



Out-of-Cycle Review of Notorious Markets

December 20, 2011

Globally copyright piracy on a commercial scale and trademark counterfeiting continue to thrive, in part because of the presence of marketplaces that deal in goods and services that infringe intellectual property rights (IPR). The Notorious Markets List identifies selected markets, including ones on the Internet, that are reportedly engaged in piracy and counterfeiting, according to information submitted to the Office of the U.S. Trade Representative (USTR) in response to a request for comments. These are marketplaces that have been the subject of enforcement action or that may merit further investigation for possible intellectual property rights infringements. The scale and popularity of these markets can cause economic harm to U.S. and other IP right holders. In addition, products sold at these markets may pose possible health and safety risks to consumers.

USTR has identified notorious markets in the Special 301 Report since 2006. In 2010, USTR announced that it would begin publishing the Notorious Market List as an “Out of Cycle Review” separately from the annual Special 301 Report. USTR published the first such list in February 2011. The present list is the result of a second Out-of-Cycle review of notorious markets, which followed a request for comments initiated in September 22, 2011.

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 climate of protection and enforcement of intellectual property rights in the countries concerned. A broader analysis of IPR protection and enforcement is presented in the annual Special 301 Report, published at the end of April each year.

Results of the February 2011 Out-of-Cycle Review of Notorious Markets

Following their inclusion in the February 2011 Notorious Markets List, several markets took action to address the widespread availability of pirated or counterfeit goods. USTR commends these efforts, and encourages these and other markets to continue their efforts to curb illicit activity.

Examples of positive action at markets that USTR identified in the February 2011 list include the Chinese website, **Baidu**, identified in the Notorious Markets List for several years, which entered into a landmark licensing agreement with U.S. and other rights holders from the recording industry. At the **Ladies Market** in Hong Kong, local customs officials took action to remove allegedly infringing goods from the premises, and authorities reported a commitment to continue to undertake enforcement actions at the market. Finally, at the **Savelovski Market** in Russia, management has implemented an action plan to stop the distribution of infringing goods.

These markets are no longer included in the Notorious Markets List. The positive efforts undertaken at those markets will benefit U.S. and other IP right holders.

The November 2011 Notorious Markets List

The list below identifies particular markets 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 of notorious markets in each of the categories referenced below. A significant number of the markets identified in this report are reportedly located in China and the Eastern European region. The United States urges the responsible authorities in relevant jurisdictions to intensify efforts to investigate reports of piracy and counterfeiting in these and similar markets.

Pay-per-download

These websites exemplify the problem of online sales of pirated music on a pay-per-download basis.

Allofmp3 clones: While the Russia-based allofmp3 (formerly the world's largest server-based pirate music website) was shut down in 2007, sites that are nearly identical, many of which appear to be owned by the same parties, have taken its place. These websites appear to be designed to confuse consumers by operating much like popular, legitimate sites.

Linking

These are online services engaged in "deep linking" to allegedly infringing material that is often stored on third-party hosting sites.

Sogou MP3: China-based Sogou MP3 reportedly provides easy access to deeplinks of music files for downloading or streaming, and reportedly ignores rights holders' notices to take down infringing material.

Gougou: Industry reports that this China-based website actively provides users with deeplinks to infringing music files and torrent links from unauthorized sources.

B2B and B2C

Commenters has reported that these Business-to-Business (B2B) and Business-to-Consumer (B2C) websites offer a wide range of infringing products (such as cigarettes, clothing, manufactured goods, pharmaceutical products and sporting goods) to consumers and businesses.

Taobao: Several commenters reported that pirated and counterfeit goods continue to be widely available on China-based Taobao. While stakeholders report that Taobao continues to make significant efforts to address the problem, they recognize that much remains to be done. Taobao was recently listed as one of the top 16 most visited sites in the world, and one of the top three most visited sites in China, according to rankings published at Alexa.com.

Modchip.ca and Consolesource: Both sites, reportedly based in Canada, allegedly sell circumvention devices and components used to circumvent technological protection measures on game consoles.

BitTorrent Indexing

Although BitTorrent indexing sites can be used for lawful purposes, such sites can also be used for the high-speed locating and downloading of allegedly infringing materials from other users. The sites identified below are examples of sites allegedly being used for unlawful purposes.

ThePirateBay: Despite the criminal conviction of its founders, the Sweden-based ThePirateBay continues to facilitate the download of unauthorized content. ThePirateBay recently ranked among the top 100 websites in both global and U.S. traffic, according to Alexa.com.

IsoHunt: Canada-based IsoHunt is one of the largest BitTorrent indexes in the world, ranking among the top 300 websites in global traffic and among the top 600 in U.S. traffic, according to Alexa.com. At least one U.S. court has found liability in cases involving IsoHunt.

Btjunkie: This site, which reportedly is based in Sweden and the Netherlands, is among the largest and most visited aggregators of public and non-public “torrents,” ranking among the top 500 in the world and in the U.S. according to Alexa.com, which find and initiate the downloading process for particular files.

Kat.ph (formerly kickasstorrents): Another popular indexing site, this site, which reportedly is based in Canada, Ukraine and Romania, is notable for its commercial look and feel. The site is currently ranked by Alexa.com among the 320 most visited sites in the world.

torrentz.eu (formerly torrentz.com): This site, which reportedly is based in Canada, Panama and Switzerland, is a major aggregator of torrents from other BitTorrent sites, and currently ranks among the top 150 sites in the world.

BitTorrent Trackers

Although BitTorrent trackers can be used for lawful purposes, such sites can also be used to transfer allegedly infringing material, by directing users to peers who share the infringing content. The sites listed below are examples of sites allegedly being used for unlawful purposes.

