



February 11, 2008

Jennifer Choe Groves
Director for Intellectual Property and Innovation and
Chair of the Special 301 Committee
Office of the United States Trade Representative
600 17th Street, NW
Washington, DC 20508
Via electronic mail: FR0606@ustr.eop.gov
Fax (202) 395-9458

RE: Special 301 Review for 2008

Dear Ms. Groves:

We appreciate the opportunity to submit comments on the enforcement and protection of intellectual property rights (IPR) of our trading partners in the World Trade Organization (WTO) as part of the United States Trade Representatives' (USTR) 2008 review under Section 182 of the Trade Act of 1974.

These comments are submitted on behalf of the member companies represented by the American Apparel & Footwear Association (AAFA) – the national trade association for the apparel and footwear industries. AAFA represents many of the owners of the best known U.S. apparel and footwear brands and trademarks. The AAFA motto is “We Dress the World” as our members manufacture and sell their products all over the world. Thus, strengthening our members’ brand and intellectual property protections around the globe and ensuring the effective enforcement of IPR in foreign countries are essential to maintaining the world-wide competitiveness of U.S. companies we represent and the integrity of their brands.

Based on recent comments by AAFA members, countries and practices cited as concerns include:

China

Accounting for 81% of the total value of infringing products seized by U.S. Customs in 2007, China is at the top of the list of IPR violators for most if not all industries. In 2007, Footwear made up 49% of the value of goods seized from China. Wearing apparel made up 11% of the total value of goods seized from China.

IPR infringements in China run the gamut in the apparel and footwear industry with copyright and trademark infringement as two leading areas of concern. Counterfeit labels and packaging,

manufacturing of counterfeit product, parallel trade, retail counterfeit trade, and diverted goods, as well as trademark squatting were all cited as problems in China. Many reforms are needed including administrative and civil justice reform, border control and customs training, current law interpretation, and legal process reforms (ability to address grievances and transparency as well as improvement of existing law). Corruption continues to be a problem, especially at the local level. There is a need for clear guidelines on counterfeit product and equipment disposal, and more focus and resources should be devoted to evidence gathering.

Costa Rica

While Costa Rica's IPR laws adhere to the World Trade Organization's TRIPS agreement and the U.S.-Dominican Republic-Central American Free Trade Agreement, concerns have been raised over Costa Rica's insufficient enforcement and prosecution of these crimes. Numbers of illegal factories continue to produce counterfeit goods. However, officials have refused to halt such operations unless a direct health or safety concern accompanies the IPR complaint.

Philippines

Copyright and trademark infringement in the Philippines, including the manufacturing of counterfeit product, counterfeit labels and packaging, parallel and retail counterfeit trade were all cited as problem areas. Recommended reforms included administrative and civil justice, reform of the legal process (ability to address grievances and transparency as well as improvement of existing law), issues with the interpretation of current law, and law enforcement training. The judicial process needs to be expedited as it currently impedes prosecution and the ability to bring violators to justice and offers little deterrence to criminals engaged in counterfeiting. One specific area of improvement would be the increase of penalties to deter infringers. Reform is also needed in the issuance of bond fees and fee recovery in order to provide a clear and transparent system for brand owners. Corruption, effective counterfeit product and equipment disposal, and the ability to gather evidence were other areas of concern.

Finally, the focus on enforcement is not equally distributed among industries in the Philippines. Disproportionate resources are devoted to one or two industries rather than addressing the issues on a broader scale. The Philippines is another country that allows the registrar of trademarks that are confusingly similar to well-known international brands operating in other countries.

Russia

As noted in our comments last year, the IPR legislation proposed in 2006 still does not advance stronger IPR protection for our goods. Their focus should be on implementing their WTO accession agreement to improve IPR protection and enforcement, especially at the borders.

Thailand

While increased cooperation with local law enforcement has led to significant seizures of counterfeit goods, adequate penalties have still not been put in place to truly deter the practice. Thai laws need to be held stricter to prevent future infringers from exploiting areas of the law that allow them to escape prosecution. Nevertheless, Thai officials have produced some results in the last year and we look forward to further improvements in 2008.

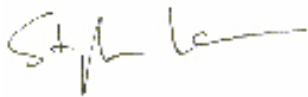
Venezuela

Venezuela does not dedicate sufficient resources toward IPR protection and enforcement in terms of manpower to prosecute violations and to process trademark oppositions and trademark squatting.

AAFA would like to once again commend the Administration on its IPR enforcement efforts with record year seizures by the U.S. Customs Service. We look forward to working with the Department of Commerce, Department of Homeland Security, Department of State and USTR to continue these efforts to improve the protection of IPR in the U.S. and abroad.

If you need additional information on our industry or details with respect to any of the comments included above, please contact Kurt Courtney at (703) 797-9039 or email kcourtney@apparelandfootwear.org.

Sincerely,

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

Steve Lamar
Executive Vice President