several noted that child labour may be involved in making counterfeit goods, but others countered that there are also reports of child labour being used in the production of authentic brands.

Comments on Known Impacts of Counterfeit Goods

Participants were presented with statistics from reliable sources on the impact of counterfeiting, including monetary and job loss, health and safety issues and the involvement of organized crime and terrorist organizations. Researchers were somewhat surprised by the degree of skepticism from focus group members who questioned the motives for, and accuracy of, the information. Some noted that the statistics were likely exaggerated to provide

shock effect and questioned how job losses were calculated and whether people actually did lose jobs or simply switched to other low-skilled labour jobs. Several voiced the opinion that neither authorized manufacturers nor counterfeiters had good records for providing quality jobs and avoiding child labour.

Some said they were surprised to learn about counterfeit pharmaceuticals, automobile and airplane parts, and the risk of malware in pirated digital content. They were particularly concerned about a link between pharmaceutical fakes and organized crime but wanted more data to be convinced that this was a real problem.

Some participants thought that citing connections between terrorists and counterfeits was an unsubstantiated “pile on” to instil fear – a new ‘group’ to pin problems on. A view was expressed that organized crime is gaining a foothold in legitimate business, too, and that ‘mom and pop’ businesses do sideline services selling counterfeit or pirated goods.

British Columbia participants were amazed at the estimates of the global valuations of counterfeit goods and digital piracy. They expressed shock and said they had no idea of the scale of its impact. They said the possibility of counterfeit airplane parts never occurred to them. One woman said she found the data about fake pharmaceuticals especially depressing.

The groups did not mention the impact counterfeits have on the loss of government revenue (taxes and the costs of enforcement and monitoring). This may somewhat support findings from the national panel survey that the public is generally unaware of initiatives being taken to curb or eliminate counterfeits.

Some Sympathy for Bricks and Mortar Retailers

Participants were generally more sympathetic toward small business bricks and mortar retailers who may sell some counterfeits on the side. Some noted that there are some good retailers who may not know they are selling counterfeits and, unlike in e-commerce, their consumers have the ability to

examine the goods themselves and interact directly with the retail owner or manager prior to making a decision. Some commented that they had not realized how lucrative selling counterfeit goods could be but felt most people are not that disturbed by it.

Awareness of Anti-counterfeiting Information or Deterrent Programs

Several participants said they knew programs existed to deter counterfeiting and digital piracy. None could name specific programs. This supports the findings in the national panel survey.

Examples of awareness cited include:

- The message played at the beginning of DVDs about proceeds of pirated copies going to organized crime (though no panelist could cite examples where organized crime was prosecuted for pirating).
- Some had knowledge of the Pacific Mall (Markham, Ontario) being raided. One participant said that a follow-up newspaper article noted that some of the goods thought to be counterfeit turned out to be legitimate, and he didn't think any charges were laid.
- Online warranty registration to activate electronics.
- Some border-security-oriented television programs.
- A police raid on small downtown shops selling counterfeits under the counter.
- The police break-up of a counterfeit ring more than 10 years ago.
- Some social media chatter about a store being raided and fined.

Participants agreed it would be difficult for authorities to stay on top of counterfeiting and digital piracy and that it seemed likely to be expensive to police, with little payback for authorities or harmed consumers.

Many wondered whether brand owners are blowing the issue out of proportion given that they see few examples of authorities taking action or have had no bad experiences themselves.

The B.C. focus groups reported no knowledge of local or provincial action being taken to curb counterfeiting and digital piracy.

Ideas About Reducing Counterfeiting

Members of the six focus groups were asked for ideas on how counterfeiting and pirating could be reduced. The following observations were expressed:

- The statistics demonstrate that things are getting worse but it is doubtful that much can be done about it.
- More enforcement and monitoring are needed but regulating online purchases of counterfeits will be challenging.
- Increased publicity of the risks involved would help, along with continuous education programs (some mentioned the success of non-smoking programs as a model).
- Stress the importance of parents setting examples for their children with regard to sustainable consumption practices.
- Governments should develop a telephone hotline to report counterfeits (Focus group participants appeared to be unaware of the Canadian Anti-Fraud Centre.) (“Welcome to the CAFC Website” 2015).
- Police action against counterfeiting seems to be low priority because the public rarely hears of activity (seizures, raids, prosecutions); relying on police enforcement may not be reasonable given the high cost of enforcement and more important enforcement priorities.
- Setting up a reward system for whistleblowing and reporting counterfeit operations would be complex and costly to maintain.
- There needs to be more education for the public with realistic and current Canadian examples of incidents and consequences.
- If there is a real threat and verifiable evidence that purchasing counterfeit goods supports organized crime and terrorism, then people need to know about it and the associated harms.
- Police and border agents have bigger issues to manage than controlling the distribution and sale of counterfeit goods.

- It is easier to control products that are produced in Canada (this observation is particularly interesting and appropriate as a partial response to controlling counterfeit opioids and fentanyl).
- Brand owners and governments should concentrate limited resources on pursuing the big counterfeit operations and those linked with the most dangerous criminal organizations rather than raiding small retail operators.

Role for Consumer Groups

Again, the participants in these focus groups provided a variety of recommendations for consumer organizations. Consumer groups should:

- Do nothing; brand owners should be taking the lead to lobby governments on behalf of business and consumers – not consumer organizations.
- Lobby governments to do more to control counterfeiting and pirating.
- Help consumers make wise purchasing decisions and raise awareness of the risks of buying counterfeits.
- Focus advocacy against counterfeits that have the greatest potential to negatively impact consumer health and safety (i.e., drugs, food, certain consumer products).
- Advocate for reasonable retail prices for goods and digital content as a strategy to lure consumers away from the underground economy.
- Partner with government agencies to assist with consumer education and public awareness.
- Elevate public discourse through social media; be influencers and explain in plain language the consequences of buying counterfeit goods.
- Address the prevalence-of-online-sales-of-counterfeits problem in partnership with retail associations and Internet providers.
- Support consumer awareness of ethically sourced goods and provide guidance on what various sustainability claims and logos mean.

- Encourage consumers to be prepared to pay more for specific domestic or North American goods (food, drugs, certain consumer products) to support greater product traceability and authentication.

Summary of Stakeholder Informant and Consumer Organization Views

Stakeholder Informant Views

Informants, including those in the ad hoc advisory group for this research, clearly believe that Canadian consumers do not have enough knowledge and understanding about the consequences of purchasing counterfeit goods and pirated digital content. Some members of the Canadian Anti-counterfeiting Network (CACN) indicated that through their training and outreach events consumers are often shocked to learn of the consequences that counterfeiting and pirated digital content have on business. It was made clear that more targeted public information and education needs to be done to explain to consumers the possible dangers to business, the economy and their health and safety.

When asked about the current level of public involvement in reporting or whistleblowing on counterfeiting operations, stakeholders indicated that from their experience, there is very little reporting from individual consumers. Reporting/whistleblowing is more likely after there has been media coverage of a police action or a civil action by rights holders. A stakeholder remarked that consumers seem to recognize that certain activities that the counterfeiters or pirate services claimed are legal are, in fact, not legal. When

this occurs, agencies such as CACN begin to receive tips from the public. Whistleblowers may be victims of fraud and look for retribution against the seller, if possible, or a whistleblower may be a counterfeiter that was caught and they want to turn in other known counterfeiters. Tips are also received from individuals who work in industries targeted by counterfeiters. Nonetheless, the number of reports or complaints from the public is low considering the volume of counterfeit and pirated digital content in the marketplace.

Informants identified key challenges to engaging consumers to collaborate on initiatives designed to combat the sale and distribution of counterfeit goods and pirated digital services, and made a number of recommendations.

- Consumer engagement is inhibited by the general attitudes and perceptions that rights holders are primarily concerned about protecting their brands and their profits and less concerned with consumer and societal welfare.
- Weak support and scattered messaging from Canadian governments sends unintended messages to the public that controlling counterfeits and pirating is a low priority, and confirms consumer views that this is an issue business must address alone.
- Consumer advocacy organizations can leverage the confidence consumers have in their organizations as independent and objective advocates by offering messaging that gives the full spectrum of societal harm that the counterfeit trade presents and how trademark law and anti-counterfeiting measures benefit the consumer.
- Consumer advocacy organizations should appeal to governments to provide more comprehensive and coordinated messaging regarding the harms of counterfeiting and digital piracy, including the negative impact on innovation.
- Consumer organizations could promote 'ethical consumption' practices that are in line with Canadian values by counselling consumers to avoid knowingly purchasing counterfeit and pirated digital content. This

recommendation aligns with some of the literature on sustainable consumption and consumer social responsibility (Vitell 2015).

- Messages promoting anti-counterfeiting initiatives should be sent by politicians to their constituents to ensure meaningful and sustained traction at the political level. There is a lot of publicly available information but it is not being provided in a digestible way that would attract consumers.
- Business and governments do not provide enough information and practical advice to consumers. Rights holders must do a better job of telling their stories of the challenges they face. Many supported the creation of a central coordinating body to combat counterfeiting and digital pirating similar to the collaborative efforts being undertaken in the United States.

Informants noted a number of active, on-going awareness and training events for police, border service officers, businesses, lawyers and Crown Counsels on trademark, copyright and patent legislation and how rights holders are trying to protect their brands by supporting active enforcement of these laws. While they do not invest equivalent efforts and resources in consumer education, there are sporadic efforts by standards organizations such as CSA Group and Underwriters Laboratories (UL) and individual businesses to communicate with consumers on this subject.

Finally, many informants recognized that not all counterfeit goods have the same impact in terms of consumer and societal harm. Counterfeits that endanger human health and safety must be of primary consideration, and this sentiment has been expressed by all major international anti-counterfeiting initiatives. Therefore, different target audiences, partnerships, enforcement programs and key messages may be required to effectively get consumers' attention.

