



PRESS RELEASE

Blocking Period: February 12, 2016, 1:00 p.m.

Negative Award “Plagiarius” sheds public light on shameless counterfeits!

The trade of plagiarised and fake products is equally lucrative and successful. From the unimaginative, small entrepreneur up to organised crime, many people profit from the theft of intellectual property. The damages to the original producers are tremendous, and consumers unwittingly take serious risks. The Internet serves as a veritable playground for these plagiarisers: The convenient 24-hour worldwide availability of large quantities of alleged brand products at bargain prices motivates consumers to purchase. Gullible (online) bargain-hunters fill the pockets of these counterfeiters with multi-billions in earnings.

Plagiarius: Counterfeiters profit at the cost of innovative companies

On February 12, 2016 the negative award “Plagiarius” was bestowed at the annual “Ambiente” in Frankfurt, the world’s largest consumer goods trade fair, during an international press conference. Since 1977, Aktion Plagiarius e.V. grants this anti-prize to those manufacturers and distributors whom the jury has found guilty of making or selling “the most flagrant” imitations and fakes. The goal is to denounce the counterfeiters’ unscrupulous business practices who pilfer intellectual property and pass it off as their own creative achievement; and to raise public awareness of this complex problem that exists among industry, politicians and consumers. The black gnome with a golden nose trophy is a symbol of the exorbitant earnings product pirates collect at the cost of innovative companies. This gnome was created to express the German aphorism “to earn oneself a golden nose” which means, “to earn a fortune”.

The “Plagiarius” award remains silent about on whether a plagiarism is legal or otherwise. Aktion Plagiarius does not nor wants to pass judgement. However, the registered society can call attention to the problems that affected businesses must face and express the opinion, “that clumsy 1:1 imitations are unimaginative and morally objectionable”. In this context, Aktion Plagiarius emphasises “that legal competing products which follow a trend, but differ sufficiently in design and technology from the original product in fact stimulate fair competition, and therefore are explicitly required”.

Prior to evaluating submissions and selecting the “anti-prize winners”, Aktion Plagiarius notifies the imitator that he has been nominated and provides him with an opportunity to share his point of view. The Plagiarius Jury takes this response, in addition to general case-related information, into consideration during their evaluation. Aktion Plagiarius is pleased to see that, once again, “Plagiarius” has made a significant contribution to the public’s awareness of this issue. Due to fear of public disgrace and bad publicity, some of the nominated imitators have withdrawn their remaining stock from the market, have signed cease and desist letters or revealed their suppliers.

Progress instead of stagnation – entrepreneurial risk has to pay off

The facets of product- and brand piracy are diverse: They include brand name counterfeits, design plagiarism, technology theft and pirate copies. All of these types are available *at all diverse price- and quality levels*, from cheap and dangerous knock-offs to high-quality imitations, that are hardly cheaper than the original product. Consumers often dismiss imitations as a trivial offence. However, for the original designers, entrepreneurs and distributors imitations can result in huge financial damages that sometimes even destroy these peoples’ livelihoods. Aktion Plagiarius wants to influence consumers to show more appreciation and respect for the product creator’s accomplishment in creating the original product. The process from ideation to a market-ready product is time-consuming and costly. Moreover, the product developer or brand name producer typically must make advance payments. Good ideas are the most important capital of a company and should not to be taken for granted. Consumers should realise that behind every innovative product, there are people who contribute their experience and creativity, their technical know-how and soul into the development process. In order to secure progress and jobs in the future, this entrepreneurial risk has to pay off. However, this process falls apart when unscrupulous free riders who lack original ideas of their own, blatantly copy successful products, pass them off as their own

achievement and offer them at an alleged bargain price. They undeservedly get their hands on market shares and earnings that truly belong to the original producer.

Counterfeits on the Internet – challenge for brand owners and law enforcement

Undoubtedly, the Internet offers multi-faceted opportunities for growth and customer loyalty. However, dubious vendors also quickly realised the benefits of online trade and use it extensively for their unscrupulous purposes. Plagiarised products and fakes are rather pervasive. Although Europol, Interpol and other international authorities close down tens of thousands of websites for trade of counterfeits annually, the supply of illegal fakes and design imitations is unabatedly high. Often, the vendors veil themselves in the anonymity of the World Wide Web, and then reappear with new brand- and domain names to continue their business. Many counterfeiters make use of global networks and are well versed in the use of digital media. Apart from fake stand-alone websites, they are now increasingly focusing on eCommerce platforms and social media networks. According to Europol, brand and product pirates operate very professionally and use their existing infrastructure (e.g. from traffic in arms, drugs and human beings) to distribute their counterfeit products.

Bargain hunters - cheap price of counterfeits motivates consumers to buy

The consulting firm, Ernst and Young, published a study in December 2015 that interviewed German entrepreneurs and consumers about brand- and product piracy. They found that almost 60% of businesses are faced with imitations within the first year of market introduction; in fact, almost every tenth company saw imitations within the first month. Among consumers, fakes and plagiarisms seem to be socially accepted. Almost every 2nd customer has already bought or would buy a counterfeit product. 55% of consumers knowingly purchased the counterfeits, 18% at least suspected the goods to be fake. Most of all, the cheap price compared to the original motivated them to grab the knock-off.

