

PRACTICAL RESOURCE - CHECKLIST & TOOLKIT

CHINA FACTORY RISK CHECKLIST & SUPPLIER DISCLOSURE TOOLKIT

For use before sharing drawings, videos, dimensions, samples, CAD files, tooling files, or other confidential product materials with a Chinese supplier.

Purpose: This toolkit helps you create a written trail each time confidential materials are disclosed to a supplier under an NNN / NDA and check whether the supplier legal entity matches the signed agreement. It is not a substitute for China patent, design, trademark, or contract protection.

Quick Start

- Use the stage checklist before contacting, sampling with, tooling with, or producing through a Chinese factory.
- Use the disclosure email every time you send a new batch of confidential materials.
- Keep the internal disclosure log so you know exactly what was sent, when, to whom, and under which agreement.
- Ask for the Chinese business licence and compare the Chinese legal name, unified social credit code, and company chop with the signed agreement.
- If you find a gap, ask for a China supplier-risk review before moving forward.

At-a-Glance: When This Toolkit Is Not Enough

This checklist is a process tool. It does not replace a China NNN agreement, manufacturer exclusivity agreement, OEM / manufacturing agreement, China trademark filing, patent/design protection, or tooling ownership terms.

If you are sharing drawings, samples, tooling files, brand names, product videos, production specifications, firmware, control boards, or commercial supplier information, you may need a broader China supplier-risk protection layer.

Stage-by-Stage Factory Risk Checklist

Stage 1 - Before First Factory Outreach

<input type="checkbox"/>	<p>Have you prepared a China NNN agreement - not just a standard NDA - before sharing anything?</p> <p>A standard NDA often does not address non-use and non-circumvention in the way China manufacturing relationships require.</p>
<input type="checkbox"/>	<p>Is your brand name or logo filed as a trademark in China, or at least assessed?</p> <p>China is first-to-file. If your brand is not protected, a factory or third party may file it first.</p>

<input type="checkbox"/>	Do you know the full Chinese legal name, registered address, and unified social credit code of the factory you intend to contact? Signing with the wrong entity is a common reason contract protection becomes weak.
<input type="checkbox"/>	Have you decided exactly which IP elements are confidential before outreach? Define what is confidential before disclosure - drawings, product concept, pricing targets, customer targets, supplier lists, and files.
<input type="checkbox"/>	Do you understand whether patentable technical features or distinctive design elements should be filed before disclosure? Disclosure before filing can affect patent or design rights in some jurisdictions.

Stage 2 - Sampling and Prototype Stage

<input type="checkbox"/>	Is a signed China NNN agreement in place before sending drawings, samples, CAD files, or technical specifications? If not done before outreach, do it now - before sending anything further.
<input type="checkbox"/>	Have you documented exactly what files were shared, when, and to which legal entity? This may matter later if you need to prove the scope of disclosure.
<input type="checkbox"/>	Does the agreement include non-use provisions - not just non-disclosure? Non-use is aimed at preventing the factory from using your design for other clients.
<input type="checkbox"/>	Does the agreement include non-circumvention provisions covering direct sales to your customers or bypassing your commercial position? Circumvention risks often matter once the factory understands the commercial value of your product.
<input type="checkbox"/>	Is the agreement in a Chinese controlling version, not merely an English document translated later? For PRC court enforcement, a Chinese controlling version drafted for enforcement logic is structurally stronger.

Stage 3 - Tooling, Mold, and Pre-Production Stage

<input type="checkbox"/>	Is there a written agreement specifying that you own the tooling and molds created for your product?
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	Without written ownership terms, the factory may retain physical control or claim rights over the molds.
<input type="checkbox"/>	Does the agreement specify what happens to molds and tooling if the relationship ends? Return, destruction, storage, inspection, and transfer rules should be specific.
<input type="checkbox"/>	Are subcontracting restrictions in place? Tooling and files may move to subcontractors unless the agreement controls this risk.
<input type="checkbox"/>	If the factory contributes engineering or design work, is ownership of that work addressed? Factory-side contributions can create shared or disputed IP claims if not clearly addressed.
<input type="checkbox"/>	Do you have a design patent or utility model filed in China if the product shape or technical structure is important? Contract rights and registered IP rights work at different layers.

Stage 4 - Production Order and Supply Terms

<input type="checkbox"/>	Is there a signed OEM or manufacturing agreement covering quality, delivery standards, inspection, payment, and defect handling? Verbal arrangements and WeChat discussions are not a complete manufacturing contract.
<input type="checkbox"/>	Does the agreement restrict the factory from displaying, listing, or marketing your product on public platforms? Public display on sourcing platforms can expose your product to competitors.
<input type="checkbox"/>	Are direct sales restrictions clear? The agreement should address whether the factory may sell to your customers, distributors, or competitors.
<input type="checkbox"/>	Are product improvements, derivative versions, and upgraded designs addressed? Improvements during production can create future ownership disputes.

