



November 5, 2010

The Honorable Kira M. Alvarez  
Chief Negotiator and Deputy Assistant U.S. Trade Representative  
Intellectual Property Enforcement  
Office of the United States Trade Representative  
600 17th Street, N.W.  
Washington, DC 20508

**RE: Docket Number USTR-2010-0029**

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) 2010 Special 301 Out of Cycle Review of Notorious Markets. 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 sewn products throughout the United States and the world. In short, our members make everywhere and sell everywhere. I thank USTR for its commitment to enhance and improve American intellectual property rights protections across the globe.

Whether it is manufacturing, sourcing, or retail, these apparel, footwear and textile firms are part of a larger world market bringing fashionable, high-quality products to store shelves at affordable prices. Of course, the inherent nature of this industry is both its greatest blessing and costliest curse.

As evidence of this fact, the U.S. Customs and Border Protection (CBP) seizure statistics for 2009 indicate that footwear, fashion accessories and apparel combined accounted for over half (54 percent) of the total value of counterfeit goods seized at our borders. As USTR seeks to determine, the counterfeit problem in this industry is not limited to seizure of fake goods at America's borders, but has become a global problem, where American intellectual property continues to struggle with a lack of protection of their rights abroad.

**China**

Well over 90 percent of the counterfeit footwear, apparel and fashion accessories seized by Customs in 2009 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.

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

While we know this is not the subject of this *Federal Register* notice, AAFA members have expressed growing concern that the Chinese Patent and Trademark Office continues to deny long-standing and well-documented trademarks registrations. In fact, some AAFA members operating in China have seen trademark protection granted to Chinese applicants with similar marks. Without a registered trademark, brand-owners are heavily handicapped in their anti-counterfeiting efforts in China. For example, 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.

## **Mexico**

El Tepito market is a prime location for counterfeit activity in Mexico. Located in the Delegacion Cuauhtémoc, north of Del Carmen sector and La Lagunilla and south of the Glorieta de Peralvillo in Mexico City. Until recently, law enforcement forces were afraid to take actions at El Tepito as most of the raids ended in street battles, as El Tepito has its own security force and intelligence assets. They also have informants within the police and prosecutor's offices. Further, the police accept protection money so they will inform the illegal merchants of any scheduled raids.

A number of so-called "Tianguis" (mobile street vendors) are also 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.

The largest popular counterfeit market in the city of Guadalajara very similar in nature to El Tepito in Mexico City is the San Juan de Dios Market.

## **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. Below I have attached a list of specific markets in Uruguay.

| <b><u>Market</u></b>                                    | <b><u>Location</u></b>           | <b><u>Types of Products Sold</u></b> |
|---|----------------------------------|--------------------------------------|
| "Serrato"   | 8 de Octubre Av.,<br>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,<br>Carrasco airport,<br>highways, etc. | Coming from China to<br>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.

## **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 seen the following markets traffic in many different types of counterfeit apparel and footwear.

### Bogota

- San Andrecitos, San Jose, La 38th St.
- San Victorino (downtown)
- Barrio Venecia
- Outlets Las Américas
- Barrio Kennedy

### Medellin

- Centro Comercial el Palacio
- El Hueco

Cali

- San Andresito
- El Diamante

### **Notorious Counterfeit “Rogue” Websites**

The growing prevalence of “rogue” websites that traffic and sell counterfeit apparel and footwear products and fashion accessories poses a direct threat to AAFA member companies’ brandname integrity. These websites 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. Further, these 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. A list of some of the biggest rogue websites are listed below. However, AAFA members have identified thousands of websites that traffic in fake goods, so this problem is much larger than simply a couple virtual giants.

#### DHgate.com

6F, Dimeng Building, Huayuan Road  
Beijing, Beijing 100083 CN  
Domain Name: DHGATE.COM  
Administrative Contact, Technical Contact:  
DHgate.com zhouyanjun@dhgate.com  
6F, Dimeng Building, Huayuan Road  
Beijing, Beijing 100083 CN  
+86.1082028870 - 1122

#### iOffer Inc.

P.O. Box 78191  
San Francisco, California 94107  
United States  
Administrative Contact  
Contact, Administrative dnsadmin@ioffer.com  
iOffer Inc.  
P.O. Box 78191  
San Francisco, California 94107  
United States  
+1.4154313344 Fax -- +1.4154313355

#### www.taobao.com

Zhejiang Taobao Network Co., Ltd.  
F19, Block A No.391 Wen Er Road  
Hangzhou  
Admin Name - Wang Xiaonan  
Admin Email - lianzi@alibaba-inc.com  
Admin Phone - +86.57185022088-2303  
Admin Fax - +86.57188157921

Alibaba.com

Administrative Contact:

Timothy Alexander Steinert

Alibaba Group Holding Limited

Fourth Floor, One Capital Place P.O. Box 847

George Town Grand Cayman KY1-1103 KY

[dnsadmin@hk.alibaba-inc.com](mailto:dnsadmin@hk.alibaba-inc.com) +852.22155100 Fax: +852.22155200

Technical Contact, Zone Contact:

Domain Tech Contact

Alibaba Group Holding Limited

Fourth Floor - One Capital Place P.O. Box 847

George Town Grand Cayman KY1-1103 KY

[dnstech@hk.alibaba-inc.com](mailto:dnstech@hk.alibaba-inc.com) +852.22155100 Fax: +852.22155200

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 of my staff at 703-797-9039 or [kcourtney@apparelandfootwear.org](mailto:kcourtney@apparelandfootwear.org) if you have any questions or would like additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Stephen Lamar". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Stephen Lamar  
Executive Vice President