

Counterfeiting and piracy are terms used to describe a range of illicit and unlicensed activities linked to the infringement of intellectual property rights (IPR), and the violation of constitutional and administrative rights.

The global business of counterfeiting and pirating legally registered and established goods has evolved to a great extent and complexity in the past few years, largely due to globalization, international trade, and the impartation of information and communications technology.

Evidence suggests that international trade 'corruption' precipitates the most significant economic growth in engaged, globalizing East Asian economies such as Hong Kong, the Republic of Korea, and Singapore. These are among the fastest modernizing cities in the world, and are the leading exporters and manufacturers of counterfeit, ersatz products.

These counterfeit factories are perpetuated by supply chains that extend into western companies and corporations; they encompass hundreds of suppliers who provide the resources required for the inflated production and distribution of counterfeit products.

Counterfeit production is especially prevalent in certain regions in China, Korea, and the Philippines, where counterfeiting and piracy are common and lucrative occupations.

Based on a recent quantitative analysis conducted by the OECD, it is conceived that the volume of tangible counterfeit and pirated products in international trade could reach up to 250 billion USD*.

With a staggering figure like this, sales of counterfeit goods worldwide exceed the gross domestic product (GDP) of approximately 150 States.

However, this figure does not include counterfeit and pirated products that are produced and consumed domestically, nor does it consist of the significant volume of pirated digital products that are being distributed via the Internet.

If we were to account for these other terms and conditions, the total scope and magnitude of worldwide counterfeiting and piracy would be inextinguishable, and would cumulate to over half a trillion USD.

In spite of all the vigorous attempts to eradicate and abolish counterfeit and piracy organizations, the matter has gone out of control, and has become a plague that affects practically every economy and financial system in existence.

In recent years, counterfeits statistics and seizures have endured a rather alarming expansion of the diversity of products being actively infringed, raising the global circulation of counterfeit products up to 6 percent. This high percentage can be attributed to modern advances in technology, emerging markets, international trade, and an increased share of products that are attractive to replicate, such as branded software or clothing.

Counterfeiting and piracy worldwide undermine the process and method of innovation, a pivotal factor of economic and financial growth.

Corporate industries defend their concepts through various legal instruments such as copyrights, trademarks, patents, and models. When these basic legal instruments become invalid and inapplicable, these industries will have less of an inclination to introduce new products and ideas.

Risks are particularly high for industries that have a dependency on research and development, which account for a large portion of the costs in comparison to the finalised product.

Faced with a diminishing revenue due to counterfeiting and piracy, industrial investment in research and innovation has slowed down substantially. This has restrained development, growth and competitiveness, production rates and even forcing industries to shut down.