

2013 Out-of-Cycle Review of Notorious Markets



**United States Trade Representative
February 12, 2014**

Results of the 2013 Out-of-Cycle Review of Notorious Markets

Overview

Trademark counterfeiting and copyright piracy on a commercial scale cause significant financial losses for rights holders and legitimate businesses, undermine critical U.S. comparative advantages in innovation and creativity to the detriment of American workers, and can pose significant risks to consumer health and safety. The Notorious Markets List (“List”) identifies select online and physical marketplaces that reportedly engage in and facilitate substantial piracy and counterfeiting.

The Office of the United States Trade Representative (“USTR”) has developed this List under the auspices of the annual Special 301 process, taking into account public comments solicited by USTR through the *Federal Register* and the input of other Federal agencies. The List identifies marketplaces that have been the subject of enforcement actions or that may merit further investigation for possible intellectual property rights (“IPR”) infringements. These markets have been selected for inclusion both because they exemplify concerns about trademark counterfeiting and copyright piracy on a global basis and because the scale and popularity of these marketplaces can cause economic harm to U.S. and other IPR holders. They may also pose health and safety risks to consumers as well as provide inadequate safeguards for consumer privacy and security.

USTR has identified notorious markets in the Special 301 Report since 2006. In 2010, USTR announced that it would begin publishing the List as an Out-of-Cycle Review, separately from the annual Special 301 Report. USTR published the first such List in February 2011 and subsequent Lists in December 2011 and December 2012. The present List is the result of the 2013 Out-of-Cycle Review of Notorious Markets.

The Notorious Markets List does not purport to reflect findings of legal violations, nor does it reflect the United States Government’s analysis of the general IPR protection and enforcement

climate in the country concerned. A broader analysis of IPR protection and enforcement in particular countries or economies is presented in the annual Special 301 Report, published at the end of April each year (see the Public Information section at the end of this document).

Positive Developments since the 2012 Out-of-Cycle Review of Notorious Markets

Since the release of the 2012 Notorious Markets List, some notable efforts were undertaken to address the widespread availability of pirated or counterfeit goods in the listed markets. The United States commends these efforts, and encourages governments, rights holders, and operators of these and other markets, including those newly identified in the 2013 List, to engage in sustained and meaningful efforts to combat piracy and counterfeiting, and foster the development of legitimate marketplaces.

In 2013, several online markets in the 2012 List closed or saw their business models disrupted as a result of enforcement efforts. The operator of Canada-based **IsoHunt.com**, one of the largest BitTorrent indexes in the world, agreed to shut down the site and pay \$110 million to the plaintiff as part of a litigation settlement agreement reached in United States Federal court. In some instances, in an effort to legitimize their overall business, companies made the decision to close down problematic aspects of their operations, as China's Xunlei.com did with its multi-platform site **GouGou.com**; or to cooperate with authorities to address unauthorized conduct on the site, as in the case of **Warez-bb.org**. These markets have been removed from the List.

During the past year, the Chinese website **PaiPai.com** undertook various measures to address complaints about its role in facilitating the distribution of pirated and counterfeit goods. PaiPai.com streamlined its notice and takedown procedures, accelerated its response to complaints, and engaged rights holders to develop additional cooperative procedures. PaiPai.com has committed to maintaining efforts made in 2013 while expanding its work with right holders to include the business and entertainment software and other content industries. PaiPai.com has been removed from the List, but we will continue to monitor PaiPai.com's efforts.

In 2013, Pakistani authorities in Karachi and Lahore took several enforcement actions against book pirates at the **Urdu Bazaars** and other, related operations. In recognition of the efforts of the local authorities, we have removed these Urdu Bazaars from the List.

Mexico's Pulga Rio Market was the focus of targeted law enforcement activity that reduced, and continues to discourage, the availability of counterfeit and pirated merchandise. In recognition of sustained efforts by Mexican authorities at Pulga Rio Market, the market has been removed from the 2013 List.