Consumer Organization Views

Many Canadian consumers today feel intense pressure to manage their household budgets and are forced to focus on basic needs. If goods look the same and the price is within their budget they will take the risk of settling for less, not by choice but of necessity. Consumers want to buy safe goods, but have reason to be skeptical that trademarked or branded products are any safer than counterfeits. The majority of recalled products for safety issues in the OECD's global recall database are not identified as counterfeits, and many are well-known brand name consumer products. Certification marks are easily forged and difficult for the consumer to verify. Canadian governments are notably absent in their role of marketplace monitoring to ensure accurate and meaningful labelling and advertising. Government reduction of "regulatory burden" programs are often code for wholesale abdication of responsibility. For example, the Ontario government recently announced repeal of public health regulations that ensure filling material in consumer products (down-filled apparel and bedding, mattress padding, plush toys) are new, clean and safe. These same regulations were promoted formerly by the government as being important in helping consumers to avoid purchasing counterfeit goods.

As a result, consumers are often left to base their choices largely on past experience, price, and aesthetics. They are turning to each other for information using social media, but studies demonstrate that much of the information and judgment in online reviews is suspect – for a host of reasons. Both online and in-store, new trends to concepts like 'dynamic pricing' cloud even consumer efforts to comparison shop based on price.

Against this rather grim scenario, where there is a low level of consumer trust in business and governments to adequately protect their economic welfare, health and safety, consumers will look to independent consumer organizations to advocate for them. Unfortunately, there is abundant research to demonstrate that consumer representation is at a tragically low level in Canada. And there is no evidence that there is an appetite on the part of

business or governments to engage consumer groups to join anti-counterfeiting efforts.

Though not representative of all Canadian consumer organizations, some general comments below from one consumer organization illustrate the complex relationships they need to navigate to maintain their roles as significant objective advocates for a fair and transparent marketplace.

- Consumer groups are concerned when consumers are harmed or cheated by counterfeit goods or pirated digital content, but the groups must prioritize their efforts due to severely restricted resources. Motivating governments, business and consumers to take measures to prevent product misrepresentation and lower health and safety risks is in line with the mandates of most consumer organizations.
- Consumers may not even recognize when they are purchasing goods that violate business-to-business licensing agreements, or the implications of the absence of them. And without a large investment of resources, neither consumer groups may not be able to do so, either. In addition, widespread theft may be a measure of marketplace performance failure, especially when one considers the high level of compliance of Canadian consumers to respecting property, paying taxes and paying to consume.
- Health and safety risks possibly associated with counterfeit products are best enforced through health and safety regulation and marketplace surveillance rather than trademark protection. All goods, not just counterfeit ones, can have health and safety problems, so consumer groups have been active in advocating for health and safety surveillance and enforcement which could impact the counterfeits market. But retailers and their associations have been working hard to unravel public health and safety surveillance and enforcement, and manufacturers have not stepped up to argue for it.
- Business, government and standards organizations are not working seriously or meaningfully with consumer groups to enable them to

develop the consumer interests and education around marketplace problems sometimes associated with counterfeiting.

Consumer Awareness and Public Engagement

Most, but not all organized national and international efforts to combat counterfeiting and pirating promote some form of consumer awareness program. However, researchers in this study found no examples of an independent consumer advocacy organization being actively engaged as full partners with any of these organizations. At best, consumer organizations appear to be viewed by anti-counterfeiting agencies as little more than potential conduits to disseminate prepared awareness messaging.

The bulk of collaboration, communications, conferences, forums, and seminars on anti-counterfeiting and piracy appear to take place among a limited group of stakeholders – mainly intellectual property (IP) professionals, trademark and copyright holders, government IP policy officials and law enforcement agencies.

The following is a brief description of, and some observations about, some of the key national and international organizations that are active in targeted anti-counterfeiting strategies, which include consumer awareness initiatives.

International

Interpol

The International Criminal Police Organization (INTERPOL) was created in 1923. It is the world's largest international police organization, with 190 member countries. Since 2000, INTERPOL has increased coordinated police actions and works with stakeholders such as the World Customs Organization (WCO), the World Intellectual Property Organization (WIPO) and Europol, as well as many brands and rights holders ("Against Organized Crime: Interpol Trafficking and Counterfeiting Casebook" 2014).

The organization and cooperation between police jurisdictions to combat counterfeiting and pirating is impressive but there are many challenges. Counterfeiting and pirating are often seen as a minor crime in many jurisdictions (often because the connection is not made with transnational organized crime), so penalties tend to be lenient. There are a variety of statutes that can be used to charge offenders (fraud, money laundering, criminal organizations). Jurisdictions tend to prosecute under one specific anti-counterfeiting law with lesser penalties. And copyright and trademark holders sometimes find it difficult to engage the interest of prosecutors and judges who may have little experience or interest in these types of cases ("How INTERPOL Helps to Combat Counterfeiting" 2014).

Consumer awareness programs from INTERPOL appear to be targeted to specific areas where there is serious detriment to public health and safety. A 2011 campaign "Proud to Be" was launched to draw public attention to the hazards of purchasing fake medicines ("Interpol Launches Global Campaign against Fake Medicines with Powerful African Voices" 2011).

U.S. Intellectual Property Enforcement Coordinator

The U.S. government undertakes a massive domestic and international coordinating effort to promote intellectual property rights. Domestic activities are coordinated through its National Intellectual Property Rights Coordination

Center (IPR Center) "... a joint enforcement collaboration led by the Department of Homeland Security that brings government agencies together to share information, leverage resources, and train investigators, prosecutors, and the public on IP" ("Annual Intellectual Property Report to Congress" 2019).

The IPR's primary focus is counterfeits that pose a risk to the health and safety of the consumer, and counterfeits entering defense departments and U.S. government supply chains. It operates several consumer awareness programs directed almost exclusively to the protection of consumer health and safety.

International Anti-Counterfeiting Coalition (IAAC)

The IAAC is a U.S.-based non-profit organization committed to fighting counterfeiting and piracy. Members include brand holders, law firms, investigative firms, government agencies and law intellectual property associations. It operates a Counterfeit Gallery (How to Spot a Fake) and DesignsFauxReal.Com – an interactive site that informs consumers of the dangers of buying fake products online ("Awareness | IACC" n.d.).

International Chamber of Commerce (ICC)

The ICC's Business Action to Stop Counterfeiting and Piracy (BASCAP) aims to "... raise awareness of the economic and social harm of counterfeiting and piracy and to petition for greater commitments by local, national and international authorities in the enforcement and protection of intellectual property rights" ("Counterfeiting & Piracy (BASCAP)" n.d.).

This group has created extensive consumer awareness material entitled "Fakes Cost More. I Buy Real." The material was created from analysis of 176 research studies of what drives consumers to buy counterfeits and download unauthorized content, and of over 200 consumer awareness programs. Materials were developed especially for various organizations to use in

campaigns or blitzes. The program has rolled out in more than 22 countries (“I Buy Real. Fakes Cost More...” n.d.).

International Trademark Association

The ITMA raises awareness of fake goods during the U.S. National Consumer Protection Week and operates an “Unreal Campaign” designed specifically to inform high school students on the dangers of counterfeit goods. The campaign has reached more than 9,600 students in 30 countries since the campaign began in 2012 (“Understanding Real Versus Fake Goods During National Consumer Protection Week” 2018).

United Nations

In 2014, the United Nations Office on Drugs and Crime (UNODC) introduced a consumer awareness program, “Counterfeit, don’t buy into organized crime” (“New UN Campaign Spotlights Links between Organized Crime and Counterfeit Goods” 2014). The program issued several publications, including an extensive listing of anti-counterfeit and pirating consumer awareness programs around the world.

International Organization for Standardization (ISO)

ISO has developed several international standards to assist in helping to ensure marketplaces and supply chains are clear of counterfeit goods. Two standards that address counterfeiting directly include: ISO 12931 (Performance Criteria for Authentication Solutions Used to Combat Counterfeiting of Material Goods) and ISO 223809 (Security and Resilience – General Principles for Product Fraud Risk and Countermeasures” (“Tackling Counterfeit with IEC and ISO Standards” 2018). ISO has not initiated specific anti-counterfeiting consumer awareness programs.

Canada

The Canadian Anti-Counterfeiting Network (CACN)

The Canadian Anti-Counterfeiting Network (CACN) is the most active business/government anti-counterfeiting coalition in Canada. It supports several awareness programs for consumers, Canadian business and government officials. CACN posts on its website a series of 'Buyer Beware' videos and information about spotting and reporting fakes (CACN n.d.).

The Canadian Anti-Fraud Centre (CAFC)

Canadian Anti-Fraud Centre (CAFC) is a partnership with the Ontario Provincial Police, the RCMP and the Competition Bureau. It is the recommended first stop for Canadian consumers to report incidents of fraud, scams and counterfeiting. In 2012, CAFC launched "Project Chargeback" where consumers that suspect they have unwittingly purchased a counterfeit good online can file a complaint. The Centre will work with rights holders to assess the authenticity of goods. If the goods are deemed to be counterfeit they will relay the information to the credit card company that was involved in the transaction, and this could initiate a chargeback or reimbursement to the consumer. The credit card company could take further action by cancelling the credit card account of the online supplier. To date, the Centre, in collaboration with banks and rights holders, has initiated actions resulting in more than 10,000 victim reimbursements and the identification of more than 5,000 merchant accounts linked to counterfeiting and fraud ("Canadian Anti-Fraud Centre: Counterfeit Merchandise" 2015). This program has been recognized by the Better Business Bureau International as a model that should be duplicated in all jurisdictions.

