

## 1. Key Messages

- **We support the New Clauses 24 and 33 tabled by Carolyn Harris MP and Margaret Ferrier MP to the Digital Economy Bill. We ask MPs to offer their support to these New Clauses as a research project undertaken by Electrical Safety First found that 44 per cent of MPs surveyed, agreed that counterfeit electrical goods were a problem in their area.**
- **These important new Clauses would create a responsibility for the Government to properly assess the number of counterfeit electrical good being sold online and establish the true cost to the UK economy the sales of counterfeit electrical goods.** They would also place an obligation for online retailers who allow individual sellers to use their website to protect consumers by obliging them to report sales of counterfeit goods to the police and trading standards authorities.
- **Electrical Safety First believes the Digital Economy Bill is as an opportunity to address longstanding concerns and legislative gaps relating to the sale of counterfeit electrical goods online.** With the Government proposing to target online copyright infringement whilst increasing consumer protections in this Bill, **there is a clear omission in not protecting both consumers and UK business from the online sales of counterfeit goods which see copyrights infringed daily.**
- According to the IP Crime Report 2014/15, a third of locations investigated for counterfeit goods are online – social media, auction sites and websites.<sup>ii</sup> It is therefore more important than ever, moving forward, that **legislation reflects the challenges facing the relevant authorities in tackling the sale of counterfeit goods, particularly those that are electric.**
- **One in six British consumers admit that they have purchased a fake electrical product for someone as a Christmas gift and the majority of UK consumers have difficulty telling a fake electrical item from a genuine one.<sup>iii</sup> Authorities, such as the Police and Trading Standards need to be equipped with the necessary legislation to tackle the sale of online goods and this is why Electrical Safety First believes these new Clauses are necessary additions to the Bill.**

## 2. Background

- **We believe that the New Clauses tabled by Carolyn Harris MP and Margaret Ferrier MP will offer consumers and UK businesses further protections through the following actions: -**
  - An assessment by the Government into the extent of the problem with counterfeit electrical goods, a) the cost to the economy b) the amounts being imported c) the extent of the problem online.
  - A statutory obligation on online retailers to report people repeatedly selling counterfeit electrical products to the police/trading standards.
- According to our research, an estimated nine million UK consumers have purchased a fake electrical product as a Christmas gift in the past and that it's not always easy for people to

spot a fake.<sup>iv</sup> When asked to identify fake and genuine electrical products from images, the majority of UK consumers had difficulty telling them apart. Three quarters of consumers were unable to identify genuine GHD hair straighteners and three in five could not spot a fake Apple charger. Over half of consumers said that they would be likely to buy a product that was described as “genuine,” “real” or “authentic”.<sup>v</sup>

- **Some of the UK’s biggest and well-known electrical brands are being subject to counterfeiting; this is bad for the consumer and UK business.** Brands which are invested in over time can be undermined through no fault of their own as a result of counterfeit goods.
- **The Bill could and ought to provide an opportunity to try and work to ensure that the counterfeiters have a reduced opportunity to sell through online portals.**
- Some of the issues Electrical Safety First has found in its report “The True Cost of a Counterfeit” with counterfeit electrical goods include<sup>vi</sup>: -
  - Online shoppers are being misled by imagery taken from official product sites, fake official safety marks and believable pricing - items can even be priced just a few pounds below recommended retail value to avoid arousing suspicion.
  - The number of **reported counterfeits in the UK has grown by 12% over the last 12 months**, and these are just the ones we know about - counterfeit items are now extremely difficult to spot. Counterfeit electrical products are particularly risky as they often contain faulty parts that can overheat and catch fire or deliver a fatal electric shock.<sup>vii</sup>
  - Social media has facilitated an **increase in the distribution of unsafe products by 15%** every year.
  - The market for counterfeit goods in the UK is estimated to be **worth more than £1.3 billion per year**, of which an estimated £900 million helps fund organised crime.
  - Counterfeiting has **grown by as much as 10,000% in the last two decades** as manufacturing has become cheaper and easier. Counterfeit electrical products are thought to **cause billions of pounds of damage every year**, both in terms of the economic impact, fires and injuries.
  - It is estimated that fires caused by faulty electrical products are **responsible for over 7,000 domestic fires a year**. The Average estimated house fire cost is **estimated at £44,500**, leaving aside the human cost.
  - Trading Standards **detained more than 6,500 electrical items a day in March 2015**, and nearly two in five interventions at ports and borders resulted in items identified as unsafe or noncompliant.
  - Research has highlighted that **7% of people have knowingly seen counterfeit products online**; these figures are conservative estimates as counterfeits have become more convincing.
  - Those people claiming to have purchased counterfeit goods - **64% purchased online, 16% at a market and 12% in a shop.**

- Many consumers believe that when they purchase goods from legitimate online retailers it is coming from a trusted source. This is often not the case as these sites acts as a portal for vendors.

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<sup>i</sup> Dods Research for Electrical Safety First, March 2016

<http://www.electricalsafetyfirst.org.uk/mediafile/100757194/Parliamentary-Perceptions-of-Electrical-Safety-March-2016.pdf>

<sup>ii</sup> IP Crime Report 2014/15 p 3

<sup>iii</sup> Electrical Safety First <http://www.electricalsafetyfirst.org.uk/news-and-campaigns/press-releases/2016/11/making-a-black-friday-list-check-it-twice.-advises-electrical-safety-first/>

<sup>iv</sup> Ibid

<sup>v</sup> Ibid

<sup>vi</sup> Electrical Safety First - <http://www.electricalsafetyfirst.org.uk/mediafile/100492991/True-Cost-of-a-Counterfeit.pdf>

<sup>vii</sup> Electrical Safety First - <http://www.electricalsafetyfirst.org.uk/news-and-campaigns/press-releases/2015/11/dangerous-fakes-being-sold-through-leading-online-retailers/>