



we wear<sup>SM</sup> intellectual property

September 14, 2012

Paula Karol Pinha  
Director for Intellectual Property and Innovation  
Office of the United States Trade Representative  
600 17th Street, N.W.  
Washington, DC 20508

**RE: Docket Number USTR–2012–0011 - Submitted electronically at  
www.regulations.gov**

Dear Director Pinha:

On behalf of the member companies of American Apparel & Footwear Association (AAFA), we are grateful for this opportunity to submit comments to the United States Trade Representative's (USTR) *2012 Special 301 Out of Cycle Review of Notorious Markets*. We are grateful to USTR for its unfaltering commitment to the protection of American intellectual property rights around the world.

As you know, the American Apparel & Footwear Association (AAFA) is the national trade association representing the apparel and footwear industries and their suppliers. Our members produce and market products throughout the United States and the world. Through manufacturing, sourcing, and retail, AAFA members are part of a larger world market bringing fashionable, high-quality products to store shelves at affordable prices. In the 21<sup>st</sup> Century, these apparel and footwear companies have taken advantage of the Internet as the most efficient marketplace available to reach customers from all corners of the globe. The unfortunate truth is counterfeiters have done the same.

As evidence of this fact, earlier this year U.S. Customs and Border Protection (CBP) in their annual seizure statistics reported significant drops in the amount of counterfeit footwear, fashion accessories, and apparel seized at the ports. However, CBP also noted that seizures of smaller, lower-valued shipments as a result of "rogue" Web sites operating freely on the Internet are a great offender of intellectual property rights worldwide.

Over the last year, AAFA members have not witnessed a dramatic improvement in the ability to take down rogue sites and maintain that many enforcement shortfalls remain in several large physical markets around the world.

#### **Notorious Counterfeit "Rogue" Web sites**

With a direct line to the consumer and virtually the most simplistic facilitation of commerce available today, "rogue" Web sites continue to plague our membership more so than most traditional markets in today's environment. Rogue sites look and seem legitimate, often mirroring AAFA members' own sites. They process and accept credit card payments as well feeding the impression that they are affiliated with the trademark owner. We are encouraged by the cooperation of some financial institutions to stop payments to known rogue Web sites. However, we are also disappointed by the lack of cooperation by various search engines and internet service providers who continue to connect consumers to these malicious sites. We believe that if search engines can adjust search algorithms to take down copyright material, then they should be able to work with the trademark community to remove illicit trademark infringement as well.

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Below we have listed the most “notorious” Web sites are listed below. However, AAFA members have identified thousands of Web sites that traffic in fake goods, so this problem is much larger than simply a couple virtual giants.

Taobao.com

Earlier this year, representatives from Taobao reached out to AAFA to establish clear lines of communication to address counterfeit apparel and footwear items that populated their site. While this was an encouraging development, AAFA members have reported that Taobao is still their number one concern on the Internet. Despite new established procedures to send complaints through AAFA directly to Taobao, AAFA members have yet to see any real results as fake goods are still found throughout the Web site.

Zhejiang Taobao Network Co., Ltd.  
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Admin Phone - +86.57185022088-2303  
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Other sites noted by AAFA members include:

Alibaba.com

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## China

Despite the recent life sentence handed down to a counterfeiter of almost \$16 million in fake purses in China, several markets throughout the country continue to sell fake apparel, footwear, and fashion accessory products. Our members still face problems registering well-known marks in China, which obviously makes the enforcement of American intellectual property all the more difficult. The Chinese Government will not conduct raids without a registered Chinese trademark as proof of illicit activity. Similarly, the Chinese customs service will not take action against counterfeit exports unless the mark at issue is registered in China.

Specifically, please find below a list of markets in China that have and continue to be known for the sale of counterfeit clothing, shoes and fashion accessories. This list does not preclude the existence of other “notorious markets” in the country that have not yet been identified.

Market Name	Location	Comments
Zengcheng International Jeans Market	Xin tan town, Zengcheng city, Guangdong	Jeans for export to Africa and for domestic sale
Silk Market	Xiu Shui Building, No. 8, Xiu shui street (E), Chaoyang district, Beijing	General apparel and footwear and footwear, popular among international tourists
Qi Pu market	Qi Pu road, Shanghai	General apparel and footwear
Jin Long Pan Foreign Trade Garment Market	San Yuan Li Av. , Baiyun district. Guangzhou	General apparel and footwear for export to Africa
Guangzhou Kangle Building	No. 921, Ren Min road, Guangzhou	General apparel and footwear
Guangzhou GuangKong building	Ren Min road, Guangzhou(close to aboved market)	General apparel and footwear
Guangzhou WanTong Garment Wholesale Market	No. 135, Huangshi road(w), Guangzhou	General apparel and footwear
Guangzhou Jinbao Foreign Trade Garment Market	Lane 9, No. 57, Zhanxi road, Guangzhou	General apparel and footwear
Guangzhou Zhanxi Garment Market	No. 2 building, Zhanxi garment market, Guangzhou	General apparel and footwear
Guangzhou Jinshun Garment Market	No. 59, Zhanxi road, Guangzhou	General apparel and footwear
Guangzhou Shahe Yiming Garment Market	Lianquan road, Tianhe district, Guangzhou	General apparel and footwear
Guangzhou Shijing Guangda Garment Market	Shijing town, Baiyun district, Guangzhou	General apparel and footwear
Dongzheng Garment Market, Chaotianmen Market	Yubei District, Chaotianmen market, Chongqing	General apparel and footwear, popular among international tourists
Hangzhou Sijiqing Suhang Garment Market	Hanghai road, Jianggang district, Hangzhou	General apparel and footwear