Legal Framework

Currently, no specific government body in Canada coordinates anti-counterfeiting enforcement actions among federal and provincial government

bodies. The key statutes referenced are the *Copyright Act*, *Trade-marks Act*, and the *Criminal Code* enforced by an array of federal and provincial agencies such as the Canada Border Services Agency, RCMP and provincial police, and the Competition Bureau.

In 2014, the federal government enacted new legislation that made significant changes to the *Copyright Act* and the *Trade-marks Act* by adding new civil and criminal remedies and new border measures. The objective of the amendments were to “... strengthen the enforcement of copyright and trade-mark rights and to curtail commercial activity involving infringing copies and counterfeit trade-marked representations” (Combating Counterfeit Products Act 2014).

Other federal statutes that prohibit fraud and misleading representations include Canada’s *Consumer Product Safety Act*, *Competition Act*, *Consumer Packaging and Labelling Act*, *Textile Labelling Act*, *Precious Metals Marking Act*, and *Food and Drugs Act*. All provincial consumer protection agencies administer and enforce legislation that prohibits fraud and misleading representations.

Despite this seemingly rich legislative fire power, enforcement largely falls to private sector trade-mark and copyright holders. Mr. Lorne Lipkus, a leading proponent for stronger coordinated enforcement to combat counterfeits and pirating in Canada, summarizes the environment:

“Canada has no national IP law enforcement coordination body. Although two parliamentary committees have recommended that an IP crime taskforce be established as part of legislative reform, such legislation has not yet been enacted. Accordingly, the primary responsibility for battling counterfeit products lies with rights holders, which must take steps to protect and enforce their rights through comprehensive licensing arrangements, diligent civil enforcement and training of and cooperation with law enforcement and customs authorities” (Lipkus, Starkman and Lipkus 2017).

Observations

Apart from CACN's sporadic distribution of consumer awareness materials, the CAFC and individual federal and provincial governments and their agencies, there is no national coordination of anti-counterfeiting and pirating consumer awareness and consumer engagement programs. Awareness materials are, for the most part, out of sight unless the consumer makes a concerted effort to find them. One exception is the annual Fraud Prevention Month in March of each year, led by the CAFC and several partner enforcement and consumer protection agencies ("March Is Fraud Prevention Month" 2016).

Despite dire warnings about the massive negative economic, health, safety, and social consequences of counterfeit goods and pirating, and the existence of a wealth of federal and provincial consumer protection legislation to combat fraud and misrepresentation, our research shows that: i) consumers are uninformed and often indifferent; ii) federal and provincial government agencies are not totally engaged and fully committed; iii) and consumer organizations which represent consumer interests remain outside of the process and are largely disengaged, or even ignored. In addition, the Canadian anti-counterfeiting movement appears to be disinterested in expanding its focus beyond combatting trademark and copyright infringement on behalf of its rights holder members, and embracing a more holistic anti-fraud approach that puts primary focus on the health, safety and economic well-being of its members' customers and all consumers.

The Appearance of Over-selling the Problem

Some focus group panelists questioned the accuracy and transparency of various estimates of economic damage in anti-counterfeit communications materials, and wanted to know how the monetary loss values quoted were calculated. Others wanted Canadian statistics on actual fatalities and serious injuries resulting from the intended use of counterfeit goods, and more information on arrests and convictions of organized crime and terrorist groups. This reflects a high degree of consumer discernment and perception,

as well as a certain level of healthy skepticism about private-sector-driven campaigns. There was some sense that hyperbole and inflated or aggregated and confusing statistics were being used as an attempt to shock consumers into changing behaviours.

Minimal Civil Society and Citizen Engagement in Anti-counterfeiting Initiatives

Historically, the most effective mass campaigns to change consumer behaviour and public policy have had broad stakeholder engagement and citizen champions. Government policies and consumer behaviour have changed drastically due to citizen and non-government organization engagement in anti-smoking campaigns (Non-Smokers Rights Association), anti-impaired driving programs (Mothers Against Drunk Driving), and anti-defamation/discrimination movements. By contrast, anti-counterfeiting coalitions consist largely of rights holders, their lawyers, and government law enforcement. Communications programs are mostly top down – designed to educate and warn rather than collaborate and engage. For the most part, Canadian and international consumer organizations have not been heavily engaged in collaborating with anti-counterfeiting initiatives even though this is an area where there is high evidence of consumer detriment and loss of consumer welfare. In the current environment, resource-strapped multi-issue consumer organizations have to choose carefully where they deploy their limited numbers of volunteer subject matter experts to ensure efficiencies. In light of the legislative and enforcement power and resources of government agencies and the collective resources and influence of domestic and international intellectual property rights advocates, consumer organizations are unlikely to join in without an invitation and appropriate funding.

Image

While the communications from anti-counterfeiting groups has gradually shifted to raising concerns about health, safety, and organized crime, several

studies demonstrate that consumers still believe the issue is about protection of over-priced luxury brand goods. They are not entirely convinced that altruism animates these efforts. In both the national web survey and focus groups, our researchers found an almost light-hearted aura among respondents when discussing the knowing or unwitting purchase of counterfeit and pirated goods until the discussion turned to health, safety, and the involvement of organized crime and terrorists. For products and services unlikely to impact their health and safety, consumers appear to feel somewhat more empowered to rely on their own judgement in finding the quality and price of most consumer goods that suit them – similar to the criteria used by consumers who participate in Canada’s ‘underground economy,’ estimated to be worth more than \$45 Billion (The Globe and Mail 2016).

Consumer Protection and Enforcement is a Low Priority

Canada’s federal and provincial consumer agencies generally work under the radar. The public is more likely to get their consumer information about major changes in consumer policy, significant enforcement actions and consumer product recalls from the media and popular consumer programs such as CBC’s Marketplace program.

In a recent essay in the online magazine Policy Options, Dr. Michael Jenkin, the former Director General of the Office of Consumer Affairs, Innovation, Science and Economic Development Canada, suggests that the disaggregated diffusion of consumer protection accountability that has taken place over the past several decades has led to lower levels of consumer protection and an approach that is driven by crisis management (Jenkin 2018). In a related essay, (Ireland and Jenkin 2018) Dr. Jenkin and Dr. Derek Ireland argue that dealing with new threats to consumers may require a recalibration and re-framing of how consumer protection is enforced in Canada.

Jenkin and Ireland conclude that the country needs a new federal consumer protection act, and that a new act should:

- align consumer protection and consumer policy with other advanced nations, and
- establish a centre of excellence for applying behavioural economics' insights to competition, consumer protection and related marketplace laws.

VII

Why Consumer Behaviour Matters

“G20 member countries have an estimated 3,000 deaths annually due to counterfeit consumer goods”.

– *Business Alliance to Stop Counterfeit and Piracy, February 2011*

Counterfeiters rely on misleading the unsuspecting to sell their fake products, and may be unconcerned about health and safety. They may produce anything they think they can sell to make a profit.

E-commerce has grown as a segment of the economy, increasing its share significantly for the past several years. Consumer habits have changed rapidly as the Internet has allowed individuals to make purchases of goods and services online for delivery directly to their residence or to their computer (digital content services). These advances in economic activity have led to increasing volumes of imports of small, just-in-time packages.

E-commerce shipments pose the same health, safety, and economic security risks as shipments entering the country in containers, and the volume continues to grow. Canada Post has noted a distinct increase in e-commerce year over year (Canada Post 2019).

Additionally, transnational criminal organizations have shipped illicit goods to the U.S. and Canada via small packages, exploiting lower risk of inspection and less severe consequences if a package – as opposed to a large shipment – is inspected and seized (U.S. Customs and Border Protection 2018).

Consumer demand for affordable, competitively priced products has fuelled this trend. That being said, consumers can be part of the solution in reducing demand for these products and services. They can decide to stop buying products they can identify as ‘fake’, report websites selling counterfeits, and alert others to dangerous counterfeits and pirated digital content.

Counterfeits: Health, Safety and Organized Crime – The Consumer Disconnect

Trends reports indicate that trade in counterfeit and pirated goods has risen steadily in the last few years and now stands at 3.3% of global trade, according to a new report by the OECD and the EU’s Intellectual Property Office (OECD/ EUIPO 2019).



The table above represents data on seizures and the most targeted industries as reported by the World Customs Organization, European and US Customs data.

Some counterfeit products could represent a serious health and safety risk to those who buy them, and their unknown origins will hamper the ability of regulators and rights holders to control distribution – and the consumer’s ability to obtain redress.

Controlling distribution of counterfeit goods that pose risks to health and safety is a preoccupation for U.S. and international anti-counterfeiting agencies. The U.S. government's Intellectual Property Rights Center's primary enforcement focus is on counterfeits that risk the health and safety of the consumer, and counterfeits entering defense departments and U.S. government supply chains.

It should be noted that health and safety risks from defective or poorly manufactured consumer products are not restricted to counterfeit goods. Products that are produced under license by rights holders also fail and present health and safety risks to consumers.

The OECD's global recalls database identifies recalls that may be the result of counterfeit goods found to be a risk to human health or safety, yet these notices represent the minority of total recall notices in the database (OECD n.d.).

Though beyond the scope of this report, some research into the rigour and context in reporting on the degree of danger counterfeits present to human health and safety compared to the total number of defective and dangerous legitimate non-counterfeit trademarked and licensed products on the market, would be beneficial. The objective of this research would not be to soften messaging on the dangers of purchasing counterfeit goods (in particular the dangers of buying pharmaceuticals online), but to raise the level of intelligent discourse on this subject with an already skeptical public.

Types of risk

'Counterfeit medicines are among the counterfeit products with the greatest potential for harming the health of consumers.' (UNICRI n.d.)