Other Developments Related to Previously Listed Markets

The Chinese website **Taobao.com** has not been included in the 2013 List. Taobao.com was included in previous Notorious Markets Lists for the widespread availability of counterfeit and pirated goods in its electronic marketplace, but was removed from the List in 2012 in recognition of efforts to address these problems. Although challenges remain, Taobao.com has continued working to rid its marketplace of infringing products through the procedures established in 2012. Taobao.com has assured the United States that it will continue to work with rights holders and law enforcement officials in China to address remaining issues raised by software, publishing and apparel and footwear companies. USTR will continue to monitor these developments, along with Taobao.com's progress in assisting U.S. small and medium-sized enterprises to address the distribution of unauthorized versions of their products.

Baidu.com has not been included in the 2013 List. While Baidu.com was identified in the List for several years, it entered into a landmark licensing agreement with U.S. and other rights holders in 2011 and was removed from the List in December 2011. We received no recommendations to return Baidu.com to the List in the current Out-of-Cycle Review. Although it is clear from recently-filed lawsuits and government enforcement actions in China targeting Baidu.com that it remains a problematic marketplace, we have not relisted the company this year

in order to give Baidu.com and appropriate Chinese authorities the opportunity to effectively address outstanding concerns.

USTR continues to monitor markets that have been removed from the List, whether in the current review or as a result of a prior review. Markets may be re-listed if there is a change in circumstances, e.g., if a website that ceased to operate as a result of enforcement or other action resumes its unauthorized activities or the corrective actions that merited removal from the List prove inadequate or short-lived.

For example, **Demonoid.com**, a well-known BitTorrent tracking site that operated for nearly ten years and was considered an alternative to the notorious market The Pirate Bay, was shut down due to joint enforcement action by Mexico, Ukraine, and Panama, and has been offline and off the List since 2012. If, as suggested by recent press reports, Demonoid.com's operations resume, its List status could be revisited during the 2014 review.

Results of the 2013 Out-of-Cycle Review of Notorious Markets ("2013 List")

The Notorious Markets List identifies particular online and physical marketplaces in which pirated or counterfeit goods are reportedly available, but is not intended to be an exhaustive listing of all notorious markets around the world. Rather, the List highlights some of the most prominent examples reported to USTR.

Owners and operators of the notorious markets included in the 2013 List who are willing to address piracy and counterfeiting could do so by adopting business models that rely on the licensed distribution of legitimate content and products and by working with rights holders and enforcement officials to address infringement. In the absence of such willingness, responsible government authorities should intensify efforts to investigate reports of piracy and counterfeiting in these and similar markets, and to pursue appropriate action against such markets.

ONLINE MARKETPLACES

The 2013 List of online marketplaces includes examples of various technologies and business models. We focused our review not on the technology or business model but on whether a nominated site appears to engage in or facilitate intellectual property infringement.

While the 2013 review resulted in the listing of online markets reportedly engaged primarily in copyright piracy, the U.S. Government also is committed to addressing the online sale of counterfeit goods. Most recently, on December 2, 2013, a coalition of U.S. and foreign law enforcement agencies and Interpol announced the results of an operation that interrupted the activity of over 700 websites worldwide that were illegally selling counterfeit merchandise. This operation, coordinated by the U.S. National Intellectual Property Rights Coordination Center, and known as Project Cyber Monday IV in the United States, is the latest effort in a sustained, global law enforcement initiative that began in June 2010 with the U.S. launch of Operation In Our Sites. Information on Project Cyber Monday IV, Operation In Our Sites and other law enforcement efforts against counterfeiting and piracy can be found at: www.iprcenter.gov.

*Online markets, in alphabetical order:*¹

Aiseesoft.com: Rights holders indicate that this site's operators, reportedly based in China, develop and make available to customers worldwide various "high-quality" DVD converter tools, video converter tools, and a DVD and video converter suite that, according to the site, allow users to circumvent technical protection measures and view video content in an unauthorized manner.

