

do not let your OEM factories ruin your brand and reputation

Description

I have heard stories like this before and I believe they are definitely true: Chinese OEM factories producing products for their international clients very often manufacture more than required, and those excess products are often sold in market without the authorization and knowledge of their clients.

Recently, in a project, we notice that our client's counterparty, a small garment manufacturer in Shanghai, is secretly selling some toys and dolls that are manufactured for international brands.

There is no need to remind international companies of the risks that will inevitably arise from their OEM's malpractice, which will definitely degrade the goodwill and reputation of such international brands and tradenames.

Therefore, international companies that are using OEM in China shall spare no efforts to ensure that they will not be screwed by their Chinese OEM factories by engaging in selling their products without authorization and control. These companies shall strengthen their management and supervision of their OEM, esp, small OEM companies that often go all out for money with no principles given the hard time they are experiencing due to international financial crisis.

This is about drafting a good OEM contract, but more about enforcement and execution of such contracts.

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