Pharmaceuticals and health products

Counterfeit medications and health products pose many potential health risks. They may contain little or no active ingredient, the wrong ingredients, inaccurate labelling, the wrong dosage, or harmful ingredients (Acricri, n.d.). Not only are lifestyle drugs such as those used to treat erectile dysfunction and

weight loss being counterfeited but also health products and life-saving drugs such as heart and blood pressure medicines and drugs for treating cancer.

In 2005, four of the 11 deaths in Canada from a heart medication were attributed to the possible consumption of counterfeit drugs (CISC, 2008). In 2017, three middle-schoolers died in Ontario and B.C. after ingesting counterfeit drugs. The medicine was supposed to be Percocet, a pain reliever, but instead the pills contained a lethal dose of fentanyl (Acri, n.d.). Other commonly used medications have been counterfeited and laced with fentanyl, with fatal results.

According to the Partnership for Safe Medicine, it is estimated that 19 million Americans buy medicines from foreign online pharmacies or other Internet sources (“Take Action to Protect Our Medicine Supply –” n.d.). There do not appear to be estimates on the number of Canadians that buy medicine and health products online. However, inspection blitzes at mail processing centres and border crossings in Canada have uncovered significant amounts of counterfeit and/or unlicensed health products, such as illegal prescription drugs (RCMP, 2018). (Acri, nd)

Other health product counterfeits that have been discovered include vitamins, supplements, toothpastes, and medical devices such as contact lenses, condoms, and diagnostic strips used by diabetics (Acri n.d.).

Adverse drug reactions reported to Health Canada may not identify the source of the drugs or confirm whether the drugs and natural health products were legitimately licensed products or counterfeits. The RCMP has warned that Canadians who buy medicines online may put their health and safety at risk and expose themselves to credit card fraud, identity theft, and malware viruses (Royal Canadian Mounted Police 2018).

Consumer Electronics, Smartphones, Batteries and Vaping Pens

Exploding batteries in cellphones and vaping pens have seriously harmed their users. In the U.S., two people have died already from exploding batteries in vaping pens that were of unknown origin (Frisk 2019). Fake charger cables

and batteries for smartphones have been responsible for fires and burns to consumers.

An OECD report estimates that 66% of counterfeit electronics are delivered to their destinations by mail or courier service. The shipments are usually small and transhipped through many countries to help disguise their provenance and content (OECD 2019). Because these counterfeit electronics present the potential for shock hazards, fire and electrocution, consumers who purposely buy such items are compromising their safety.

Standards development and certification bodies such as the Canadian Standards Association (CSA) and Underwriters Laboratories (UL) carry out brand protection programs to ensure that their quality certification marks applied on products are not counterfeit. Certification marks give consumers and business the confidence that the product is produced under mandatory or voluntary health, safety and quality standards. Counterfeiters will apply these marks without the permission of the standards organization. This raises the risk that the products will not be as safe as goods manufactured under the actual standards.

Health Canada issued a series of recalls on USB chargers in the spring of 2018 because the items did not have certification marks. They determined that the products represented an unreasonable risk of electric shock and fire (Health Canada 2018).

Cosmetics

According to an OECD report, 5% of counterfeit goods seized in 2016 were perfumes and cosmetics (OECD/EUIPO 2019). In late 2018, consumer complaints led Toronto Police to seize counterfeit perfumes and makeup that were causing skin irritation and rashes (Shum and Breen 2018). Health Canada has seized counterfeit shampoo that contained harmful bacteria that could cause illness in people with compromised health (Breitkreuz 2007).

Toys

Counterfeit toys can break easily, exposing sharp edges and small parts that represent a choking hazard to children, and can contain heavy metal substances such as lead and cadmium and endocrine disrupting chemicals that normally would be restricted or prohibited. Counterfeit stuffed toys have also been known to have contaminated and unsanitary stuffing material.

The increase in e-commerce has allowed some counterfeiters to advertise using brand advertiser material, but actually sending counterfeit replacements to consumers when ordered. They have become proficient at spoofing the websites that have the same appearance as legitimate retailers (Canadian Anti-Fraud Centre n.d.).

While counterfeit toys are not sold uniquely via e-commerce, consumers who shop in physical retail establishments at least have the opportunity to examine the product before buying, and seek redress from the store if the quality is less than advertised and/or a counterfeit.

Auto Parts

From 2011 onwards, customs officers in the U.S. intercepted shipments of counterfeit airbags and other fake car parts. The airbags were falsely labelled as Honda, Toyota, Ford and General Motors parts, and the vendor sold them on eBay (INTERPOL 2014). Similar to other counterfeits, fake auto parts are made to look good, but may not have comparable structural integrity, fit or performance.

Examples of fake car parts found by U.S. investigators include brake pads where the friction material was made from compressed grass or sawdust. They have also uncovered counterfeit air bags, tires, steering, braking and seat belt components, bearings and diagnostic equipment (Vazquez 2016).

Between 1973 and 1993, the Federal Aviation Administration attributed 166 aircraft accidents to what it calls "unapproved parts;" that is, counterfeit or knockoff parts identified as substandard (Duggan 2007).

Links to Organized Crime and Terrorist Groups

The survey respondents had less awareness about the links to organized crime and terrorist funding (46%). Canada is not immune to the influx of these organizations. As recently as May, 2019, the RCMP, as part of the Canadian Integrated Response to Organized Crime (CIROC) launched a campaign against extensive criminal networks within the outlaw biker community which continue to profit from illicit activities like drug trafficking, fraud, counterfeiting, money laundering, contraband smuggling, extortion, violence and illegal gaming (Royal Canadian Mounted Police 2019). Distributing counterfeit goods is an extremely lucrative criminal activity and a relatively low-risk endeavour in terms of being caught and prosecuted (UNICR n.d). The organizations channel the profits into supporting other criminal activity such as drug and human trafficking (Interpol 2014).

It is more difficult to find literature to confirm statements from intellectual property holders and law enforcement that the distribution of counterfeit goods directly funds terrorist organizations. A 2017 publication from Public Safety Canada on organized crime in Canada notes the difficulty in distinguishing criminal activities as belonging to one crime organization or another, and does not mention counterfeit goods as a source of revenue for terrorism (Public Safety Canada 2017). Perhaps the more accurate (less alarming?) observation is that a variety of criminal organizations may be profiting from distributing counterfeit goods, and from many other illicit activities, to support their objectives. Some researchers (Pollinger n.d.; Brandon 2014) suggest that government anti-counterfeiting-of-goods policies should focus on prosecuting the manufacturing and distribution of counterfeit of goods as theft and fraud in their own rights, and hope for secondary benefits of reducing funding sources to criminal networks broadly.

VIII

Answers to the Research's Key Questions

What are consumer attitudes and experiences related to purchasing counterfeit and pirated consumer goods and services?

Only 28% of those in the national panel stated they had purchased or knew of someone who purchased counterfeit goods. The majority of the items were counterfeits of brand name luxury jewellery, purses, apparel and footwear purchased at retail outlets or online. Eighteen per cent (18%) of those surveyed discovered they had unknowingly purchased counterfeit goods and 13% discovered they had unknowingly purchased pirated digital content.

Most surveyed (65%) were generally aware of the economic impact counterfeiting has on business and individuals. Fewer (51%) were aware of the negative health and safety implications. Fewer still (46%) said they were aware of links between distributors and sellers of counterfeit goods and pirated digital content with organized crime and terrorist organizations.

Focus group interviews largely confirmed these findings and led researchers to the general observation that, despite the dire warnings of potential negative impacts on health, safety and society, consumers still view counterfeit goods

and pirated digital content as mostly harming large multi-national firms that manufacture and distribute luxury goods and services. This is an important observation that reflects a somewhat similar attitude of Canadian governments, where anti-counterfeiting initiatives are focused primarily on assisting business in protecting their intellectual property rather than consumer welfare – some notable exceptions being the Canadian Anti-Fraud Centre and initiatives under way at Health Canada, Canada Border Services and Canada Post to combat counterfeit drugs.

Has electronic commerce (online shopping) had an impact on their buying patterns and susceptibility to counterfeits?

From the focus group discussions, it became apparent that more consumers are turning to the Internet to research buying decisions and to purchase goods and a wider variety of goods.

In 2018, Canada Post surveyed 5,000 Canadians who had made online purchases in the past year and asked them how much they buy, how frequently they buy and what they expect (Canada Post 2019). They concluded that Canadians are shopping on line more frequently, and buying more items. They also noted an increase in e-commerce transactions in the last two years, with the trend growing as more Canadians continue to buy more products and a broader range of products. The report also noted that 77 per cent of respondents buy from outside of Canada, up from 53 per cent in 2016. Frequent online shoppers are buying more product from outside North America.

Online reviews can be faked, as well as the websites themselves, leaving consumers open to purchasing counterfeit goods. A Better Business Bureau International Report outlines significant challenges e-commerce presents in the struggle law enforcement and rights holders have to curb the distribution and sale of counterfeit goods (Better Business Bureau 2019).

How do consumers perceive government and business attempts to curb the proliferation of counterfeits?

The majority of the web panel survey respondents (95%) and the focus group participants were unaware of government or business programs to curb the proliferation of counterfeit goods and pirated digital content. A few remembered seeing advertisements prior to watching a movie at the cinema, but in most cases, they could not remember the source of the messaging. The respondents acknowledged that they believed government, business (IP rights holders), retailers, consumers, police, consumer organizations and owners of website domains should work together to do more to curb counterfeiting and digital content pirating.

How prevalent is pirating of film, music, and software, and what are their attitudes toward these activities?

