

‘It Is Incredibly Disheartening, Insulting, and Downright Evil’: Designers Accuse Shein of ‘Egregious’ Copyright Infringement and Racketeering

“For all the scrutiny given to TikTok, it’s surprising that Congress has not considered more dramatic action against the Chinese fast-fashion giant Shein,” opens a 52-page complaint filed by three fashion designers accusing the company of “egregious” copyright infringement and racketeering under the Racketeer Influenced and Corrupt Organizations Act (RICO).

In the complaint filed Tuesday, the designers allege that the fast-fashion brand stole and sold “exact copies” of their creative work without consent and that Shein engages in a “systematic” and “criminal” pattern of copyright infringement to produce thousands of new items daily. The lawsuit claims that Shein has been doing this since it adopted its business model and algorithm, which started around 2017 or 2018.

“There is a threat of continuing criminal activity extending indefinitely into the future,” the complaint says.

One of the plaintiffs, Kristina Perry, noticed that a “brazen copy” of one of her poster designs was being sold on Shein and its other fashion site, Romwe.

“It is incredibly disheartening, insulting, and downright evil to profit off of artists without their knowledge or permission,” Perry complained through the website’s contact pages, after which Shein offered the designer \$500 on behalf

of both Shein and Romwe.

“Shein made its offer as if it were a mom-and-pop operation rather than one of the richest enterprises in the world,” the lawsuit states.

Even after Perry contacted the company, it continued to sell copies of her design, the lawsuit alleges.

The other two plaintiffs, Jay Baron and Larissa Blintz, also claim Shein stole and sold their copyrighted designs.

A Shein rep, however, told *Entrepreneur* that the company intends to fight the claims.

“Shein takes all claims of infringement seriously, and we take swift action when complaints are raised by valid IP rights holders,” a spokesperson for the brand told *Entrepreneur*. “We will vigorously defend ourselves against this lawsuit and any claims that are without merit.”

Related: Sarah Silverman Is Suing OpenAI and Meta For ‘Copyright Infringement,’ Using Her Works to Train AI Models

The lawsuit alleges that Shein’s intellectual property theft and copyright infringements are not isolated incidents but rather part of a long-standing and continuous pattern, partially facilitated by a decentralized corporate structure that makes it difficult to hold specific individuals accountable. Enter: RICO, a law initially designed to combat organized crime.

The plaintiffs argue that Shein is not a single entity, but a complex corporate structure of many entities, which allows them to “redirect blame” to third parties “as if they were independent.”

Chart cited in the complaint highlighting Shein's "complex corporate structure." Public Eye, 2022, (www.PublicEye.ch).

What Is RICO and Why Is Shein Being Accused?

Organized crime functions by carrying out continuous illegal activity through a coordinating network of interconnected entities, making it particularly challenging to trace responsibility. If one member gets caught, no big deal, the organization may still be able to carry out illicit business as usual.

In the case of Shein, the lawsuit highlights how its

decentralized structure similarly makes it difficult to accurately pin down “what exactly Shein is,” therefore making it “impossible” for those looking to seek legal action to know who to target. The complaint states that victims without representation face an “utter brick wall,” and even those with lawyers and “strong cases” still face difficulty finding the right party.

Imagine trying to solve a puzzle, but instead of having all the pieces in front of you, they’re scattered across different rooms of a massive, sprawling mansion.

In this case, the lawsuit argues that Shein’s decentralized structure, coupled with its continuous acts of copyright infringement and racketeering, constitutes it to the same status as a criminal organization, and under RICO, Shein can be held accountable for the myriad of alleged violations that span its “confusing corporate structure.”

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