Stage 5 - Exclusivity and Scaling Stage

<input type="checkbox"/>	Is manufacturer exclusivity actually defined? Exclusivity should state what products, customers, territories, channels, related entities, and time periods are covered.
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| <input type="checkbox"/> | Does the agreement prevent the factory from producing the same or similar product for competitors?
A vague promise of exclusivity may not prevent similar production for others. |
| <input type="checkbox"/> | Does exclusivity bind related entities and subcontractors where appropriate?
A factory can sometimes route production through affiliates unless the agreement closes that gap. |
| <input type="checkbox"/> | Are minimum order quantities and commercial commitments aligned with exclusivity?
Factories may resist exclusivity unless commercial expectations are realistic. |

Stage 6 - Copycat Risk or Suspected Breach

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| <input type="checkbox"/> | Have you reviewed the signed agreements to confirm the breach provisions and liquidated damages are clear enough to act?
Enforceability depends on the written agreement and how it was drafted. |
| <input type="checkbox"/> | Do you have registered trademark rights in China that can support border, platform, or market enforcement?
Contract rights alone may not support trademark takedown or customs action. |
| <input type="checkbox"/> | Do you have a China design patent or utility model covering the product being copied?
Registered rights may provide an independent basis against third-party copying. |
| <input type="checkbox"/> | Can you document what the factory received from you, under which agreement, and when?
Disclosure records assembled only after the problem appears are weaker. |
| <input type="checkbox"/> | Have you obtained a supplier-risk review before deciding next steps?
Responding without understanding your legal position can weaken your outcome. |

Supplier Disclosure Record

Use this email each time you send a new batch of confidential materials to a supplier. Replace the bracketed text before sending.

Copy-ready disclosure email

Subject: Confidential Materials - Disclosure Record under NNN Agreement

Dear [Supplier Contact Name],

Further to the NNN / confidentiality agreement signed between [Your Company Name] and [Supplier Legal Entity Name], we are now sharing the following materials for preliminary manufacturing feasibility assessment only.

Materials disclosed in this batch:

1. [File name / short description]
2. [File name / short description]
3. [File name / short description]

These materials are confidential and are disclosed strictly under the NNN / confidentiality agreement. They must not be disclosed, copied, forwarded, used for any third party, reverse engineered, or used to file any patent, trademark, design, copyright, or other intellectual property application without our prior written approval.

Please confirm by reply email that:

1. you have received the materials listed above;
2. these materials will be treated as Confidential Information under the NNN / confidentiality agreement;
3. they will only be accessed by authorised personnel for the purpose of assessing manufacturing feasibility;
4. they will not be shared with any subcontractor, related company, engineer, factory, consultant, or third party without our prior written approval.

Kind regards,
[Your Name]
[Your Company]

Internal Disclosure Log

In addition to the email confirmation above, keep an internal disclosure log. This helps prove what was sent, when, to whom, and under which agreement.

Date	Supplier entity	Recipient / email	Files disclosed	Purpose	Reply confirmation received?

Chinese Business Licence Check

Ask the supplier to provide a copy of its Chinese business licence. Compare it against the NNN / NDA and the company chop used on the signed document.

Check item	What to compare	Why it matters
Chinese legal name / 名称	Must match the Chinese company name in the NNN / NDA and the company chop.	If the Chinese name does not match, you may be dealing with a different legal entity.
Unified Social Credit Code / 统一社会信用代码	Compare the code on the licence with the code in the NNN / NDA.	This is the unique company registration identifier.
Company chop / 公司印章	Ask the supplier to confirm by email that the chop used on the NNN is the official company chop or authorised contract chop.	A signed document is stronger when the correct company chop is used and confirmed.
Legal representative / 法定代表人	Compare with the NNN / NDA if a representative is named.	Useful for checking supplier identity and signing authority.
Registered address / 住所	Compare with the address in the NNN / NDA, website, email signature, or supplier platform profile.	A mismatch is not always fatal, but it should be explained.
Business scope / 经营范围	Check whether the business scope is broadly relevant to the products or manufacturing services discussed.	A very unrelated scope may be a warning sign.
Authorised project contact	Ask the supplier to confirm who may receive confidential materials.	Do not send sensitive files to random sales emails or personal chat accounts without confirmation.

Need Help Reviewing Your Factory Stage?

If this checklist reveals a gap, do not rely on a generic template. A supplier-risk review can help decide whether you need an NNN agreement, manufacturer exclusivity agreement, OEM / manufacturing agreement, China trademark filing, patent/design protection, or tooling ownership terms.

Start with a supplier-risk intake:

<https://www.chinaipgateway.com/services/nnn-manufacturing-agreements-china/#factory-protection-form>

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