¹ In most cases, the List identifies online markets by the domain name provided in the public responses to the *Federal Register* request. However, it is common for operators of notorious online markets to change a site's domain name or to use multiple domain names at once to direct users to their site. The List reflects each market's most commonly referred to or well-known domain name or names.

Baixedetudo.net: This website, hosted in Sweden, but targeted at the Brazilian market, is aptly named “Download Everything.” The site provides links to infringing music as well as software codes and programs that have been “cracked” (stripped of technological protection measures).

Darkwarez.pl: According to submissions received as part of our review, this Poland-based site offers links to a wide variety of content including nearly 150,000 links to sites where users can play unauthorized video games. The number of links offered through the site has tripled since Darkwarez.pl was nominated for, but not included in, the 2012 List.

Ex.ua: This Ukraine-based, one-click hosting site allows users to download or stream a full range of infringing content, including music, television programming, movies, books, and software. It is one of the twenty most popular websites in Ukraine. Enforcement actions undertaken against the site in 2012 by Ukrainian authorities were halted as a result of political criticism and popular opposition. No further enforcement actions have been taken and the site reportedly continues to monetize infringing content.

Extratorrent.cc (formerly Extratorrent.com): Also based in Ukraine, this site offers music, movies (including camcorder first-run films), software, and a wide variety of other content. The site offers millions of files and is ranked 324th worldwide by Alexa.com.² It has been the subject of successfully concluded enforcement actions in several jurisdictions but continues to operate under different domain names. The prevalence of this and the Ex.ua site reportedly are having a negative impact on the development of legitimate sales channels for copyright-protected content within Ukraine and in other markets (for example, according to Alexa.com, Extratorrent.cc ranks 75th in website popularity among users in India).

Free-tv-video-online.me (formerly Projectfree.tv): This site, reportedly hosted in Canada, provides links to unauthorized copies of first-run movies and television programs. This site has a worldwide Alexa rank of 580. The current operator, who reportedly changed the site’s domain name to avoid seizure, also changes the site host regularly to avoid enforcement action.

² Alexa.com developed and maintains a well-known website traffic ranking system. Rankings are included in some of the listings to illustrate the website’s popularity globally or its dominance in a particular country or countries.

KickassTorrents.com (also operating as **Kickass.to**; formerly listed as Kat.ph): This torrent site is among the most popular in the world, allegedly second only to The Pirate Bay, as a location for accessing copyright-infringing content. Reportedly based in Canada, the site operators have changed the domain name numerous times to avoid or recover from enforcement actions.

Kuaibo.com (QVOD Technology): According to public statements by its founder, QVOD Technology was launched in 2007 to provide online solutions for small and medium-sized websites that wished to provide video content while avoiding the infrastructure costs and licensing fees associated with the authorized distribution of films and television programs. QVOD has become a leading facilitator of wide-scale distribution of copyright-infringing content and of other content considered illicit in China. According to the founder, as of mid-2012, the QVOD software, which facilitates unauthorized access to access copyright-protected materials, has been installed on over 25 million computers. QVOD (and Baidu.com, which offers similar services) have been the targets of recent enforcement actions by Chinese industry and the Government of China.

Mp3skull.com: United Kingdom (“U.K.”) authorities recently took action against this BitTorrent indexing site. According to authorities, the site facilitates the streaming and downloading of illegal music files. Users are also able to use this “search engine” to locate other services that facilitate the unauthorized distribution of copyright-protected content.

Putlocker.com: This file hosting site or “cyberlocker,” which has been the subject of enforcement action by U.K. authorities, offers both streaming and downloading of extremely large video files. Since its launch in 2010, Putlocker.com has become one of the most popular streaming hubs in the world, and is ranked in the top 320 by Alexa.com. Although the site operator has reportedly ceased the previous practice of compensating users for uploads and has instituted a relatively quick notice and takedown process, the site continues to make available significant amounts of pirated content.