Good value for money instead of cheap – the price-performance-ratio is crucial

However, original and plagiarised products are only misleadingly similar at first glance. “Consumers should not delude themselves into thinking that the intention of the counterfeiters is to offer them *high quality* fakes at a ‘fair’ bargain price”, says Aktion Plagiarius. The majority of counterfeiters focus on fast profit maximisation, that is, they use inferior materials, deliberately omit quality- and safety controls and produce under degrading working conditions. Thus, they recklessly put factory workers’ and consumers’ health at risk. As markets regulate themselves by *supply and demand*, each consumer bears considerable responsibility: Users who deliberately purchase counterfeit products, not only specifically undermine the brand name producers, they also support child labour and criminal business practices.

The often-used argument of consumers that “one cannot afford the expensive brand- or luxury product” never justifies the purchase of an illegal counterfeit product. Today’s global markets provide a large selection and diversity of legally competing products for consumers. For any taste and budget, there are attractive and safe products with a solid value-for-money-ratio available.

Online fraud: Cheap counterfeits instead of brand name products - and the money is gone

Dubious online vendors of fakes and plagiarised products easily deceive and insidiously entice customers with photos of the original products but with allegedly cheap prices. Those who do not want to fall victim to these tricks should thoroughly verify online vendors and their offers, and use their common sense. For example, does the website contain spelling or grammar mistakes? Is there a site notice and in which country is the vendor located? Is the low price really realistic? What are the payment terms? Is there a granted right of withdrawal? Is the transmission of sensitive data encrypted? We know from the experience of cheated buyers that dubious vendors usually do not accept returns or provide refunds. That is all the more annoying as not only the buyer has been deceived with a substandard product, but also their money is gone. In order to protect consumers from fraudulent sellers, many brand owners provide lists of authorised retailers on their websites.

Customs support enterprises and consumers in the fight against product- and brand piracy

Product- and brand piracy has developed into one of the most serious forms of white collar crime. In 2014 alone, European customs officials seized almost 36 million IP infringing goods, with an estimated value of 617 million EURO at the EU borders. One significant trend in recent years has become evident: A majority of the confiscations affected postal and courier packages, which can be ascribed to private online purchases. What was found among the seized goods was not only clothing, sports articles and toys, but also imitations that carry a high potential for danger: From pharmaceuticals with either wrong or no active ingredients to contaminated perfumes, cosmetics, foods and cigarettes, from electric household appliances, to chainsaws and brake linings. Hence,

Customs is not only an important strategic partner for impacted companies; the seizures of (harmful) counterfeits are also an important defence in consumer protection.

About 80% of products seized in 2014 had their origin in China and Hong Kong. Others among the countries of origin include the United Arab Emirates, Turkey and India. However, EU customs statistics can only shed light on part of this global problem. It is a fact that many Asian companies develop from the extended workbench of Western enterprises to serious competing firms that successfully operate on global markets, register IP rights, and also consistently prosecute infringers. Furthermore, companies from industrial nations are often those responsible for ordering or importing these imitations. The European Union is deemed one of the main markets for fakes and plagiarised products. Also, in recent years, there were more and more European companies among the nominees of the negative "Plagiarius" award— often the genuine producer and the imitator come from the same country. And increasingly, the imitators turn out to be former production or retailing partners. To best secure their company data and trade secrets against theft, entrepreneurs should focus on a holistic strategy that involves legal, organisational and technical measures and covers all relevant production and sales markets. In principal in Germany and in many other countries, existing products can be considered as disposable common knowledge, that is, they may be copied. Therefore, the registration of intellectual property rights - trademark, design, patent, utility model - is of the utmost importance. Without registered intellectual property rights, imitations are brazen and unimaginative; but from a legal standpoint they are likely to be considered legitimate, unless the law against unfair competition can be applied.

Museum Plagiarius – Original vs. Plagiarism

The Museum Plagiarius in Solingen (Germany) displays more than 350 product units, that is originals of all sectors and their brazen plagiarisms in direct comparison. In guided tours, seminars and consumer events, both industry and consumers experience a 'first-hand view' of the problem and receive information about the sweeping extent of the damages and dangers incurred by fakes. The collection is complemented by counterfeits seized by customs.

