

Product Piracy? Zero Tolerance!

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Major Product Facility of Counterfeiters Raided in China by Global SPB Team

The global trade in counterfeit and pirated goods in 2019 amounted to nearly USD 464 billion. Trade in counterfeit goods is not only a threat to public governance by fueling organized crime and terrorism but harms the business of nearly every industry. Also, it is often a significant threat to the health and safety of consumers and to the reputation of brands.

The COVID-19 pandemic has not changed the size of the problem. It has however affected the way counterfeits are distributed. E-Commerce sales of counterfeited goods have increased from 10% of sales to 30% during the pandemic. As a result, it is harder for brand owners to track counterfeiters down and seize shipments given that fakes travel often in small parcels. Therefore, the best way to tackle counterfeiting: attack the roots of the problem.

With this in mind, a great example is the recent major success of our global Anti-Counterfeiting team related to a combined and coordinated raid and seizure operation in China for a well-known European cosmetic company against a Chinese fake producer. After thorough investigations and surveillance, time to take action came on January 14, 2022. A complex of warehouses in Yiwu and Lanxi City, Zhejiang Province, was raided by Jinhua Public Security Bureau (PSB) together with our team.

The raid uncovered two production and filling facilities, three warehouses and loaded trucks which led to the seizure of more than 200,000 counterfeit cosmetic products bearing the trademarks of our client. Over 10 pieces of machinery used to make the fakes were also seized and four suspects were arrested by the PSB. Criminal prosecution is initiated. The seized products will be destroyed under official supervision.

Since 2019, our Anti-Counterfeiting team has successfully seized over 3.5 million counterfeits and, so far, more than 2 million counterfeits have been destroyed. In so doing, getting to the source of the counterfeits is the major task for our team. By gathering information from investigators on the ground, combined with data obtained by online investigations along with information provided by shipping agencies and customs authorities, it is possible to reveal and attack the producers. It sends a strong message to the community of fake producers that you “shouldn’t mess with this brand”.

Finally, some tips to dealing with counterfeiters are as follows:

- Build and maintain a solid portfolio of IP rights which picks up developments to your brand and product lines before they come to market
- Install customs watch in the countries of origin (different depending on the product, 75 % worldwide are coming from China and Hong Kong)
- Install customs watch in the transport hubs (United Arab Emirates, Turkey, Singapore and Saudi Arabia)
- Train and educate the customs authorities about your brand
- Closely and continuously cooperate with the authorities in the countries of origin, like local police and regulatory authorities
- Have an investigation and enforcement team on the ground in key jurisdictions such as China, Vietnam, and the Middle East
- Install online enforcement tools
- Coordinate offline and online investigations
- Build a solid database to get hold of repeating infringers

It is an ongoing battle and zero counterfeiting is very likely not a realistic target for successful brands but accepting counterfeits is not an option. Fighting counterfeits is an investment in your brand.

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National Law Review, Volume XII, Number 26

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