Fifty per cent (50%) of those surveyed claimed to have knowingly downloaded pirated content or know of someone who has. The most popular categories in descending order are: films, music, television programs, and computer software. Most consumers who purposely downloaded pirated content were satisfied with the experience and the quality of downloads (77%). A strong majority (80%) agreed that someone is harmed by downloading or streaming pirated content.

Having a bad experience with accessing pirated digital content (malware, poor quality), inability to obtain a refund, or knowledge that someone could lose their job due to this activity were cited as the key factors that would deter more than half of the survey respondents. Focus group participants seemed to understand that there are impacts on business and consumers but view the excessive controls on access to the content they want and what they perceive as unreasonably high prices for content as being justification for their actions. The ease with which they can have access to pirated content and the influence of their peers/family are also factors in this behaviour.

Some research literature explores a theory that consumer pirating of digital content may actually increase rights-holders' profits in some circumstances by increasing 'free' exposure to the content (sampling) and thereby improving consumer willingness to pay for originals. There may be situations where rights holders favour allowing the piracy over fighting it (Belleflamme, Pietz 2010). This could serve, at least, as a partial explanation of why this research shows a higher degree of pirating or purchasing of pirated content on the part of the consumer as opposed to knowingly purchasing counterfeit goods.

How aware are consumers of the cost businesses and governments incur to curb counterfeits and piracy and how those costs trickle down to consumers?

Consumers are generally unaware of programs sponsored by government and business to curb counterfeiting and pirated digital content, and are consequently unaware of the costs that are passed on to them for enforcement.

How do consumer organizations in other advanced economies work with governments and business to curb counterfeits?

As in Canada, consumer organizations in other advanced economies have typically not collaborated with governments and business to combat counterfeits, other than to offer information services and tip sheets for consumers.

What is the degree of public involvement in reporting and whistleblowing on counterfeiting operations?

Consumers are generally not aware of where they can report counterfeit operations and sales, yet survey and focus group participants expressed a willingness to report such activities. Some focus group members suggested

reporting counterfeits to the police, but others felt that the police have bigger issues to pursue. The majority of the surveyed consumers (87%) believed that consumer organizations should be more engaged in fighting counterfeit products and pirated digital content.

Informants and other stakeholders consulted by the researchers indicated very little public interaction or reporting of incidents unless there has been media coverage on police or civil action by rights holders.

How do Canadian government agencies cooperate and share information and how much of that information is available for the public to see?

The Combatting Counterfeit Products Program is administered by the Canada Border Services Agency. The Agency has established a process that allows intellectual property rights (IPR) rights holders/owners to file a request asking for the CBSA to temporarily detain suspected counterfeit and/or pirated goods encountered at the border while rights holders/owners seek legal redress (Canada Border Services Agency n.d.).

The Canadian Anti-Fraud Centre (CAFC) has implemented 'Project Charge-Back' a charge-back program where consumers can file a complaint with supporting evidence. CAFC officials seeks assistance from rights holders to verify the authenticity of the goods. If the goods are not authentic they relay the information to the credit card company and issuing bank to assess and then initiate a chargeback or reimbursement to the consumer (Canadian Anti-Counterfeiting Centre n.d.).

Health Canada partners with the RCMP, the Canada Border Services and INTERPOL to carry out 'Operation Pangea' which is focused on controlling dangerous health products (prescription drugs, weight loss products, natural health products, medical devices, hormone supplements, etc.) sold online. This is a focused global effort to disrupt the online sale of unlicensed and counterfeit health products. A record number of illicit and suspect counterfeit

products were seized in a 2017 global enforcement blitz that involved 123 countries and 197 police, customs, and health agencies worldwide (Health Canada n.d.).

What are the important considerations for policymakers with regard to demand-side dimension of anti-counterfeiting measures?

The survey, focus groups, and stakeholder interviews demonstrated that a single point of contact for consumers to learn about and take individual and collective action on counterfeit and pirated digital content would be most beneficial.

Current multi-stakeholder national organizations such as the Canadian Anti-Fraud Centre and Health Canada's Operation Pangea would be natural candidates to operate a single point of contact to handle consumer complaints, expand consumer outreach, and provide consumer education programs.

What innovations would be required to introduce greater participation of consumer advocacy organizations and the public?

With adequate funding, Canadian consumer organizations could play an important role as first points of contact for consumers by managing complaint referral services to appropriate agencies and leading on providing consolidated consumer information and education programs. Such programs could add the important missing dimension of consumer engagement in Canada's anti-counterfeiting efforts.

What are the challenges and arguments against making those changes?

The national panel survey and focus group feedback indicated full support for consumer and consumer organization engagement with governments and

rights holders to combat counterfeiting and digital content pirating. To deliver on this potential collaboration both rights holders and governments would need to find ways to provide significant and long-term funding for consumer groups to grow capacity, develop and deliver the programs needed, and sustain those operations.

What are the implications of not making those changes?

Reducing consumer demand for counterfeit goods is as important as stemming the flow of counterfeits in the marketplace. The consumers in our survey and focus groups felt strongly that to reduce demand consumers need more education. Information materials are plentiful, but there appears to be little success in them hitting their target with any noticeable degree of effectiveness.

Consumers need tools to help them understand how to navigate the retail and online retail marketplaces, avoid being victimized by counterfeits, and resist the temptations to buy counterfeits that could lead to health, safety and societal detriment. Empowering consumers in this way will yield secondary benefits of reduced demand for counterfeit goods and enhance the efforts of intellectual property rights holders.

Continuing to shut consumers and consumer organizations out of the anti-counterfeiting movement as partners and collaborators unnecessarily inhibits progress of the expensive and complex efforts made by rights holders and governments. By not taking steps to reduce the demand for counterfeits, the problem will continue to grow as it has done every year. Jobs and tax revenue will be lost, and consumers will increasingly be exposed to more goods that represent a risk to their health and safety.

IX

Conclusions

Canadian consumers are generally aware that counterfeit goods and pirated digital content are available in the Canadian marketplace. They also understand that manufacturers and rights holders of brand name products and digital products are harmed by counterfeits, and they have some awareness that these goods and services can cause consumer detriment.

Consumers believe that governments and business should be responsible for controlling the distribution and sale of counterfeit and pirated goods, yet they have low awareness of initiatives being taken by either to do so. This research demonstrates that consumers strongly agree that they need more help to identify counterfeit and pirated goods and to better understand the harms these products and services can cause to themselves and Canadian society.

Online sales are most problematic because consumers do not have the ability to examine the goods, packaging and labelling that would help them determine if a product is counterfeit if they were in a retail setting. Online advertisements from brand owners can be copied with minor alterations to give the impression that the consumer is purchasing brand name goods. Policing of online sales of counterfeits is more difficult and complex because goods are shipped directly to individuals.

Despite the warnings about inferior quality and the potential dangers of counterfeits and pirated digital content, consumers are finding the quality of

the goods and services to be acceptable for their purposes. Their experiences do not align with how rights owners and governments frame the issues. They see little risk in buying certain counterfeits (luxury goods, pirated movies). However, with some exceptions, they seem to be instinctively aware of counterfeit goods that may harm them personally. Consumers are also aware that lower prices, better services and greater accessibility for music and movies has helped digital content rights owners reduce incidents of pirating, and they point to this example as a lesson for manufacturers of consumer goods.

Informants representing rights holders confirmed findings in this research that the Canadian public is unaware of initiatives being taken by business and governments to curb or eliminate counterfeits and pirating. This is partially due to the lack of coordinated messaging. Consumers clearly understand legal terms such as 'fraud', 'misrepresentation', and 'theft' but are less aware of, and less interested in, matters involving 'infringement of intellectual property rights'. That focus may be too narrow and abstract to appeal to consumers, and attempts on the part of rights holders to shift messaging to shock ads (massive job and economic losses, terrorism, exploding consumer products) appear to be equally ineffective.

The CACN and others point to the effectiveness of the Canadian Anti-Fraud Centre's success in seeking redress on behalf of consumers when it is established that they unknowingly bought counterfeit goods online, yet our research shows there is low consumer recognition of this, or any other anti-counterfeiting program in Canada. Re-framing counterfeit and digital piracy simply as matters of consumer fraud and unfair/unsafe trade practices rather than violations of property rights of individual corporations would cast a new light on the subject and place a more appropriate focus on responsibilities of law enforcement, including consumer protection agencies such as the Competition Bureau, Health Canada and provincial consumer agencies that administer laws prohibiting fraud and have regulatory compliance tools that include powers to seize and detain products that bear false or misleading

representations. Some researchers support this view that a more viable approach to anti-counterfeiting might be to focus on prosecuting the manufacture and distribution of counterfeit goods as theft and fraud in their own rights, and hope for secondary benefits of reducing funding sources to criminal networks and protecting intellectual property rights.

Most national and international efforts to combat counterfeiting and pirating promote some form of consumer awareness program. However, researchers in this study found no examples of independent consumer advocacy organizations being actively engaged as full partners with any of these organized efforts led by governments (e.g., various law enforcement agencies, intellectual policy experts, border services), rights holders and their representatives.

Motivating governments, business and consumers to take measures to prevent product misrepresentation and lower health and safety risks is in line with the mandates of most Canadian consumer organizations. And there is ample evidence that consumers have a high degree of trust and confidence in these organizations. Most consumer organizations are familiar with federal and provincial consumer protection laws and work with the agencies that administer and enforce them. Yet, to date, consumer organizations and government consumer protection agencies are not full partners in Canadian anti-counterfeiting/pirating strategies.

Reducing consumer demand for counterfeit goods is as important as curbing the influx of these goods into the Canadian marketplace. The consumers who responded to the survey and focus group sessions in this research felt strongly that they need help to navigate the retail and online marketplace to avoid being victimized by counterfeits that could lead to health, safety and societal detriments. Empowering consumers in this way may yield benefits of reduced demand for counterfeit and pirated goods and enhance the efforts of intellectual property rights holders to protect their interests.

