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Ladies and Gentlemen,

First of all I would like to thank the organisers for inviting me to this conference. This is an excellent opportunity for me since the event is taking place in my home town of Vilnius.

It is a great pleasure, today, to represent the European Commission and in particular the Internal Market's Unit on Enforcement of Intellectual Property Rights, which along various other Commission units, plays an important role in combating counterfeiting and piracy. As you probably know one of the major battles against counterfeiting takes place at the borders, where customs have the responsibility for seizing and detaining fake goods. My colleagues from DG TAXUD, which is a Commission Directorate responsible for customs, invest huge efforts in this fight and I am pleased to say that one of the most important recent achievements was the adoption by the Council of the European Union of Resolutions on the EU Customs Action Plan to Combat IPR Infringements for the Years 2009 to 2012. This Plan sets up a very clear framework for the future work of EU customs in this area.

Nevertheless, despite this work, we have to acknowledge that many fakes are still getting through our borders. In addition, many are simply produced within the EU. Of course without strong intelligence sharing and effective collaboration between national institutions and enforcement bodies this can make them very hard to detect. This is why in order to tackle intellectual property rights infringements effectively we all need to be more vigilant and act more proactively, particularly within the Internal Market. This means not solely focusing on producing new legislation, but also on ensuring the strong implementation of existing laws and on developing new non legislative measures.

In this light, last year, my Unit organised a High Level Conference on Counterfeiting and Piracy, during which Commissioner McCreevy announced strong support and a will to drive non legislative measures on combating IPR crimes. Following this conference the Commission adopted a key Communication on an Industrial Property Strategy for Europe, which was followed by the Council Resolution on a Comprehensive European Anti-counterfeiting and Anti-piracy Plan. These concrete actions lead to the launch of a much larger project about which I would like to talk to you now, **the European Observatory on Counterfeiting and Piracy**.

This Observatory was launched by the Commissioner McCreevy on the 2nd of April 2009, so as you can see, it is a very new venture which is still in the stage of being developed and shaped.

Basically it will be built on four major pillars:

1. Improving the collection and use of reliable information and data
2. Promoting and spreading best practice amongst public authorities

3. spreading successful private sector strategies; and
4. raising public awareness;

Why data and statistics?

Well, the Observatory was set up as a response to various concerns, many of which related to a lack of data on IPR infringements or lack of coordination in fighting IP crimes. Most of the relevant figures at our disposal, which unfortunately do not represent the whole 'fake trade', have been the EU customs figures. But as I have highlighted in my introduction, fakes often do not always cross EU borders, many are simply made in an EU territory. Also another point which is worth mentioning here is that, even though the volume of seizures are increasingly growing, they constitute only part of the whole mass of fakes in circulation. In fact we have little idea of the total extent which actually pass through our borders.

It becomes even more difficult to assess the true scale of fakes, due to the fact that counterfeiters, linked to organised crime, are using more advanced techniques. Unfortunately they have become highly skilled entrepreneurs, operating on industrial levels. By making full use of advances in technology and trade, they produce every imaginable type of fake. The days are past when only luxury goods, fashion, music and film products were counterfeited. Nowadays counterfeiting and piracy affect goods of mass consumption, such as foodstuffs, cosmetics, hygiene products, spare parts of cars, toys and various types of technical or electronic equipment. Obviously this is increasingly dangerous to the health and safety of all citizens, especially when the public awareness continues to be so low.

To conclude this part, despite the different figures, reports, studies we have at our disposal I must re-emphasise the fact that we still unable to assess the true

scope and scale of counterfeiting and piracy. Unfortunately, this is mostly due to the fact that the information we have varies greatly from one sector to another and from product to product. Additionally those who collect data, very often use different methodologies. So it will be no surprise that we came to the conclusion that in order to better tackle the problem, we need to have a better knowledge.

Through a common decision, the Observatory was launched with its primary task being to collect and analyse more robust data and information regarding the economic and societal implications of counterfeiting and piracy. This will not only help to improve our understanding of the phenomenon but it will also provide us with a common understanding of the threat that counterfeiting and piracy is causing for Europe's economy and the health and safety of its citizens.

