

DOING BUSINESS IN CHINA –  
STRATEGIC CONSIDERATIONS AND EFFECTIVE APPROACHES  
TO INTELLECTUAL PROPERTY PROTECTION

Presented by  
Catherine Sun

August 1, 2007



China and other Asian markets present areas for explosive business development, and interest and opportunities in the country have increased dramatically over the last few years. For U.S. business, the opportunities in China are unprecedented but require careful consideration of business structure and the protection of technology and intellectual property (IP) assets.

Foley invites you to join us for a stimulating roundtable discussion with IP Partner Catherine Sun, chair of the firm's Asia Practice and a member of the Life Sciences, Entertainment & Media, and Automotive Industry Teams. Practicing in China and educated as a lawyer in both China and the United States, Ms. Sun has been focusing for more than 15 years on IP issues, cross-border M&A-related IP, international technology transfer, licensing, IP portfolio management, and strategic counseling. Foley filed an application with the Chinese Ministry of Justice early this year to open an office in Shanghai, and Ms. Sun will be managing that office when licensed.

This promises to be a unique event during which you will have the opportunity to engage in an informal roundtable discussion with this top legal expert on China. Topics to be addressed include:

- Business opportunities in China
- Effective IP strategies for enforcement and protection of patent, trademark, and copyright assets
- Structuring business transactions in China and the importance of cross-border IP counseling
- International technology transfer, licensing, and portfolio management

#### When

Wednesday, August 1, 2007

4:00 p.m. to 5:00 p.m. — Roundtable discussion with Ms. Sun

5:00 p.m. to 6:00 p.m. — Cocktail reception with light hors d'oeuvres

#### Where

Foley & Lardner LLP

Conference Room II

111 North Orange Avenue

Suite 1800

Orlando, Florida



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- "How to Transfer Technology from the US to China" by Zhu (Julie) Lee and J Bruce Schelkopf (Chief Counsel - IP, Cummins)
- "Practical Legal Strategies for Doing Business in China" by Linda Ji and David Kantaros

### **Tab 3 China Team Attorney Profiles**

Catherine Sun

Sharon R. Barner

Stephen A. Bent

Ken Duck

Craig S. Fochler

Steven H. Hilfinger

Tianjun Hou

Xueqing Linda Ji

Zhu Lee

James D. Nguyen

Dan Tian

Harold C. Wegner



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## Press Releases

4/23/2007

### **Foley Files Application to Open Office in China**

#### **Firm Adds Catherine Sun To Lead Shanghai Office & Advise Clients On Intellectual Property Strategy, Asset Management & Litigation**

CHICAGO – Foley & Lardner LLP announced today that it has filed an application with the Ministry of Justice of the People’s Republic of China requesting approval to open a representative office in Shanghai.

In addition, Catherine Sun has joined Foley as a partner from the Shanghai office of Weil, Gotshal & Manges LLP where she led the firm’s intellectual property practice in China. She is licensed to practice in New York and will be assigned to the firm’s New York office during the license application process, but will be stationed in Shanghai.

If the application is approved, the firm will leverage its nationally recognized Intellectual Property Department to differentiate itself from other U.S. law firms that have recently opened representative offices in China by focusing on assisting companies with intellectual property (IP) counseling and dispute resolution.

The Shanghai office would serve the firm’s U.S., Asian and European clients in a number of industries including life sciences, manufacturing, automotive and high-technology. Sun will chair the firm’s Asia practice and lead the growth and development of the Shanghai office.

“China’s growing presence in the global marketplace coupled with its evolving legal system presents a unique business environment for our clients that are either currently doing business in Asia or are evaluating opportunities,” said Ralf Boer, the firm’s chairman and CEO. “Our strategy for our Shanghai office is consistent with the firm’s international market strategy that focuses on opening foreign offices in markets where the firm has a competitive advantage and can offer services not already available from other international law firms.”

Because of the current business and legal climate in China, Foley clients require assistance with intellectual property asset management, litigation and licensing. In addition, Foley will work with companies in the wireless industry on IP issues related to their technology platforms and the software underlying them, as well as the IP necessary to protect content and control counterfeiting and piracy. The firm also will counsel clients on corporate matters related to technology transfer, venture capital, mergers and acquisitions, joint ventures, wholly foreign-owned entities and tax.



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“Recent studies indicate that eighty percent of market capitalization in publicly traded companies is tied to intellectual property assets,” said Sharon R. Barner, chair of the firm’s Intellectual Property Department. “As a result, businesses are placing more value on their intellectual property assets making it more important for them to protect and enforce their rights in China.”

Sun has experience in IP strategy, counseling and litigation, IP issues related to cross-border M&A, international technology transfer, licensing and portfolio management. She earned a LL.M. degree from George Washington University Law School and spent seven years practicing law in the United States at one of the major national law firms in the Washington, D.C. area.

She then returned to Hong Kong and Shanghai to continue her IP practice. While in the United States, she was an in-house attorney for a high-technology company and served as a Student Law Clerk to the Hon. Randall R. Rader of the United States Court of Appeals for the Federal Circuit.

Sun joins several Foley attorneys, including three Chinese nationals, with proven experience in understanding Chinese business issues, working with Chinese in-house counsel and building strong relationships with local Chinese law firms.

The attorneys include Stephen A. Bent, Hal Wegner, Zhu (Julie) Lee, Ken Duck, Tianjun (T.J.) Hou and Xueqing (Linda) Ji, who have years of experience in handling intellectual property and corporate matters for U.S., European and Japanese companies with interests in China. An office in Shanghai will give them a base of operations to assist current clients and work with Chinese companies seeking intellectual property protection and legal advice on corporate deals outside of China.

