

**Motor & Equipment Manufacturers Association**

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October 1, 2018

Daniel Lee  
Acting Assistant U.S. Trade Representative  
for Innovation and Intellectual Property  
Office of the United States Trade Representative  
600 17th Street, N.W.  
Washington, D.C. 20508

**Re: Request for Comments: 2018 Special 301 Out-of-Cycle Review of Notorious Markets  
[Docket No. USTR-2018-0027]**

Dear Mr. Lee:

The Motor & Equipment Manufacturers Association (MEMA) represents more than 1,000 companies that manufacture and remanufacture motor vehicle parts, components, and systems for use in the light- and heavy-duty vehicle original equipment and aftermarket industries. Our members provide more than 871,000 direct jobs, making the motor vehicle parts industry the largest creator of manufacturing jobs nationwide. On behalf of this industry, I welcome the opportunity to provide these written comments to the United States Trade Representative's (USTR) 2018 Special 301 Out-of-Cycle Review of Notorious Markets in accordance with the *Federal Register* notice of August 16, 2018.

Intellectual property rights (IPR) protection is critical to the sustained success of the motor vehicle parts manufacturing industry. The IPR and brands of a company are among its most valuable assets, while the value and strength of a brand is what makes it vulnerable to counterfeiters. USTR has recognized the importance of intellectual property protection with the release of the administration's Section 301 report on China. Continued review and monitoring of notorious markets is a critical element of intellectual property protection.

Manufacturing and trafficking of counterfeit motor vehicle parts and components are serious and growing problems. MEMA takes the issue of counterfeit motor vehicle parts and trademark theft very seriously. The theft of IPR, including incidents through notorious markets, leads to significant costs to suppliers, including lost sales, damages to brand reputation, and significant legal and investigation expenditures.

In addition to the economic impacts of counterfeit motor vehicle parts, the continued proliferation, importation, and dissemination of counterfeit parts pose a significant risk to public health and safety. Genuine and legitimate parts are specifically designed for use on vehicles and meet federal motor vehicle safety standards, where applicable. Under the best circumstances, counterfeit parts do not perform as intended. At worst, they could fail, leading to brake failure, engine failure, vehicle fires, or other catastrophic consequences.

Counterfeit goods are an ongoing challenge for motor vehicle parts manufacturers with physical marketplaces in many countries including China, Venezuela, Turkey, the United Arab Emirates, and Russia. China is the manufacturing source for many of these counterfeit goods.

Additionally, online sales of counterfeit parts are a growing problem for suppliers. Historically, online sales have not been a significant means of counterfeit parts entering the domestic or global marketplace. This has changed in recent years as China and other countries are experiencing a phenomenal growth in e-commerce, resulting in an increase in counterfeit parts in the international online environment. Today, counterfeit goods that



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are offered as genuine brands, are more readily available online in the U.S. market and globally because of the nature of the internet.

Recently, MEMA members have reported to us a change in online marketing materials. Descriptions have changed tactics and do not directly refer to the "Brand Name." Instead, the online marketing will reference that the product "Replaces Brand Name." Often, the description will use some other derivation of a brand name. For some products, the text description never mentions the brand name, but the picture is of a typical counterfeit part with the brand associated with the finished product. This change in tactics demonstrates a continued need for vigilance in monitoring online sales.

MEMA applauds the USTR's commitment to protect IPR as demonstrated through the annual Notorious Markets Report and through IPR protections in trade agreements. A robust federal program to protect IPR is essential to support innovation of motor vehicle technologies as well as other sectors. The annual Notorious Markets Report is an important tool in this program.

In previous years, MEMA has commended USTR for including TaoBao.com and Alibaba on the annual Notorious Market list. MEMA had urged inclusion of the platforms because of the amount of counterfeit motor vehicle parts found on the platforms and the onerous process to takedown counterfeit listings. Their publication in past Notorious Markets report has had a positive impact, prompting the Alibaba Group to acknowledge the problem of counterfeit goods on its platforms and to commit to improve the tools to remove counterfeit goods from them. Additionally, Alibaba has actively worked to educate MEMA and our member companies of the changes made to their anti-counterfeiting and takedown procedures. MEMA sees progress in the Alibaba processes, but our members have continued to express concerns that the processes are needlessly complicated, time-consuming, and ineffective. Furthermore, our members also continue to report a significant volume of counterfeit and infringing product on Alibaba platforms. Consequently, MEMA is maintaining a dialogue with Alibaba and encouraging our member companies to work with them to improve procedures for takedowns and preventing the sale of counterfeit goods.

MEMA appreciates the USTR's open engagement with the motor vehicle parts manufacturing industry and welcomes the opportunity to assist the government in helping to address the most important issues relating to IPR enforcement. MEMA urges you to consider these points as USTR considers markets to include in the 2018 Notorious Markets list.

Please contact Catherine Boland, vice president, legislative affairs, (202-312-9241 or [cboland@mema.org](mailto:cboland@mema.org)) with questions or concerns regarding MEMA's comments.

Sincerely,



Ann Wilson  
Senior Vice President, Government Affairs