Rapidgator.net: This cyberlocker was originally hosted in the U.K. but moved to Russia after U.K. enforcement officials shut it down. It continues to operate and, although its popularity appears to be declining, it remains in the top 500 sites worldwide, according to Alexa.com.

Rutracker.org (formerly Torrents.ru): Russia-based Rutracker.org is a BitTorrent tracking site that facilitates the uploading and downloading of pirated content. As of late January 2014, Alexa.com ranked the site 13th in Russia and in the top 240 worldwide. However, recent reports indicate that the site may have been the subject of enforcement action. The site remains in the List, but will be considered for a possible change in status during the 2014 review.

Seriesyonkis.com: This linking and streaming site for first-run movies and television programs is extremely popular in Spain and in Latin America, with an Alexa.com rank of 40 in Spain and in the top 150 in Mexico, Argentina, Chile, Peru and the Dominican Republic. The 2011 indictment that precipitated the shutdown of Megaupload.com also named Seriesyonkis.com. Seriesyonkis.com continues to grow both in the amount of pirated content it makes available and in popularity. Popular sites in Spain that provide unauthorized music streaming and linking include **Pordescargadirecta.com** (linking) and **Goear.com** (streaming).

Share-rapid.cz: In the Czech Republic, a Czech director won a judgment of approximately \$26,000 against **Share-rapid.cz** for illegal distribution of one of his movies, a verdict that was upheld on appeal. Although the site's popularity appears to be diminishing, it remains one of the most active in the Czech Republic.

SlySoft.com: SlySoft.com, based in Antigua and Barbuda, sells software that removes region coding and other technological protection measures from optical disks so they can be viewed and copied without the authorization of copyright holders. The Government of Antigua and Barbuda charged SlySoft.com's owner with criminal violations of anti-circumvention laws. While prosecution is pending, SlySoft.com continues to distribute its software worldwide.

ThePirateBay.se: Despite the criminal conviction of its founders, Sweden-based The Pirate Bay continues to navigate the globe and the country code top level domain (ccTLD) system to facilitate user downloading of unauthorized copyright-protected content. In December 2013, the site changed ccTLDs five times. According to press reports, the operators have registered dozens of domain names and continue to search for a permanent home after being swiftly shut down by government authorities in several countries, most recently in Peru, Chile, and Guyana. At last report, the operators have returned the site registration to Sweden. In addition, the site released its own web browser designed to evade network controls and reportedly has plans to offer software to circumvent conventional methods of enforcement. Network security experts have criticized The Pirate Bay for failing to follow security best practices in the development of their software.

Torrentz.eu (formerly torrentz.com): This site is a major aggregator (meta-search engine) of results from other BitTorrent search engines. Alexa.com ranks it among the top 160 most visited sites in the world. Torrentz operators use several domain names to direct users to their site. Some reports place the site in Canada while others identify Finland as the host.

Uploaded.net (formerly uploaded.to): This Netherlands-based site is a download hub that incentivizes users, through payments and commissions on new memberships, to upload large files typically indicative of motion pictures and television programs. The predecessor site became a destination for former Megaupload.com users after that site was taken down in 2011. The site operators upgraded their servers to accommodate the traffic but prevented users with U.S. Internet Protocol (IP) addresses to access the site reportedly in an effort to limit the site's exposure to law enforcement. Industry cites an 80 percent increase in the number of users accessing the site during the past year; Alexa.com statistics confirm a dramatic increase in user traffic. The current operator reportedly utilizes multiple combinations of IP addresses, domain names and server locations to evade law enforcement.

vKontakte.com (also operating as **vK.com**): The Russian site vKontakte.com, in the List since 2011, is styled primarily as a social networking site, and it is extremely popular in Russia and

surrounding countries. While as a general matter, social networking sites can serve many salutary purposes, this site's business model appears to include enabling the unauthorized reproduction and distribution, including streaming, of music and other content through the site and associated software applications.

