



## How to Protect Your IP When You Want to Manufacture in China

*by Ryan Dean, Partner, Umberg Zipser LLP*

Doing business internationally, and particularly in China, is inevitable for many companies. To secure the strongest protection for your intellectual property (IP), there are a number of different considerations before beginning production.

For example, before disclosing information to a manufacturer, it is important to take inventory of what IP rights you have and make initial filings to protect those rights. Like many countries, China follows a first-to-file practice for patents and trademarks so it is critical to file early. Too often, a manufacturer files in its own name for patent or trademark protection in China on the very product it is helping to bring to market. By not filing first in China, U.S. companies often will pay significantly more in the future to cancel an errant registration.

Your initial filings are critical to later show you created that idea or brand, and help prevent others from registering similar rights. When possible, you should file in both the U.S. and China before disclosing an invention to best position you to cancel any later-filed IP rights in China on the same technology.

Along with the initial filings, you should obtain a confidentiality agreement with the potential partner. The agreement should include dispute resolution in China or an International Tribunal unless the Chinese company has U.S. assets, the parties' initials on every page, and the company's seal. The agreement should also include specific language prohibiting the potential partner from filing for IP rights on what is disclosed.

When providing confidential information, the disclosure should clearly list the

confidential information and the date provided, and be signed by the receiving party. This can be extremely helpful for any later disputes concerning breach of the confidentiality agreement or ownership of patents on the technology.

Companies should also direct manufacturing in China. Ownership of IP rights, including any derivations, should be clearly stated in the manufacturing agreement. If a problem arises during production, you should spearhead efforts including any design changes to avoid situations where the manufacturer can claim ownership of the solution.

As these are just a few of the considerations that face companies who want to do business in China, companies are well advised to seek experienced counsel to ensure their rights are protected.

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