The Jury of the Plagiarius-Competition 2016:

Each year the jury is put together individually with specialists from diverse sectors. The following persons formed this years' jury:

Dorothee Andermann

Founder of Visio2Actio and Vice President of Operations BCMI Corp., Ismaning, Germany

Sabine Dändliker

Head of the STOP PIRACY Office – Swiss Anti-Counterfeiting and Piracy Platform, Bern, Switzerland

Marianne Grabrucker

Chief Judge of the Federal Patent Court of Germany (retired) and President of the CET-J Circle of European Trade Mark Judges, Munich, Germany

Helmut Jahnke

Head of the Informationszentrum Patente, Regierungspräsidium Stuttgart, Germany

Peter Kämpf

Head of Special Product Development STABILO International GmbH, Heroldsberg, Germany

Helga Malischewski

City Councillor and Parliamentary Party Vice-Leader of Freie Wähler Fraktionsgemeinschaft Ulm, Germany

Daniel Otto

Head of Product Development & Marketing STAHLWILLE Eduard Wille GmbH & Co. KG, Wuppertal, Germany

Saskia Winkler-Schöpf

Business Coach & Management Consultant, Überlingen, Germany

Heinz Wüster

Managing Director Juwel H. Wüster GmbH, Imst, Austria

Legal Advice:**Dr. Alik Busse**

Certified IP-Lawyer, Lawfirm Busse & Partner, Munich, Germany

The **award ceremony of “Plagiarius 2016”** took place during the Consumer Goods Trade Fair “Ambiente” at the Congress Center of Frankfurt Fair in Room “Illusion 1-3” on Friday, **February 12, 2016, 1:00 p.m.**

The **greeting** during the 40th Plagiarius awarding was made by **Stephan Kurzawski**, Senior Vice President, Messe Frankfurt Exhibition GmbH. The **‘laudatory speech’** on the prize winners was made by **Andrej Kupetz**, Chief Executive Officer, German Design Council.

The Plagiarius prize winners 2015 and 2016 will be presented at the **Special Show “Plagiarius”** from February 12-16, 2016 at the **Foyer 5.1. / 6.1.** After the Ambiente the prize winners 2016 will be presented in the Museum Plagiarius in Solingen. (Bahnhofstr. 11, 42651 Solingen, Germany).

The Prize Winners of the Plagiarius-Competition 2016:

The jury met on January 16, 2016. Three main prizes, two special prizes and five distinctions (equal in rank) were awarded; total entities: 40.

1. Prize

In order not to intervene in current judicial procedures, the prize is being suspended until the final adjudication.

2. Prize

Gate Drive Bolt “DENI Plano”

Original: Niederhoff & Dellenbusch GmbH & Co. KG, Heiligenhaus, Germany

Plagiarism: Steinbach & Vollmann GmbH & Co. KG, Heiligenhaus, Germany

3. Prize

Crêpe Turner with Spreader “DELÍCIA”

Originals: TESCO MA s.r.o., Zlín, The Czech Republic

Plagiarisms: Manufacture: PR China

Distribution: DOBRY s.r.o., The Czech Republic

Five “Distinctions” (equal in rank) were awarded:

Chandelier “STILIO” (modular system)

Original: Licht im Raum Dinnebier GmbH, Düsseldorf, Germany

Design: Daniel Klages

Plagiarism: Manufacturer: Zhongshan Henglan Marsden Lighting Co. Ltd., Guangdong, PR China

Distribution: the plagiarisms are being offered by diverse vendors via Alibaba and AliExpress, indicated as „Stilio-Chandelier“ and „Johannes Dinnebier Design“

Discovered: Event Gastronomy in Germany (via facebook)

Pedestal Fan “Dyson Air Multiplier AM03”

Original: Dyson Ltd., Malmesbury, Great Britain / Dyson GmbH, Cologne, Germany
Plagiarism: Manufacture: PR China
Distribution: Germany, online-vendor, name unknown

Floor and Furniture Protector “DerMöbelschuhfürFlüstermöbel“

Originals: formpartner UG (limited liability), Hannover, Germany
Plagiarisms: Hebei Huaxing Felt Co., Ltd., Hebei, PR China

Flexible Dustpan-Set “Flexi“

Original: haug bürsten KG, Königsbrunn, Germany
Plagiarism: Hangzhou Gonglian Import and Export Corp., Ltd., Hangzhou, PR China
Distribution: Germany, Shop for remnants

Time Savers Herb Chopper „Tupper Turbo-Chef“

Original: Tupperware Deutschland GmbH, Frankfurt, Germany
Plagiarism: Manufacture and Export: PR China
Distribution: Via preliminary injunction a German trading firm was prohibited to offer or distribute the plagiarisms; the trading firm has withdrawn remainder of stock from the market – the plagiarisms were destroyed.

The following **Special Prizes were awarded:**

Special Award “Falsification“

Winter bodywarmer “e.s. vision”

Original: engelbert strauss GmbH & Co. KG, Biebergemünd, Germany
Falsification: Distribution: Germany, flea market vendor, name unknown

Special Award “Falsification“

**Rolling Bearings: FAG Deep Groove Ball Bearing “FAG 6012.2ZR.C3“ and
INA Angular Contact Ball Bearing “INA 30/8-2RS“**

Originals: Schaeffler Technologies AG & Co. KG, Herzogenaurach, Germany
Falsifications: Export: Yakang Bearing Supplies Co., Ltd., Beijing, PR China
Distribution: A German trading firm has ordered FAG- and INA Rolling Bearings from Yakang in good faith and resold them. A custom's seizure and a following preliminary injunction revealed the products as counterfeits. The trading firm agreed to destroy the fakes and offered its apologies to Schaeffler.

Imprint

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Enclosure: CD-Rom incl. Press Release, Photos of Prize winners (300 dpi)

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