Wawa-mania.ec: This site reportedly hosts numerous private streaming spaces and “warez” boards (bulletin boards providing information about and access to unauthorized software). Alexa.com ranks the site among the top 250 in France, although we understand that the servers are located elsewhere. French authorities filed charges against the site owner but were unable to prosecute him as he has reportedly left the country.

Xunlei.com/Kankan.com: Xunlei.com reportedly facilitates the downloading and distribution of pirated music, movies, and other content, not only through deep-linking services, but also by offering cyberlocker facilities and its own innovative high-speed peer-to-peer file sharing system. According to industry reports, Xunlei's Kankan.com offers unlicensed content on demand for paid members, although it has begun to offer access to increasing amounts of licensed content. On a positive note, Xunlei.com has shut down its previously-listed notorious market Gougou.com.

Zamunda.net (also operating as **Zamunda.se** and **Zelka.org**) and **Arenabg.com:** These Bulgarian-operated sites are among the most visited pirate sites not only in Bulgaria, but in the region. They offer a wide range of pirated content including movies, music, software, and electronic games. In late 2012, four of Arenabg.com's Bulgarian operators were convicted and fined approximately \$662 each; however, the site remains operational and reportedly has been moved to servers located in Canada. In 2013, a Bulgarian appeals court set aside some of the convictions because the seven-year statute of limitations had expired before the trial court's decision was finalized. At present, a criminal case against operators of Zamunda.net is ongoing. A version of Zamunda.net and its mirror site, Zamunda.se, remain operational and are now hosted in Switzerland. The original Zamunda is now called Zelka.org and continues to be hosted in The Netherlands.

Zing.vn: Vietnam-based Zing.vn, primarily a social media site, continues to operate an infringing deep-linking music portal, which attracts large numbers of users to the site. Although Zing.vn’s operators maintain that they have been in negotiations to legitimize its content distribution, discussions have not yielded significant results to date. In January 2014, a U.S.-based publisher of Vietnamese music filed a copyright infringement case in U.S. district court against VNG, the company that operates the Zing.vn website, and its principal investor, the U.S.-based venture capital firm IDG Ventures Vietnam.

PHYSICAL MARKETPLACES

The Internet has brought about a global revolution in the authorized and unauthorized distribution of films, music, software, including video games, and books. In many markets, unauthorized online distribution of, or access to, copyright-protected content largely has replaced unauthorized distribution via physical media. In other markets, however, physical media (CDs, DVDs, videogame cartridges) continue their prevalence, with widespread distribution provided through physical markets like those identified below. With respect to the distribution of counterfeit goods, physical markets remain the primary distribution channel worldwide. Although, as discussed above, the Internet is host to innumerable sites that facilitate the distribution of counterfeit products to consumers, Internet connectivity and broadband limitations, challenges related to shipping, postal delivery, customs and other controls often serve as obstacles to shopping online, whether for legitimate or illegitimate merchandise. Physical markets such as the ones listed below can offer an often uninterrupted supply of counterfeit and pirated goods to consumers.

Physical marketplaces, in alphabetical order by host country:

Argentina

La Salada (Buenos Aires, Argentina): La Salada is frequently described as South America’s largest mall and largest black market. Although many sellers offer their own locally-produced goods, the sale of pirated and counterfeit products is rampant throughout the market. Sellers of

counterfeit and pirated products deal openly, several having been interviewed and identified by name in the press. Although intermittent, small-scale enforcement actions are carried out by Argentinian authorities, there are over 30,000 stalls in this network of markets, and these actions have little to no effect. La Salada is so well-known for the availability of counterfeit and pirated products that dedicated buses bring shoppers from Paraguay and Uruguay to the market. In its most recent report on global piracy and counterfeiting, the European Commission referred to La Salada as the biggest illegal market in the world. Press reports indicate that a companion online marketplace is also planned.

