

Union Officine Meccaniche (UOM) - Protecting Intellectual Property

Manufacturing in China has recently seen a huge growth spurt. Labor and technology costs are next to nothing compared to those in Japan, the United States, and Europe. Many manufacturers, however, have seen their technologies copied by Chinese companies and produced for hundreds of thousands, if not millions, of dollars less, resulting in sales all but drying up completely. For example, Union Officine Meccaniche (UOM) of Italy sold six polycarbonate extrusion lines to China in the past, but has since seen their sales fall off completely due to cheaper, locally produced imitations. UOM area manager Fausto Zanazza states that their lines cost \$1.5 million each, while China's imitations cost a mere \$150,000.

Firms have adopted different strategies to protect their rights in China. Long-term licensing seems to be the most widely adopted trend. Companies signing 10-year, fixed-term deals, for example, protect their interests and maintain at least a fixed amount of revenue for those 10 years. Additionally, these terms allow for wider markets without losing share to cheaper local manufacturers.

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