Taobao Web site	<a href="http://www.taobao.com">www.taobao.com</a>	Main products are Tops and Jeans for domestic sales
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## Mexico

AAFA members have been encouraged with various enforcement efforts and raids at El Tepito and San Juan de Dios markets in Mexico.

A number of so-called “Tianguis” (mobile street vendors) can also still pose a problem in Mexico. AAFA members operating in Mexico have identified these vendors in the following suburban districts: Narvarte, Montezuma, Aragón, Ecatepec, La Raza, Ciudad, Lago, Las Torres, Guelatao, Texcoco, Chalco and the Central district (Centro), where numerous ambulant sellers operate along Eje Central Lázaro Cárdenas and the streets in and around the city center.

Nevertheless, overall improvements in enforcement have been noted by AAFA members.

## Uruguay

In Uruguay, AAFA members still identify several markets throughout the country selling a variety of different products in the apparel and footwear industry among others. Below I have attached a list of specific markets in Uruguay.

Market	Location	Types of Products Sold
“Serrato”	8 de Octubre Av., Montevideo	Clothes and shoes,
“Techitos Verdes”	18 de Julio Av., Montevideo	Clothes, shoes, electronics products
“Del Control”	Mercedes street	Clothes, shoes, electronics products
“San Miguel”	Agraciada Av.	Clothes, shoes,
“Parque Rodó”	Gonzalo Ramírez street	Clothes, shoes, electronics
“Tristán Narvaja”	Tristán Narvaja street	Clothes, shoes, electronics
“Villa Biarritz”	Ellauri street	Clothes, shoes
Montevideo Port, Carrasco airport, highways, etc.	Coming from China to Paraguay	Many different products
Florida Free Zone	Florida	Many different products
Libertad Free Zone	San José	Many different products
Montevideo Free Zone	Montevideo	Many different products
Nueva Palmira Free Zone	Colonia	Many different products
Mercado Libre and De Remate	All the country	Many different products

## Thailand

The most notorious markets for sales of counterfeit goods in Thailand include: Jatujak or Chatuchak Weekend Market (“JJ”Market) with 15,000 plus stalls; MBK Shopping Centre near Chulalongkorn University and Siam Square; Klong Thom (Chinatown), Sukhumvit Road (between Sukhumvit Soi 3 and Asoke) and Patpong Road-Silom Road-Suriwongse Road (“Patpong Market”).

The outdoor markets at Karon Beach in Phuket together with the tourist area of Patong in Phuket are also particularly problematic. The border crossing at Aranyaprathet (bordering Poipet in Cambodia) is also a large notorious open air market (Rong Klua Market or Friendship Border Market) with huge variety of fake goods. Goods coming by truck from China through Laos also generally arrive through Nong Khai and Mae Sai in northern Thailand. Truck traffic continues down through Hat Yai in the south to Malaysia (Thailand controls the only overland route from China to Singapore).

Pattaya's main beach road and walking street have many shops and stalls with counterfeit goods openly on display, but the more insidious problem in Pattaya is the presence of foreign residents running internet sites selling counterfeit goods to online customers.

## **Ukraine**

In the Ukraine, several open air markets still have little IPR protections and law enforcement does not pay attention to violations.

Specifically, markets to investigate are:

- Big open air market of Seaport in Odessa called "7th kilometer"
- Petrovka (Black Market): pirated market in Kiev
- Barabashova market in Kharkov
- Pivdenny market in Lvov

## **Other Countries**

We have also heard reports of a couple smaller markets in various countries around the world. In Lima, Peru, the markets known as "Polvos Azules," "Polvos Rosados," "Fronteras Unidas" are all notorious for counterfeit goods. In Guayaquil, Ecuador, the market "La Bahia" has also become a central counterfeit market. In Caracas, Venezuela, the El Cementerio market is also a significant problem.

In Colombia, AAFA members have noted improvement as raids have been conducted often in several markets.

Thank you for looking into this important issue on behalf of American businesses, especially in our industry. I look forward to continued dialogue and cooperatively to protect American ingenuity and competitiveness abroad.

Please contact Kurt Courtney at 703-797-9039 or via email at [kcourtney@wewear.org](mailto:kcourtney@wewear.org) if you have any questions or would like additional information.

Sincerely,



Kevin M. Burke  
President and CEO