China

China is host to a number of physical markets that facilitate the sale of commercial quantities of apparel and footwear not just for consumption in China but for distribution and sale worldwide. These markets are known for the prominent and extensive availability of counterfeit merchandise as well as on demand manufacture and worldwide shipping of counterfeit clothing. Although several of the markets have adopted policies and legal obligations intended to address the availability of counterfeit merchandise, it does not appear that these policies and obligations are vigorously enforced. Several of these markets have also been the focus of enforcement actions, though the effectiveness of such enforcement actions has reportedly been limited.

The following markets are key contributors to counterfeiting in China and worldwide:

Garment Wholesale Center – Guangzhou Railway Station (Guangzhou): This complex includes several markets with hundreds of shops focused on wholesale buyers. In the street, there are numerous mobile street vendors openly selling counterfeit watches and handbags, at times in plain sight of enforcement officials. Clothing and footwear distributed via this market complex are exported to locations outside of China. The following markets located in this complex sell predominantly counterfeit clothing and footwear in wholesale quantities for export to foreign markets.

- **Jin Bao Garment Market** – Rights holders report that this market offers for sale clothing bearing counterfeit trademarks and, to facilitate evasion of foreign customs

controls, unmarked clothing and counterfeit brand labels that can be affixed to that clothing at a time and place to be determined by the buyer.

- **Jinshun Garment Market** – Nearly every shop in this market reportedly sells counterfeit goods.
- **Jiulong Shoe Market** – Rights holders report that an estimated 70 percent of the footwear offered for sale in this market is counterfeit. Enforcement has occurred at this market but because the penalties have been low, the market continues to operate.

Additional markets in China that offer counterfeit and pirated goods for sale:

Buynow PC Malls (throughout China): Rights holders report that the Buynow PC Mall, a very large chain of twenty-two personal computer malls across China, continues to offer for sale pirated movies and games, and pirated versions of operating system software and other types of software that can be installed on computers at the consumer's request. Management has reportedly created a Consumer Complaint Center to accept complaints, including IPR complaints, from customers. It is not clear whether copyright owners are considered consumers who can lodge complaints under this system, and it is not clear that lodging a complaint has any effect. Buynow PC Mall is a well-established, formal chain of markets that appears to have the capacity to operate legitimately.

Luohu Commercial Center (Shenzhen, China): Located at the border between Shenzhen and Hong Kong, this market is home to dozens of shops openly or clandestinely offering counterfeit or pirated goods. The display of signs prohibiting the sale of such goods has reportedly not served as an effective deterrent. Recent reports confirm the predominance of a wide variety of counterfeit merchandise. Local enforcement authorities with the Administration for Industry and Commerce (AIC) visit the market frequently to inspect shops. Although there are consequences for those caught selling counterfeit products, sellers have adapted their methods to avoid detection. One common method is for the seller to present unlabeled products to potential customers as copies of brand name products. After making the sale, the seller quickly delivers to the consumer the counterfeit labelled version that had been stored in the warehouses adjacent to the market. Enforcement-related attention to this practice and to the warehouses adjacent to the

market could have a significant impact on the availability of counterfeit merchandise in this market.

Silk Market (Beijing): Rights holders continue to identify the Silk Market as a particularly prominent example of the distribution of counterfeit consumer and industrial products that is endemic in many retail and wholesale markets throughout China. Chinese authorities are focused on this market and have, over time, worked with the management company and vendors to adopt policies designed to diminish the availability of IPR-infringing merchandise at the market. Chinese authorities have also pursued enforcement actions on the basis of landlord liability that have had some positive impact on the situation. Although there has been progress at times, many significant challenges remain.