Consumer organizations have brand credibility to communicate to consumers about their risks when owning counterfeit goods and accessing

counterfeit services. They are more trusted messengers than business or governments in this instance, and are capable of supplying real help to consumers. What they do not have are the financial resources they need to help consumers avoid being exploited by counterfeiters and pirates.

Recommendations

“Sometimes the easiest way to solve a problem is to stop participating in the problem.”

– *Anonymous*

A Single Coordinating Body for Anti-Fraud Initiatives

Feedback from the national panel survey, focus groups, and stakeholder interviews indicated a need for Canadian governments to support a single window agency to coordinate anti-fraud activities – including anti-counterfeiting and pirating. Current multi-stakeholder national programs such as the Canadian Anti-Fraud Centre and Health Canada’s Operation Panglea and others have already formed the foundation. As with other coordinated approaches to enforcement such as the U.S. based IPR Center, the Canadian program could coordinate enforcement blitzes, analyze trends and intelligence, and undertake outreach, communications, training and education. Some benefits of a single point of contact may include:

- Facilitates and highlights collaboration and liaison opportunities with international anti-counterfeiting and anti-fraud agencies.
- Provides better access for consumers and rights holders to provide feedback, complaints and intelligence on fraud, and to partner with law enforcement on training and education programs.

- Raises the profile and seriousness of fraud and its impact on citizens and their societies.
- Responds to federal government commitments to control the distribution and sale of counterfeit goods in Canada.
- Seek active involvement from provincial consumer protection agencies and consumer organizations which have not been active in anti-counterfeiting initiatives.
- Sends a more understandable message to consumers that counterfeiting and pirating consumer products is intentional deception (fraud) and is not solely a matter of intellectual property rights infringement.

Engage and Partner with Consumer Organizations

The national panel survey, focus groups and stakeholder informants also supported engaging with consumer organizations, which can and do field complaints, operate education programs on anti-fraud, serve as liaison with other consumer and non-profit organizations, and provide consumers with tools to help them avoid falling victim to fraud – including counterfeit products and pirated digital content. Focus group participants provided a variety of recommendations for consumer organizations:

- Lobby governments to do more to control counterfeiting and pirating.
- Help consumers make wise purchasing decisions and raise awareness of the risks of buying counterfeits.
- Focus advocacy efforts to curb counterfeits that have the greatest potential to negatively impact consumer health and safety (i.e., drugs, food, selected consumer products).
- Advocate for reasonable retail prices for goods and digital content as a strategy to lure consumers away from the underground economy.
- Partner with government agencies to assist with consumer education and public awareness.
- Elevate public discourse through social media; be influencers and explain in plain language the consequences of buying counterfeit goods.

- Address the prevalence of online sales of counterfeits in partnership with retail associations, Internet providers and consumer protection agencies.
- Support consumer awareness of ethically sourced goods and provide guidance on what various sustainability claims and logos mean.
- Encourage consumers to be prepared to pay more for specific domestic or North American goods (food, drugs, certain consumer products) in return for better product traceability and authentication and a safer, fair marketplace.

Stakeholder informants (mostly rights holders and their representatives) offered views as to what role consumer organizations could play in anti-counterfeiting strategies:

- Consumer advocacy organizations can leverage the confidence consumers have in their organizations as independent and objective advocates by offering messaging that gives the full spectrum of societal harm that the counterfeit trade presents and how trademark law and anti-counterfeiting measures benefit the consumer.
- Consumer advocacy organizations should appeal to governments to provide more comprehensive and coordinated messaging regarding the harms of counterfeiting and digital piracy, including the negative impact on innovation.
- Consumer organizations could promote 'ethical consumption' practices that are in line with Canadian values by counselling consumers to avoid knowingly purchasing counterfeit and pirated digital content. This recommendation aligns with some of the literature on sustainable consumption and consumer social responsibility.

To ensure meaningful and sustained traction at the political level, consumer organizations can encourage politicians to send plain-language messages to their constituents promoting anti-counterfeiting initiatives.

Comments from one consumer organization outlined other factors that should be considered:

- Consumer organizations enjoy a high level of trust and confidence and trust among consumers. Their proven ability to offer objective, evidence-based contributions in multi-stakeholder settings is a valuable asset, and enhances any major collaborative effort that seeks to advance consumer and societal interests.
- Motivating governments, business and consumers to take measures to prevent product misrepresentation and lower health and safety risks is in line with the mandates of most consumer organizations.
- Stakeholders should recognize the power of consumer organizations' credibility when engaged in a developing and promoting messaging such as anti-counterfeiting. When properly financed, consumer organizations can provide a central clearinghouse of information on all aspects of counterfeit and digital piracy protection with special focus on key aspects of the problem, such as health and safety and economic security.

Provide Sustainable Funding For Consumer Organizations

The impetus for this research was, in part, to determine why civil society, consumers and consumer groups have avoided or have not been invited to join rights holders and governments in countering illegal activities that are driven by consumer demand, and also harm consumers. It would seem evident that consumer representation would be at the heart of these activities, but this is not so.

There appears to be no evidence that business or governments have offered to financially support consumer groups to address the problems created by product counterfeiting and piracy and seek the sustainable solutions needed to solve the broader, systemic problems that go beyond simple intellectual property theft claims.

Few of the measures to-date aimed at combatting counterfeit and pirated goods have involved redress schemes for consumers, and this adds to a deepening public cynicism about the ability of business and governments to protect consumer interests when there are marketplace failures. Consumers trust consumer groups to be true in their objective to protect them, and often place their confidence in consumer organizations over business and governments. Yet consumer organizations are not supported financially to provide this important service or expand the awareness of it.

The need for approaches to protect consumers' privacy, health, safety and economic welfare appears to be generic, and may be best pursued through other consumer protection lenses in addition to the intellectual property protection one. Consumer groups are accustomed to working with governments and, in some cases, private sector organizations, when there is agreement on a common objective to protect and advance consumer interests on selected issues. With sustained funding, consumer groups can provide valuable support in combatting and reducing demand for counterfeit goods and pirated digital content in the Canadian marketplace.

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XI

Appendices

Appendix A

Public Survey Questions

SCREENING QUESTIONS

Thank you for agreeing to participate in our online survey. Please be assured that all information you provide here will be kept entirely confidential. This survey will take approximately **10** minutes to complete and your opinions on the matter are highly appreciated!

The survey is best completed on a computer or a tablet. If you are completing this survey on a smart phone, please turn the device to landscape (horizontal/sideways) mode so that all questions display correctly.

Please proceed (or CONTINUE button)

DOB1. What is your year of birth?

Select one response

Select Year (drop down _1917 ... _2010)

If 18yrs+ continue, otherwise thank and terminate

37. What is your province of residence?

- 01 Newfoundland and Labrador [Allow English only]
- 02 Prince Edward Island [Allow English only]
- 03 Nova Scotia [Allow English only]
- 04 New Brunswick [Allow English or French language of interview selection]
- 05 Quebec [Allow English or French language of interview selection]
- 06 Ontario [Allow English or French language of interview selection]
- 07 Manitoba [Allow English or French language of interview selection]
- 08 Saskatchewan [Allow English only]
- 09 Alberta [Allow English only]
- 10 British Columbia [Allow English only]
- 11 Other

IF SELECTED A PROVINCE (CODES 01 - 10 AT Q.37) CONTINUE, OTHERWISE TERMINATE

J. Do you identify as male or female?

Select one response

- Male 1
- Female 2

IND. Is anyone in your household employed in any of the following areas:

Select one response for each

Appendices: Public Survey Questions

Randomize		Yes	No
[]	Motion Picture Industry	<input type="radio"/>	<input type="radio"/>
[]	Law Enforcement	<input type="radio"/>	<input type="radio"/>
[]	Music Industry	<input type="radio"/>	<input type="radio"/>
[]	Electronic Gaming Industry	<input type="radio"/>	<input type="radio"/>
[]	Travel/Tourism	<input type="radio"/>	<input type="radio"/>
[]	Telecommunications	<input type="radio"/>	<input type="radio"/>
[]	Retail Apparel and Footwear	<input type="radio"/>	<input type="radio"/>
[]	Healthcare	<input type="radio"/>	<input type="radio"/>
[]	Provincial Government	<input type="radio"/>	<input type="radio"/>
[]	Federal Government	<input type="radio"/>	<input type="radio"/>

IF SELECTED any code 1 – 4 terminate, OTHERWISE CONTINUE

continue TO SURVEY...

SECTION 1: COUNTERFEIT GOODS STUDY

GEN POP (18 YRS+) [N of 2000]

NATIONAL

Counterfeit products and pirated digital content and streaming services are becoming an even greater threat to lawful business and our health and safety. Consumers are victims and, in some cases, supporters of counterfeiting and digital content pirating. This survey will explore some of the attitudes consumers have towards counterfeiting and digital content pirating and the role consumers can play in assisting governments and businesses in curbing these activities.

How are we defining these key terms?

Counterfeit Goods: Goods or products that are copies or imitations and presented in a manner that intends to deceive consumers and lead them to believe the product and its attributes are genuine or authentic.

Digital piracy is the illegal distribution of copyright material eg. software, videos, digital video devices (DVDs), music and subscription based content. Piracy occurs when someone other than the copyright holder or their authorized agent copies the product and resells it.

Q1 Have you or someone you know ever knowingly purchased a counterfeit product?

Select one response

- Yes

Appendices: Public Survey Questions

- No

Q2 [IF 'YES' AT Q.1; ASK:] What type(s) of product(s) was/were purchased?