Rutracker: Russia-based Rutracker recently ranked by Alexa.com among that country’s 15 most visited sites, and among the 300 most visited sites in the world, and reportedly allows for the fast identification and download of pirated content.

Demonoid: Ukraine-based Demonoid recently ranked among the top 600 websites in global traffic and the top 300 in U.S. traffic, according to Alexa.com. Recent action by the Mexican Attorney General led to the arrest of the site’s administrator.

zamunda: Bulgarian-based zamunda, currently ranked among the top six most visited sites in Bulgaria, according to Alexa.com, is currently the target of a noteworthy criminal prosecution.

Social Media Sites

Social media sites are widely used for lawful purposes. However, some may facilitate the unauthorized access to allegedly infringing materials.

vKontakte: This Russian site, which permits users to provide access to allegedly infringing materials, recently ranked among the four most visited sites in Russia and among the 40 most visited sites in the world, according to Alexa.com.

Cyberlockers

These sites enable users to store files on servers that can be accessed at any time and from any location, which allows widespread sharing among users who obtain the link to these “lockers.” Cyberlockers, while widely used for lawful purposes, can also enable the widespread distribution of unauthorized content by disseminating the link via websites, blogs, forums, etc.

Megaupload: One of the 70 most visited sites in the world according to Alexa.com, this site, reportedly based in the Netherlands and Hong Kong, allows for the unauthorized distribution of protected content through subscriptions and reward schemes to popular uploaders.

Putlocker: This United Kingdom-based site offers both streaming and downloading of significantly large video files, and includes a reward system for popular uploaders.

Blogs, Online Forums, and Newsgroups

While blogs, online forums, and newsgroups are most often associated with legal activities, these sites are sometimes used to distribute infringing content and hacked or cracked software codes.

Warez-bb: This forum site, which is reportedly based in Luxembourg, Switzerland and Sweden and is ranked among the top 700 sites globally, is described as a hub for the sharing of copyrighted works, including pre-release music. Industry efforts to remove infringing content are hampered by the very quick replacement of removed content.

Unlicensed Programming Retransmission

Unlicensed programming retransmission, which includes live sports telecast piracy, affects amateur and professional sports leagues and other television programming rights holders by making protected telecasts and broadcasts freely available, without authorization, over the Internet.

TV Ants: This peer-to-peer service, which reportedly operates from China, exemplifies this problem.

Physical Markets (in alphabetical order)

Bahia Market (Guayaquil, Ecuador)

Rights holders have reported that this expansive market sells large quantities of counterfeit goods, including clothing and shoes bearing counterfeit trademarks, and a wide selection of pirated DVDs, CDs, and software.

China Small Commodities Market (Yiwu, China)

The China Small Commodities Market in Yiwu reportedly sells mostly consumer goods. Rights holders have reported that the market is a center for the wholesaling of infringing goods, and that it is the market of origin of many counterfeit goods that are available internationally.

Ciudad del Este (Paraguay)

In Ciudad del Este, Paraguay, the city's economy is reportedly based in part on the trafficking of counterfeit and infringing goods. Electronic goods, including circumvention devices and modified game systems, are reportedly an especially prominent feature of the illicit trafficking. This activity reportedly spills over into the entire Tri-Border Region of Paraguay, Argentina and Brazil.

Harco Glodok (Jakarta, Indonesia)

This market is one of many, and the largest, in Indonesia known for counterfeit and pirated goods, and is particularly known for pirated optical discs.

La Salada (Buenos Aires, Argentina)

La Salada is the largest of many well-established markets in Buenos Aires that have been cited as being heavily involved in the sale of counterfeit goods.

Lo Wu Commercial Center (Shenzhen, China)

On the border between Shenzhen and Guangzhou provinces, and Hong Kong, this market is reportedly home to dozens of markets offering counterfeit or pirated goods. The display of signs prohibiting the sale of such goods has reportedly not served as an effective deterrent.

Nehru Place (New Delhi, India)

Nehru Place is reportedly one of the many 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.

PC Malls (China)

Right holders report that the **Buynow PC Mall**, a very large personal computer mall chain in China, operating 22 stores across the country, is known for selling computers with illegal operating system software and other unlawfully pre-installed software.

Petrivka Market (Kyiv, Ukraine)

This open air market reportedly houses as many as 300 stands that sell pirated goods, including music, films, games, software, clothing, and shoes.

Quiapo Shopping District (Manila, Philippines)

Quiapo is just one example of several locations and neighborhoods, especially in metropolitan Manila, known to deal in counterfeit and pirated goods such as clothing, shoes, watches, handbags, and software.

Red Zones (Thailand)

Thai authorities have designated the **Panthip Plaza, Klong Thom, Saphan Lek** and **Baan Mor** shopping areas, among others, as targets for enforcement against piracy and counterfeiting.

San Andresitos (Colombia)

The San Andresitos marketplaces of varying sizes scattered throughout Colombia, including in Bogota and Cali, are notorious for unauthorized reproduction of music, video games and movies, and for the unauthorized distribution of pirated and counterfeit goods.

Silk Market (Beijing, China)

Right holders have identified Beijing's Silk Street Market as a particularly prominent example of the counterfeiting of consumer and industrial products that is endemic in many retail and wholesale markets throughout China.

Tepito (Mexico City)

Tepito is reportedly the main warehousing and distribution center for pirated and counterfeit products sold at numerous informal markets throughout Mexico. Despite enforcement actions that resulted in significant seizures, illicit activity allegedly persists in Tepito.

Urdu Bazaars (Pakistan)

The Urdu Bazaars in Karachi and Lahore reportedly remain the main sources of pirated books in the country, though book piracy is widespread and extends beyond such bazaars.