Zengcheng International Jeans Market (Zengcheng, Guangdong): Industry estimates that one-third of the jeans sold in this market are counterfeit. Sellers in the market offer predominantly American brands. All of the shops at the market reportedly represent factories and sell to retail and wholesale clients in China and worldwide. In addition, many shops at the market also claim to sell counterfeit merchandise on Taobao.com (see above), the previously-listed marketplace which has taken meaningful steps to address counterfeiting and piracy but remains under scrutiny for facilitating the distribution of counterfeit products.

Colombia

San Andresitos (Bogotá, Cali and other cities): San Andresitos shopping areas are located in cities throughout Colombia, including in the capital, Bogotá, where there are three. Originally the destination for smuggled goods, these markets, widely reported in the press as having ties to organized crime, are now well-known for the unauthorized reproduction and distribution of music, movies, and video games, and the distribution of a variety of counterfeit products, including pharmaceuticals.

Ecuador

Bahia Market (Guayaquil): During 2013, Ecuador's Intellectual Property Institute undertook some enforcement and public awareness actions in Bahia Market. While this was a positive step,

much work remains. As of November 2013, a wide array of counterfeit and pirated goods remains widely available for sale in La Bahia. The products include pirated DVDs, CDs and software, clothing with counterfeit logos, and counterfeit electronic items.

India

Nehru Place and Gaffar Market (New Delhi), Manish Market and Lamington Road

(Mumbai), and Chenoy Trade Center and the Hong Kong Bazar (Hyderabad): Nehru Place continues to be a prominent example of the numerous markets in major cities throughout India that are known for dealing in large volumes of pirated software, pirated optical media containing movies and music, and counterfeit goods. Gaffar Market is rife with counterfeit clothing, shoes, cosmetics, electronics, and other products, most of which are imported into India. Markets such as Manish Market and Lamington Road in Mumbai are semi-organized markets where unauthorized copies of CDs and DVDs (mostly of Hindi movies but also English-language movies) are sold alongside the authorized versions. According to reports, shop operators generally are successful at hiding illicit merchandise prior to police raids, and returning it to shelves shortly after a raid. Hyderabad's Chenoy Trade Center (CTC) and Hong Kong Bazar house a large number of shops that sell computer hardware and software. While many shops sell proprietary software under warranty, many smaller shops discretely sell pirated products, including operating system software, electronic office tools, multimedia games, and anti-virus software, as well as DVDs and CDs containing other copyright-infringing content.

Indonesia

Harco Glodok, Mangga Dua Mall, Ambassador Mall/ITC and Ratu Plaza (Jakarta):

Despite the efforts of the Government of Indonesia, including warnings sent to mall operators and tenants, the Jakarta Governor's Decree calling on mall owners to respect IPR, and enforcement actions, the sale of counterfeit and pirated products persists in these markets. Harco Glodok is regarded as the largest trade center in Indonesia for consumer electronics and parts. While most of the distributors are legitimate, we continue to receive reports that this market also supports a complex piracy and counterfeiting network by serving as the critical retail level distribution point for infringing products. This year, we have added to the List three additional

Jakarta-based markets that reportedly present similar challenges: Mangga Dua Mall; Ambassador Mall/ITC; and Ratu Plaza. Industry reports that sellers in these markets offer a wide array of counterfeit and pirated products, including software, games, movies, and music as well as on-demand installation of pirated software on computers.

Mexico

Tepito (Mexico City) and San Juan de Dios (Guadalajara): Both markets are rife with pirated and counterfeit goods, including music CDs, DVDs, video games, other software, clothing, shoes and electronics, are known throughout Mexico and the region as centers of counterfeiting and piracy, and exemplify the type of market that sustains counterfeiting and piracy around the world. Press reports indicate links to transnational and domestic organized crime groups. Eradicating piracy and counterfeiting in these markets requires sustained government-sponsored enforcement action.