Select all that apply

Randomize

- Luxury product (branded jewellery, purses, apparel, footwear)
- Sports related products (branded team apparel, sports equipment, footwear)
- Media/Entertainment products (computer games, movies, TV shows, music, books)
- Automobile parts
- Medications /pharmaceuticals
- Batteries
- Computer programs
- Electronic devices (adapters, electric cords, surge protectors, phones)
- Cosmetics and/or personal care products (hair care products, soap, make-up, etc)
- Other (Specify) _____ [SHOW LAST]

Q3 [IF 'YES' AT Q.1; ASK:] Where were the counterfeit goods purchased?

Select all that apply

Online -

1a) well established websites such as EBay, Amazon or Alibaba)

1b) select marketplace such as Facebook Marketplace

1c) independent or personal website

Retail location

2a) a shopping mall

2b) an independent type store

2c) a convenience type store

2d) a flea market

2e) Other (please specify) _____

Q 4a Have you ever discovered that you purchased **counterfeit goods** without knowing at the time of purchase that the goods were counterfeit?

Select one response

- Yes
- No

Q 4b Have you ever discovered that you purchased **pirated digital content** without knowing at the time that you were actually purchasing pirated digital content?

Select one response

- Yes
- No

Q 5a [IF 'YES' AT Q.4a; ASK:] How did you find out the goods you purchased were counterfeit?

Select all that apply

- Poor quality product
- Didn't function properly
- Made you sick

Appendices: Public Survey Questions

- Poor quality packaging or no packaging
- No warranty or access to customer support
- No refund
- Other (please specify) _____ [SHOW LAST]

Q 5b [IF 'YES' AT Q.4b; ASK:] How did you find out the content you purchased was pirated?
Select all that apply

- Poor quality product
- Didn't function properly
- Downloaded malware
- Poor quality packaging or no packaging
- No warranty or access to customer support
- No refund
- Other (please specify) _____ [SHOW LAST]

SHOW ON SEPARATE SCREEN

Facts and Figures

Counterfeit goods and digital content piracy negatively impact our society on many levels including risking consumer health and safety and reducing good paying jobs.

- Experts forecast that by 2020:
 - the value of trade in counterfeit goods and pirated works could reach \$991 billion USD
 - the value of digital and streaming piracy in movies, music and software could reach between \$384 - \$856 Billion USD; and
 - counterfeiting and piracy will yield net job losses of between 4.2 and 5.4 million jobs.

(source: The Economic Impacts of Counterfeiting and Piracy, Frontier Economics, Feb. 6, 2017)

- Counterfeit brake parts have caused a multitude of car accidents in North America. Unsuspecting consumers have taken counterfeit medicines. Worldwide sales of counterfeit medicines could top US\$ 75 billion this year, a 90% rise in five years, according to an estimate published by the Center for Medicine in the Public Interest in the United States
- Experts have reported that one third of pirated software sources contain malware and are 28 times more likely to have malware than legitimate sources (source, "The Risk of Using Pirated Software, Author Chris Luijten, March 21, 2016)
- The ad revenue from pirated content sites is used to support organized crime
- Examples of a few dangerous counterfeit goods found in Canada include:
 - power adapters (a UL Technical Investigation shows a 99 percent failure rate in 400 counterfeit iPhone adapters with unauthorized UL certification marks)
 - counterfeit drugs have infiltrating the licensed supply chain (for example, fake Norvasc, Pfizer's blood pressure medicine); the illegal drug supply chain (for example, fake Oxycontin pills containing fentanyl); and are being offered for sale and sold using internet pharmacies purportedly based in Canada. (source: Pharmaceutical Counterfeiting: Endangering Public Health, Society and the Economy, Fraser institute)
 - unsafe toys,

Appendices: Public Survey Questions

- exploding batteries containing mercury;
- contaminated shampoos and cosmetics;
- defective and flammable extension cords, circuit breakers, and seasonal decorations with forged third party certification marks.

(source: Canadian Anti-Counterfeiting Network Report on Counterfeiting and Pirating in Canada: A Roadmap for Change,2007)

- Counterfeiting has been documented to support and finance organized crime, terrorist groups and child labour. (source: UNIFAB Report 2016, Counterfeiting and Terrorism)
- Governments lose significant tax revenue to counterfeiters of goods and services who often deal in cash transactions only.

(source: The Economic Impacts of Counterfeiting and Piracy, Frontier Economics, Feb. 6, 2017)

SHOW ON SEPARATE SCREEN

This section addresses consumer attitudes and experiences related to purchasing of counterfeit products or pirating digital services.

Q6 Before you read the Facts and Figures section, were you aware of the implications of counterfeit products?

Select one response for each

- Yes
- No

Randomize – show in carousel format

- Monetary
- Health and safety
- Link to organized crime and terrorist groups

Q7 Before you read the Facts and Figures section, were you aware of the impact pirating digital content has on business?

Select one response

- Yes, but I don't especially care
- Yes, and I consider it a problem
- No, but I don't especially care anyway
- No, and the problem is more serious than I thought

Q8 Have you or someone you know ever knowingly accessed (downloaded, streamed, etc) pirated digital content? Note that we are analyzing the aggregate data and we won't know your individual response so please be honest.

Select one response

- Yes
- No

Appendices: Public Survey Questions

Q9 [IF 'YES' AT Q.8; ASK:] What type(s) of digital content was/were accessed?

Select all that apply

- Film
- Music
- Television Programming
- Computer Software
- Other (please specify) _____ [SHOW LAST]

Q10 [IF 'YES' AT Q.8; ASK:] Was the experience with the pirated digital content satisfactory?

Select one response

- Yes
- No

Q10b [If 'no' at Q.10; ask:] Was it because:

Select all that apply

- unknowingly downloaded malware, ransomware or a virus;
- had your or someone you know personal information, compromised or stolen?
- poor quality of the program, movie, TV show, or game?
- Other...

Q11 Please tell us how much you agree or disagree with each of the following statements:

Select one response for each

- Strongly disagree
- Disagree
- Agree
- Strongly agree

Randomize – show in carousel format

- I believe that counterfeit goods meet the safety requirements
- When purchasing items online I always look for the best deal
- Counterfeit pharmaceuticals are as safe as the real thing
- I see no problem in buying cheaper versions of luxury items.
- No one is harmed when I download or stream pirated digital content
- I am willing to accept inferior quality for a lower price
- Owning a brand name product is important to me
- There is no real difference between the counterfeit good and the real thing other than price

Q12 What are the considerations that might get you to stop buying counterfeit goods or stop accessing pirated digital content? Rank the following from most important to least important 1 being most important. DRAG

AND DROP MOST IMPORTANT, 2ND MOST, 3RD MOST, 4TH MOST, 5TH MOST, 6TH MOST, 7TH MOST AND LEAST

Rank first choice, 2nd choice, 3rd choice, 4th choice, 5th choice, 6th choice and 7th choice. Drag and drop.

Appendices: Public Survey Questions

RANDOMIZE	RANK (ALLOW CODES 01-07 TO BE RANKED)
Someone you know lost their job due to counterfeit goods or pirated digital content	1
Someone you know got sick or hurt from counterfeit goods or pirated digital content	2
Knowing that profits from counterfeit goods and/or pirated digital content are going to organized crime and terrorist groups and supporting child labour	3
Socially shamed for buying counterfeit goods or from having pirated digital content;	4
Had a bad experience/poor quality product	5
Couldn't get a refund	6
Got malware/virus with the digital download	7

This section addresses the relationship between consumers and business/government authorities who are trying to curb or eliminate the sale and distribution of counterfeit goods and the practice of pirating digital content and streaming services.

Q13 Are you aware of any **government programs** to curb or eliminate digital pirating and the sale and distribution of counterfeit goods?

Select one response

- Yes – Please Specify _____
- No

Q14 Are you aware of any **business programs** to curb or end digital content pirating and the sale and distribution of counterfeit goods?

Select one response

- Yes – Please Specify _____
- No

Q15 Who do you think should be responsible for curbing counterfeit goods and digital content pirating?

Select all that apply

Randomize

- Government
- Business (Owners of intellectual property)
- Retailers including online sellers
- Owners of website domains
- Police
- Consumer organizations
- Individual consumers
- All of the above [SHOW 2ND LAST]
- Other (please specify) _____ [SHOW LAST]

Appendices: Public Survey Questions

How much do you agree or disagree with each of the following statements:

Select one response for each

- Strongly agree
- Somewhat agree
- Somewhat disagree
- Strongly disagree

Show Q.16- Q.18 in carousel format

Q16 Consumer organizations should be more engaged in stopping counterfeit goods and digital content pirating.

Q17 Consumers need more education about counterfeit goods and how to identify them.

Q18 Consumers need more education about the damage counterfeiting of goods and digital content piracy does to our society.

Q19 [IF AGREE WITH Q 18 (CODE 01 OR 02;ASK:)] You agreed that consumers need more education related to combating counterfeit goods and digital content pirating. What actions could they take?

Select all that apply

- Join a consumer organization and advocate for more consumer and public engagement in anti-counterfeiting/anti-pirating campaigns
- Convince peers and family to resist buying counterfeits and pirating activities
- Pressure federal politicians to do more
- Lobby for increased penalties for purchasers of counterfeit good and users of digital pirated content;
- Inform authorities when you identify promoters/sellers of counterfeit goods and/or digital pirated content.
- Other ideas? (Please Specify) _____

Continue with next section

DEMOS

ASK EVERYONE

Now, just a few final questions to help classify your responses...

B. Please select the highest level of schooling you attended or completed.

Select one response.

