



Fake Goods in Thailand

The night markets in Bangkok's tourist areas are bustling on any given night during the high season as foreigners shop for deals on Gucci handbags, Manchester United sports shirts and Nike runners. With prices too low to believe, the tourists scoop up the latest Hollywood DVD blockbusters and top selling music CDs.

But the high energy and exuberance of the bargain shoppers is in stark contrast to the human sweatshops operating out of some quarters no bigger than a garage in Thailand and neighboring China, Burma and Cambodia, where the sweatshops pump out many of the fake goods.

In fact, it was Edward Kelly's first raid in a rural counterfeiting factory in northern Thailand that has become a driving factor in his determination to reduce the multi-million dollar business. "There were ten starving Chinese young men and they are shackled and locked to the machines, probably working twenty hour days," recalls the transplanted American who has worked at Tilleke & Gibbons International law firm in Bangkok since 2000. "We seized hundreds of thousands of individual packs and cartons of Marlboro cigarettes. This was a multi-million dollar operation, none of which was benefiting anyone other than the owners and the mastermind," says the intellectual property (IP) lawyer.

The manufacturing and selling of fake goods has become a \$650 billion-a-year business worldwide and makes up seven percent of world trade, according to the International Chamber of Commerce (ICC). The top five counterfeited

goods are Louis Vuitton, Nike, Microsoft, Gucci and Prada. And with the lucrative profits come the obvious dangers of shutting down such huge money-making operations.

Many of the pirate software shops won't carry the actual stock but customers can leaf through catalogs and place orders on the CDs of their choice. After placing the order, the shop manager sends someone to a nearby location to pick up the items which are then picked up by the customers 15 minutes later. Dealers also employ young teenagers to sell the products as the point of sale, knowing the courts are much more lenient on minors.

One IP investigator, who only gives his first name of Peter, recalls being surrounded by a pack of security guards, while shutting down a pirated software store in one of Bangkok's popular malls. "There were about 25 guards who the owner called and were all taking pictures of us on their mobile phones and pocket cameras," says the UK native. "Occasionally you get the bullets and the beer bottles and the dead fish on your doorstep," says Edward, referring to the threats he has encountered during his work. It's become a game of cat and mouse for IP investigators as illegal traders develop new techniques to beat the system.

As the gangs go hi-tech, the methods of sales have become more intricate. With the advent of the internet, Kelly sees the counterfeit trade moving away from the open markets and re-positioned for online purchases. "During the World Cup we saw these website offering official World Cup gear and what they do was go to Pratunam market and get fake stuff", says Kelly. "People who are very gullible in the US or other western countries would wear this stuff and pay \$40 for something that costs two or three dollars, so the markup is huge."

Because there are virtually no laws on computer crimes in parts of Asia, the trend is expected to grow in the coming years.

Occasionally representatives from international companies will arrive in Bangkok to train the investigators to spot the fake goods and there is a rule of thumb in determining if the product is the real deal. Examine the quality of the product and its packaging. Look for poor stitching, incorrectly spelled brand names or logos. If the price is too good to be true, it probably is. Brand name products are sold in stores or through the official company web site, not on the streets or open air markets.

But it's the less-known counterfeit products that are particularly disturbing.

Walking through Tilleke & Gibbons fake goods museum of more than 1,500 items confiscated during police raids, one realizes that literally everything from baby milk to motorbikes to medicine are all products being pirated.

While many customers see the purchase of counterfeit clothing and pirated software as a victimless crime, with only the high-end corporations as the victims, IP lawyers view it another way. "I don't get worried about what the product being sold is because they just as soon trade in fake handbags one day, heroin the next day, guns the next day, because their expertise is not necessarily the manufacturing but getting the goods from A to B," explains Kelly.

"We are going to always have the night markets unless the tourists wake up and realize that they're not really helping by buying this stuff."