

World Intellectual Property Day 2019: the Role of Intellectual Property in Sports and Public Safety.

Congressional Testimony, Andrew Love

Senate IP subcommittee. April 30th

Thank you very much Senators for this kind invite. I am going to speak today about Specialized's experience with what works, what doesn't, and how we can win together.

First of all, how many people in this room ride a bike, casual or serious- can I see a show of hands.

Cyclists are everywhere and our sport is exploding-

Specialized's entire mission is to become the brand of choice for discerning riders, both experienced cyclists, and those just discovering the sport. Everyone counts.

We care a lot about helping everyday cyclists enjoy their ride, as well as developing cutting edge technologies to give an edge to best professionals in the world.

Specialized athletes win events like the Tour De France, the IronMan triathlon, as well as World Championships and multiple Olympic medals.

This commitment is exactly why we are an apex target for counterfeits from these separate sub-industries.

Cycling Gloves

Apparel

Cycling Shoes

High end Carbon fiber frames/Handlebars

Wheels

And Helmets like this one.

So, what is working?

Our central advantage vs the counterfeiters, is what we are doing here today, I call it the triangle of collaboration. This triangle has on one-point Brands, the second Government, and the 3rd has technology platforms.

The anti-counterfeit fight only works if all 3 points collaborate

I represent a brand, you are the Government, and I want to mention 2 Technology partners on the 3rd point of the triangle who have excelled.

eBay and Alibaba.

First eBay .

eBay has been a great partner for a long time. They are open, accessible, and personally responsive. Without the active support of eBay's tremendous investigative teams, things would be much worse.

I thank them deeply for a decade of active partnership, friendship, and many successful federal & local cases.

Alibaba deserves a huge thank you as well.

We have had multiple cases in China where we target factories, and then co-present, with Alibaba, the cases to Chinese law enforcement.

Chinese cops don't know who Specialized is, but they certainly know who Alibaba is.

Working together this way, in one of our many wins, we crushed the biggest counterfeit carbon fiber bike factory in China.

100 police officers raided 4 factories in 2 cities, seized a million dollars of fake bikes & the factory owners got real jail time.

Couldn't have done it without Alibaba. They have come a long way and deserve to be recognized for that.

Education is also working.

Most cyclist are shocked to discover that counterfeit bikes and helmets exist.

We have spread the word from Bicycling Magazine to the New York Times, from counterfeit education pages on Specialized.com in 12 languages, to videos on social media that have been seen 400,000 times.

We are getting the word out.

Onto what isn't working-

First. Law enforcement in China is frankly uneven.

Some jurisdictions are excellent partners, others have serious corruption issues & enforcement seems impossible.

Even with Alibaba's 900 lb gorilla political weight added, it's very frustrating.

Second. Social media companies need to reach the bar Alibaba and eBay have set, and help brands build cases. As their marketplaces and selling groups grow explosively, they need reach these robust standards.

FaceBook is fast at taking fakes down and banning accounts, and responsive, but investigative help is non-existent.

In practice, this has taken the Brand point of the triangle completely out of the equation.

Thirdly our law enforcement and customs structures, are all designed to catch Big Sharks.

But what happens when it's a school of Piranhas. If you are swimming, you don't care much if it's a shark or a thousand hungry Piranhas, you are still in big trouble.

In my 11 years of doing anti-counterfeit work, I've never seen one container of fakes. What I see is blizzards of small parcel air. Swarms of small fish overwhelming the large gauge nets Customs deploys. We have detailed suggestions that can help.

Similarly, law enforcement tends to only engage when it is a big fish they can catch on a rod and mount on the wall. All of us need to build a quicker rod & reel for enforcement, where officers can do cases very rapidly.

If we want to win, the era of cases taking years must come to an end.

In conclusion-

Think of all the bike shops in your communities.

Many of you likely even have "a favorite shop" that cares for your family's bikes.

Latest estimates puts the number of bike shops in America at 7,000.

Started on dreams and passion and fueled by very hard work. The cycling industry personifies the best community oriented small business that America has to offer.

Specialized was started in 1974 by Mike Sinyard delivering parts to local bike shops, loaded onto a trailer he pulled with his own bike. Passion & hard work, we get it.

Attacks by counterfeits are not just against Specialized, and don't just threaten rider safety. They are targeting this thriving American business ecosystem.

When you are negotiating trade and legislating intellectual property at a high level, think of your local bike shop.

4 years ago, I would have assessed that we were losing the fight, but today I am hopeful- and I am going to finish with a Specialized motto,

"Together we win".

Andrew Love, Addendum #1

Youtube Video of difference between a real Specialized Helmet and a counterfeit one

<https://www.youtube.com/watch?v=yA9DF7mDz1k&feature=youtu.be>

Image of a counterfeit Specialized helmet and a real one, that I have personally jumped on.



Images from Counterfeit Bike Factory Raid, August 2017

Over a million USD of finished and unpainted counterfeit bikes were seized by Foshan PSB





19,400 sticker sets were seized

