

Manufacturing in China offers the possibility of a low cost and resource rich environment. But there are practical issues to consider from an IPR perspective and a real need to take steps to minimise the pitfalls. Below are some of the most important issues concerning IP risks when manufacturing in China.

Having the right IP protection in place

Prior to any production in China, your company needs to consider what IPR is involved in the items to be manufactured, the know-how involved in the production process and how this is to be protected in China. Steps should be taken to make sure IPR is registered and to plan which safeguards can be put in place to protect any key production processes or components and maintain your competitive advantage. Initially this should involve

- identifying what IPR and know-how is involved in the items to be manufactured
- ensure that correct IP protection is in place in China.

Physically relocating or establishing manufacturing in China is a significant business decision. Consider the status or type of factory you plan to establish or work with and make sure, if you are planning to work with an existing factory, it is a properly registered, legitimate business (see 'Business Partners' section). The factory will need to comply with local workplace laws and obligations. If you are at the stage of discussing a manufacturing agreement with a prospective partner, make use of confidentiality agreements and non-disclosure agreements to preserve your proprietary information.

The supply of components needs to be included from an IPR perspective. If components are also to be produced or sourced in China then please see the 'Sourcing' section below.

Restricting access to a manufacturing site & monitoring

It is important to make sure your manufacturer does not allow third party access to the production area. To ensure that IP and know-how will not leak, always monitor your own

manufacturing site. It is good practice to arrange for unannounced visits to check on compliance.

Factories which know they must adhere to controls, procedures and standards will do so if they are subject to checks; those factories which are not subject to checks will rapidly deviate from procedures and standards.

Employee contracts

It is important to educate employees on how to handle valuable information (if such information is available at the site). Furthermore, it is advisable to include clauses on confidentiality and proprietary information in employment contracts.