Paraguay

Ciudad del Este: Ciudad del Este has been named in either the List or the Special 301 Report for over 15 years. The border crossing at Ciudad del Este and the city itself have been the focus of U.S. and international attention as a hub for the distribution of counterfeit and pirated products in the tri-border region of Brazil-Argentina-Paraguay and beyond. The city's economy is reportedly sustained in large part by trafficking of counterfeit and copyright-infringing goods by regional organized crime groups. The situation in Ciudad del Este has not improved over the past year or even the past decade. Paraguayan authorities have engaged in some enforcement actions, including conducting raids and seizing merchandise from vendors in Ciudad del Este and recently interdicting a cargo plane from China carrying counterfeit merchandise. However, enforcement efforts have had no lasting effect. The Cartes Administration, which took office on August 15, 2013, has been vocal about the need to transform the city into a hub of formal, legitimate business. Paraguay's National Directorate of Intellectual Property (DINAPI), General Enforcement Directorate is newly-empowered to undertake administrative investigations and initiate proceedings against IPR violations at customs checkpoints and business premises, supplementing the existing enforcement authorities at work in Ciudad del Este.

Spain

A Pedra Market (Vigo): A Pedra Market, located in the port city of Vigo, is reportedly known for counterfeit clothing and electronic products. Vigo is a port of call for many cruise lines and A Pedra Market is popular with tourists. Although this market is not as big as others in Spain, it is included in the 2013 List because it operates under the supervision and control of the municipal government.

Thailand

Multiple markets throughout Thailand have been included in the 2013 List. Enforcement efforts – even in the targeted “Red Zone” markets of **Pantip Plaza, Klong Thom, Saphan Lek** and **Baan Mor (Bangkok)** – are largely ineffective. **MBK Shopping Center (Bangkok)**, which has been the focus of attention by Thailand’s National IP Center for Enforcement, remains in the List because the overall situation has not improved. **Talad Nat on Wireless Road (Bangkok)**, which is located near the U.S. Embassy, is added to the List because authorities have not responded to repeated requests to address the open, persistent sale of counterfeit and pirated goods on the premises. Other Notorious Markets in Thailand include: **Chatuchak, Sukhumvit Road** and **Patpong Market (Bangkok); Patong** and **Karon Beach (Phuket); IT City (Pataya);** and the **Rong Klua** border market (**Aranyaprathet**).

Ukraine

Petrivka Market (Kyiv): In 2012, Petrivka Market reportedly housed as many as 300 stands that sell pirated and counterfeit goods, including music, films, games, software, clothing, and shoes. In 2013, it appeared that the overall number of stands selling counterfeit products had diminished, but the prominence of those that remain and the continued widespread sale of pirated products merit additional attention by the appropriate authorities.

Seventh Kilometer Market (Odessa): With more than 5,000 stalls serving over 100,000 customers per day, Seventh Kilometer Market is regarded as one of the largest markets in Europe. All types of counterfeit and pirated products are available here, from footwear and

apparel to music and movies. There has been no publicly reported enforcement activity in the market in the recent past.

Public Information

The 2013 Notorious Markets List is the result of the fourth Out-of-Cycle Review of Notorious Markets, which was initiated on September 20, 2013, through publication in the *Federal Register* of a request for public comments. The request for comments and public submissions are available here: <https://federalregister.gov/a/2013-23856> (Docket number USTR-2013-0030).

The 2013 List was developed by USTR in coordination with the Federal agencies represented on the Special 301 Subcommittee of the Trade Policy Staff Committee (TPSC). Information about Special 301, the TPSC, and other trade-related processes and issues is available at www.ustr.gov.

To assist U.S. rights holders and consumers who confront intellectual property infringement online, the U.S. Government has expanded the tools available on www.STOPfakes.gov to include information on infringement reporting mechanisms at a number of popular online retailers and marketplaces. The public is invited to access these resources at www.STOPfakes.gov/business-tools/retailer-reporting. Victims and interested parties may report IPR theft to U.S. law enforcement agencies either through www.STOPfakes.gov or at www.iprcenter.gov/referral.