But Observatory will be much more than an information gathering resource. It will also be a platform for stakeholders and public authorities to work together, to share information and best practices and to make recommendations to policy makers. One thing is sure here, if we want to succeed in our fight against fakes, we all need to better inform each other and work together. Therefore the Observatory will identify and assess the structures in place for IPR enforcement coordination in Member States. In addition, it will work to promote and spread best practice, in particular, through innovative and successful cooperation initiatives between different enforcement authorities. A key role will also be in ensuring we help our enforcement resources. As a result the Observatory will be dedicated to the identification and documentation of best practice enforcement training programmes carried out in different Member States. And to complete this particular circle of work it will foster or in some cases even set up administrative cooperation between national authorities. Which I have to say is not well developed yet and needs to be strengthened.

to complement the development of cooperation between and within Member States, the Observatory will also focus on private sector cooperation. In this, it will identify and assess successful anti-counterfeiting and piracy strategies and actions undertaken by the private sector and will try to spread best practices. Here a close cooperation of a different representatives from the private sector will be crucial.

And talking about working together, I would like to make a short digression, and talk about a new Commission initiative, not connected with the Observatory, but strongly focused on collaboration, through voluntary agreements between stakeholders. A wide variety of stakeholders have a common and genuine interest in combating counterfeiting on the internet and with the help of the Commission they have committed themselves to working together to identify practical and technical prevention and enforcement tools. This exercise is called the "stakeholders dialogue on the sale of counterfeiting goods over the internet". And through this type of cooperation the Commission hopes that new ways of cooperation and agreement can be set up.

But coming back to the Observatory and its aims...

I have talked already about statistics and better cooperation between public and private sectors. So now it is time to talk about consumers about who the Observatory will dedicate a lot of its work. Public awareness is extremely important and needs to be improved; therefore the Observatory will concentrate on identifying successful public awareness campaigns in member states and will develop new information campaigns and strategies across national borders. We are convinced that many consumers often buy products without even knowing they are fakes. And even if they do know, they are seemingly unaware of where their money ends up. I wonder would they buy counterfeits if they knew that the

fake handbag or sports shoes were made by children, less than ten years of age, who are used and abused? Would the same consumers buy fakes if he/she knew that the person they are buying from is an illegal immigrant who is living in slavish conditions? We don't think so, and we firmly believe that better information and education will diminish the demand and ultimately the scale of intellectual property rights infringements.

To sum up, the Observatory will be a platform of joined forces, exchanging experiences and information and sharing best practice enforcement. It will improve our knowledge and allow us to better target our resources. It will also become a central place for gathering, monitoring and reporting information related to intellectual property rights infringements.

So...you may ask how it will operate?

Well the Observatory will be based on existing Commission structures and through the use of external expertise. The external experts will be chosen through an open public tender, which is now in preparation.

There will be 27 full members chosen by the Member States. National delegates will be joined by representatives from private industry, who will reflect strong experiences in the fight against counterfeiting in broad range economic sectors. European consumer organisations will also be asked to appoint a representative.

In addition,

- industry representatives from different sectors will be invited to contribute in specialised working groups

- Day to day work will be coordinated and driven by the European Commission and appointed external contractors.
- Bi annual meetings will be organised, and
- An annual 'Observatory' report will be published.

This report will be an important document analysing and summarising the work of the Observatory. It will attempt to monitor and assess the scale, and geographical hot spots and trends linked to IPR infringements. It will also study best practices from across Europe in both the private and public sectors, so that these practices can be shared amongst all interested players .

Finally, it is important to underline here that the Observatory itself will not be a complete end solution to all the problems, we are facing, but it will certainly be a concrete step towards finding more practical solutions. We can't expect miracles to happen right away and its results will not be seen immediately, there is still a long way to go, but as the ancient Greeks continue to remind us 'Rome wasn't built in a day...'

Thank you for your attention,