



we wear[®] intellectual property

Susan F. Wilson,
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–2014–001- Submitted electronically at
www.regulations.gov**

On behalf of the member companies of American Apparel & Footwear Association (AAFA), we appreciate this opportunity to submit comments to the United States Trade Representative's (USTR) *2014 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.

AAFA is the national trade association representing apparel, footwear, and other sewn products companies, and their suppliers, which compete in the global market. Representing more than 1,000 world famous name brands drawn from throughout the supply chain. AAFA is the trusted public policy and political voice of the apparel and footwear industry, its management and shareholders, its four million U.S. workers, and its contribution of \$361 billion in annual U.S. retail sales.

According to the U.S. Customs and Border Protection (CBP) in their annual seizure statistics apparel, footwear, and fashion accessories made up 79% of all seizures and we are seeing an increasing number of 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 reduction of sales of counterfeit products on the Internet and maintain that many enforcement shortfalls remain in several large physical markets around the world.

Online Counterfeit Activity

With a direct line to the consumer and virtually the simplest form of commerce available today, counterfeit activity online continues to plague our membership more so than most traditional markets in today's environment. These activities are based far beyond the jurisdiction of the U.S. judicial system, which seriously complicates the ability to eliminate access to fake goods by our members' customers. We are encouraged by the cooperation of some financial institutions to stop payments to known counterfeit transactions as well as the communication and cooperation that some sites have had with the industry. However, we are also disappointed by the lack of cooperation or results 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.

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.

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www.Taobao.com

AAFA is currently in the process of negotiating an agreement with Taobao to help improve their counterfeit take downs in relation to the apparel and footwear industry, and to help our members better understand what is required of them when making requests for takedowns. We are pleased with the progress that has been made during our negotiations and we look forward to continuing our work with Alibaba and Taobao.

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Notorious Markets

China

68% percent of the counterfeit footwear, apparel and fashion accessories seized by CBP in 2013 originated from China. As I have previously noted, China is not only largely responsible for the proliferation of counterfeit apparel, footwear, and fashion accessories in the United States and other major markets around the world, but also in the U.S. apparel and footwear industry's fastest-growing market – 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	Types of Products Sold
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 above 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

Mexico

AAFA members have been encouraged with various enforcement efforts and raids at El Tepito and San Juan de Dios markets in Mexico but they continue to be a concern as well as the other Tianguis listed below.

Market Name	Location	Types of Products Sold
El Tepito	Colonia Morelos, Cuauhtémoc borough, Mexico City	General apparel and footwear
San Juan de Dios	Guadalajara, Jalisco	General apparel and footwear
Tianguis (mobile street vendors)	Narvarte, Montezuma, Aragón, Ecatepec, La Raza, Ciudad, Lago, Las Torres, Guelatao, Texcoco, Chalco, and Eje Central Lázaro Cárdenas	General apparel and footwear

Uruguay

In Uruguay, AAFA members have identified several different markets throughout the country selling a variety of different products in the apparel and footwear industry among others.

Market Name	Location	Types of Products Sold
"Serrato"	8 de Octubre Av., Montevideo	General apparel and footwear
"Techitos Verdes"	18 de Julio Av., Montevideo	General apparel, footwear, and electronics products
"Del Control"	Mercedes street	General apparel, footwear, and electronics products
"San Miguel"	Agraciada Av.	General apparel and footwear
"Parque Rodó"	Gonzalo Ramírez street	General apparel, footwear, and electronics products
"Tristán Narvaja"	Tristán Narvaja street	General apparel, footwear, and electronics products
"Villa Biarritz"	Ellauri street	General apparel and footwear
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

Thailand

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.

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.

Market Name	Location	Types of Products Sold
Jatujak/Chatuchak Weekend Market ("JJ"Market)	Kamphaeng Phet 2 Road, Chatuchak, Bangkok, Thailand	General apparel and footwear
MBK Shopping Centre	Pathum Wan, Bangkok	General apparel and footwear
University and Siam Square	Pathum Wan, Bangkok	General apparel and footwear
Klong Thom (Chinatown)	Corner of Worachak Road and Chao Kamrop Road, Bangkok	General apparel and footwear
Sukhumvit Road	Sukhumvit Soi 3 and Asoke, Bangkok	General apparel and footwear
Patpong Market	between Silom Road and Surawong Road, Bangkok	General apparel and footwear

Ukraine

In the Ukraine, there are a few big open air markets where IPR enforcement is almost nonexistent and law enforcement does not pay attention to violations. Specifically, markets to continue to investigate are:

Market Name	Location	Types of Products Sold
7th kilometer	Odessa	General apparel and footwear
Petrovka (Black Market)	Kiev	General apparel and footwear
Barabashova	Kharkov	General apparel and footwear
Pivdenny	Lvov	General apparel and footwear
Troieschyna	Kiev	General apparel and footwear

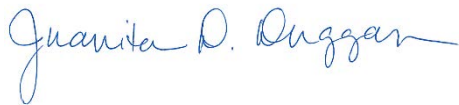
Other Countries

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. Recently Moscow Russia has been discovered to have a problem in “Sadovod.”

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 Michael McDonald at 703-797-9052 or via email at mmcdonald@wewear.org if you have any questions or would like additional information.

Sincerely,



Juanita D. Duggan
President and CEO
American Apparel & Footwear Association (AAFA)