No formal schooling	01
Some Public/Grade school	02
Completed Public/Grade school	03
Some Secondary school	04
Completed Secondary school	05
Some College/CEGEP	06
Completed College/CEGEP	40
Some University/post graduate	07
Completed University/post graduate	08
Other	98

N. Please check your annual household income from all sources before taxes.
[Dropdown list]

Appendices: Public Survey Questions

Select one response.

Less than \$50,000	1
\$50,000 to less than \$75,000	2
\$75,000 to less than \$100,000	3
\$100,000 to less than \$150,000	4
\$150,000 or more	5
PREFER NOT TO ANSWER	97
DON'T KNOW	99

R. In order to categorize your responses please enter your 6-digit postal code.

999-999 – DON'T KNOW

This concludes our survey.

Thank you for your participation.

Appendix B

Focus Group Guide

1.0

Introduction to research process

My name is Derek and I work for Environics Research and I would like to welcome you all to this round-table focus group. We are conducting a series of six telephone focus group sessions – 2 each in Ontario, British Columbia and Quebec.

We are conducting this research on behalf of the Consumers Council of Canada, but I don't work for them and have no "vested interest" in anything we discuss here. My role is to lead and animate the group discussion and summarize what is said.

We want to hear your opinions. Feel free to agree or disagree. Even if you are just one person around the table taking a certain point of view, you could represent many other members who feel the same way as you do. You don't have to direct all your comments to me; you can exchange ideas and opinions with each other too.

Since this is a conference call and we can't see each other, please try to say your name before you speak so that we can keep track of who is speaking.

We are audio recording the session to help me write my report but whatever you say is totally confidential and anonymous and will not be attributed to you as an individual. We are interested in what you all think as a group. Your incentive will be mailed to you in the next week or two.

1.1

Warm Up Exercise

Let's go around the table so that each of you can tell us your name and a little bit about yourself, such as where you work, and how often you shop for consumer products.

(NB: For the purpose of this discussion, when I ask about consumer products I mean non-food products such as electronics, automobile parts, clothing and accessories, and personal care products, and digital media or entertainment products such as computer games, online movies or DVDs, tv shows, music, electronic books etc.

Probe: How do you make decisions when shopping for consumer products? What's most important? Price? Quality? Brand? Packaging?

2.0 Introduction to the Subject

Q1. We would like to start with first getting your views on counterfeit products and pirated digital content in the marketplace today. What do you think of when you hear those words? What is a counterfeit product? What is digital piracy?

Probe:

Counterfeit Goods: Goods or products that are copies or imitations and presented in a manner that intends to deceive consumers and lead them to believe the product and its attributes are genuine or authentic. For example, counterfeit professional sports team apparel, electronic goods, pharmaceuticals, replacement parts, or luxury goods.

Digital piracy is the illegal distribution of digital material and subscription based content. Piracy occurs when someone other than the copyright holder or their authorized agent copies the product and resells it. For example, allowing consumers to illegally download and share movies, software, e-books or songs.

3.0

Experiences and attitudes on buying counterfeit goods and accessing pirated digital content.

This focus group will explore some of the attitudes consumers have towards counterfeiting and digital piracy and the potential role consumers can play in assisting governments and businesses in stopping these activities.

Q2. What do you see as the negative consequences of counterfeiting and digital piracy? Can you give some examples?

Probe:

Economic loss and job loss. It is estimated that by 2020 the worldwide value of trade in counterfeit goods could reach \$991 billion and the value of pirated digital streaming in movies, music and software could reach over \$400 billion. Counterfeiting of consumer goods and digital piracy could result in the loss of over 4 million jobs.

Human health, safety and privacy are put at risk. Worldwide sales of counterfeit medicines could top US \$75 billion this year. Other dangerous counterfeits include defective automotive brakes and airplane parts, exploding batteries, contaminated personal care products, defective Christmas decorations, power adapters, extension cords and circuit breakers. It is estimated that one-third of pirated digital media products contain malware. There is concern that there is an increase in counterfeit distributors who are associated with organized crime and terrorist cells.

Governments and businesses lose significant revenues to counterfeiters who often deal in cash transactions. Controlling counterfeiting and piracy strains corporate and law enforcement budgets.

Q3. From your perspective as a consumer, is there anything good about being able to buy counterfeit or pirated products? What might that be?

Q4. Do you think some businesses or copyright holders sometimes deserve to have their goods or digital content counterfeited or pirated? Why would that be?

Probe: Products the consumer wants may be too expensive or unavailable by legal means (e.g. movies only available to US consumers)

Q5. Many Canadian consumers knowingly buy these products – in particular in the area of digital content (e.g. Illegally downloading and sharing songs, software and movies) and buying luxury counterfeit goods such as watches, purses, apparel, footwear, wallets etc.).

How do you feel about that?

Q6. Which do you think is a more serious problem – counterfeiting luxury goods or online piracy, or are they equally serious? Why?

Q7. Have any of you personally chosen to buy anything counterfeit or pirated or know someone who has? If so, why did you or they do that?

Q8. Are there any examples of products that you would never buy counterfeit or where you could imagine there being possible dangers?

Probe: What about pharmaceuticals?

Q9. Have any of you had a bad experience with either knowingly or unknowingly buying counterfeit goods and/or pirated digital content? What were they? How were things resolved? Did this have an impact on how you viewed counterfeits and pirating? Did it change how you buy certain products?

Probe: Examples of bad experiences could include:

- somebody close to you lost their job due to competition from low cost counterfeits;
- someone got sick or hurt from using or consuming counterfeit products;
- you realized that profits from counterfeit goods were going towards organized crime and terrorist groups;
- you had a bad experience with poor quality;
- your computer was infected with malware or a virus; you were socially shamed for buying knock offs;
- you couldn't get a refund.

Q10. What about the fact that organized criminals and certain terrorist organizations are often behind counterfeit products and they find this to be a lucrative and low risk way to generate revenue to support drug dealing, prostitution, and procurement of weapons? Did any of you know about that? What is your reaction?

4.0

Consumer/Business/Government Relationship

Let's move on to what can or should be done to stop or reduce counterfeiting and digital content piracy.

Q11. Police, border agencies, anti-fraud agencies, and businesses are working together in various ways to combat counterfeiting and pirating.

What do you think about this? As far as you know are these efforts making a difference? Are they winning or losing the battle? If you think the battle is being lost what do you think needs to be done to turn things around?

Probe: more enforcement, TV ads promoting the harm done by counterfeiting, better laws, lower prices, better access to goods we want.

Q12. What can individual consumers do to combat counterfeiting and piracy? What role can we play? What about consumer organizations?"

Probe: Suggestions may include:

- Individual consumers could join a consumer organization and get involved in anti-counterfeiting and anti-piracy advocacy
- Convince peers and family to be aware of, and not knowingly buy counterfeit goods and pirated content
- Pressure politicians to do more: for example set up a centralized bureau within the government to handle consumer issues/complaints with counterfeit products and pirated digital content.
- Hotline where consumers can report counterfeits and digital piracy
- Copyright owners provide rewards to consumers who report counterfeits of their products
- Lobby for increased enforcement and penalties for those sell or purchase these products
- Actively inform police when you encounter these products.
- Provide insights as to why consumers buy counterfeits and pirated products.

Q13. Consumer organizations can have an influential role in advocating for programs and legislation that promote and protect consumers. What are your thoughts on governments and businesses partnering with consumer organizations to help promote consumer education and other proactive initiatives?

Would you have confidence that consumer organizations would bring a unique perspective to the partnerships? If so, how?

Probe:

- advocate for greater competition in the marketplace that may help lower prices and make counterfeits and pirated goods less appealing
- advocate for more modern intellectual property laws that help consumers have access to the products and services they want while ensuring copyright holders receive fair compensation
- provide a consolidated and unique consumer voice with anti-counterfeit partners

Q14. We have asked you a number of questions about your views on counterfeit goods and pirated content and how consumers and consumer organizations can get involved in joining business and governments in battling these dangerous and destructive activities. Is there anything else you would like to add that we might have missed?

On behalf of the Consumers Council of Canada thank you for participating in this focus group and giving us your views.

Appendix C

Key Informant Questions Guide

The Consumers Council of Canada is carrying out research funded by the Office of Consumer Affairs of the Department of Innovation, Science and Economic Development Canada to explore consumer attitudes regarding counterfeit goods and pirated digital services. The objective of the research is to identify potential options and opportunities for engaging consumers as full partners with governments, business and non-government organizations to develop comprehensive responses to counterfeiting.

The purpose of this discussion is to understand your individual perspective on consumer behaviour in purchasing counterfeit goods and pirated digital services. There are no right or wrong answers so any comments you have are welcomed. We are also hoping to gain some insight into how to engage consumers and consumer organizations in anti-counterfeiting initiatives.

We kindly ask that you respond to the following questions by January 11, 2019. Your responses will inform our work products on this project. If you would prefer a telephone interview, please review these questions prior to the call.

1. Do you feel that Canadian consumers have enough knowledge and understanding about the consequences of purchasing counterfeit goods and pirated digital services? Please explain your response.
2. To the best of your knowledge, what is the current level of public involvement in reporting or whistleblowing on counterfeiting operations?

3. What would be the key challenges for business and governments in engaging consumers to assist and/or collaborate on initiatives to combat the sale and distribution of counterfeit goods and digital services?
4. What would be required to introduce participation of consumer advocacy organizations and the public in combatting counterfeits?
5. Can you provide any examples of how consumers and consumer organizations in other advanced economies work with governments and business to curb counterfeits?
6. Are you satisfied that business and governments provide enough information and practical advice to consumers to help them make informed decisions regarding counterfeit goods and pirated digital services? If not, what specific changes would you suggest?
7. Do federal and provincial privacy laws have an impact on public engagement in curbing counterfeiting? Please explain.
8. Is there anything else that we should be aware of in this project?