Foley plans to move into office space in Shanghai in 2007 subject to approval by the Ministry of Justice. The Shanghai office would be the firm’s second office in Asia following the Tokyo office, which opened in 2003.



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## FOLEY'S CHINA TEAM: YOUR BRIDGE TO SUCCESS IN CHINA

The China Team of Foley & Lardner LLP is drawn from our Business, Intellectual Property, Tax, and Litigation Departments and has sophisticated, cross-border U.S./China experience. Our China Team has enabled many U.S. companies to succeed in China, and many Chinese clients to invest wisely and achieve their objectives in the U.S. Foley's China Team can serve as your bridge to success in China, too.

### **Collaborative Relationships With Chinese Law Firms**

Foley's approach to China differs from that of many other U.S. law firms. We do not compete with the local Chinese law firms; we collaborate with them. We recognize China is not monolithic — local has to mean local. The variations in China's political, economic, and legal landscape are immense between regions and provinces, resulting in a very fragmented market. Often, a single office in China cannot serve the varied needs of a company. We have found that forming strong relationships with local Chinese law firms — whether large, medium, or small firms — enables us to assemble customized teams of U.S. and Chinese lawyers who complement each other's knowledge, experience, and fee structures to achieve each client's objectives in the most direct, high-quality, and cost-effective manner. As such, we have developed ties to counsel in key Chinese regions, ensuring familiarity with local culture and customs as well as deep-rooted contacts in local government as needed.

### **Our Attorneys' Experience in China**

Foley's China Team has represented clients ranging from privately held, emerging companies to *Fortune* 100 multinationals in their business dealings in China. Our experience includes work in the automotive, telecommunications, industrial manufacturing, consumer products, pharmaceutical, health care, medical device, biotech, computer technology, food, chemical products, and sports industries. Our experience in China includes:

#### **China IP Enforcement**

- Confiscated large quantities of counterfeit products and secured judgments in China against Chinese trademark infringers for a U.S. consumer goods manufacturer
- Assisted a Global 200 automotive company in patent infringement litigation in China
- Advised U.S. manufacturers on practical, contractual, and governmental enforcement solutions to obtain non-traditional IP protection and enforcement in China
- Negotiated and registered technology transfer agreements, technology assistance agreements and trademark, patent, and know-how licensing agreements between U.S. licensors and Chinese licensees in many industry sectors



- Instituted a patent and trade dress infringement case against a Chinese tire manufacturer and its U.S. distributor in the U.S. for one of the world's top 10 tire manufacturers

#### **China IP Protection**

- Applied for the first U.S. patent for a pharmaceutical company based upon a traditional Chinese medicine
- Filed numerous patent applications and registered both English and Chinese character trademarks in China for U.S. clients

#### **U.S./China International Contracts**

- Created novel U.S./China cross-border business agreements as well as Chinese joint venture agreements and structures
- Counseled U.S. raw material suppliers on sales contracts with Chinese purchasers on collection issues, import restrictions, and cancellation rights and drafted sales agency agreements for U.S. companies seeking to sell their goods in China

#### **China Foreign Direct Investments and Company Structures**

- Devised and implemented business structures in China, including representative offices, joint ventures, wholly foreign-owned enterprises, and offshore holding companies
- Helped clients make difficult decisions about locating China operations in China free trade zones vs. China proper or Hong Kong
- Restructured existing joint ventures and wholly foreign-owned enterprises to minimize U.S. taxes and to integrate and coordinate the China manufacturing, marketing, and distribution operations within the overall operational plan
- Investigated, negotiated, and documented acquisitions of existing joint ventures and wholly foreign-owned enterprises

#### **U.S./China International Trade**

- Advised on U.S. export control regulations involving export of goods, chemicals, software, and technology to China; U.S. classification and valuation of imports, entry procedure, the applicability of the U.S. customs preference programs; and preparation and submission of U.S. customs protests and relevant appeals
- Involved in the China WTO accession negotiations on trade-related issues, including Tariff Rate Quotas, licensing, and tax discrimination issues

#### **International Tax Planning**

- Implemented international tax planning for China subsidiaries, joint ventures, controlled foreign corporations, U.S. personnel in China, repatriation of funds, transfer pricing and choice of entity issues, import/export transactions, and license and technology transfers



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### **Chinese Governmental Policy**

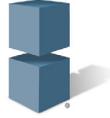
- Advised Chinese governmental agencies on the structure of financial system supervision, creation of secondary financial markets for residential mortgages and other debt instruments, and debtor/creditor dispute and collection procedures and bankruptcy laws

### **Language and Technical Proficiency Results in Sound Advice**

Our China Team is fluent in Mandarin. Team members have lived and worked in China. They offer an extensive network of legal, business, and political relationships in China. These relationships, together with their experience, enable them to provide sound and practical advice in an often ambiguous regulatory environment.

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To learn more about our China team and our ability to serve as your bridge to success in China, please contact Sharon Barner at 312.832.4569/[sbarner@foley.com](mailto:sbarner@foley.com); Catherine Sun at 212-338-3546/[csun@foley.com](mailto:csun@foley.com); Hal Wegner at 202.672.5571/[hwegner@foley.com](mailto:hwegner@foley.com); or Zhu Lee at 414. 297.5504/[zlee@foley.com](mailto:zlee@foley.com).



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## How IP Is Transacted in China related Mergers and Acquisition?

By Catherine Sun, Foley & Lardner LLP

### I. Introduction

Recent outbound deals such as Nanjing Automobile's acquisition of MG Rover, Lenovo's acquisition of IBM PC business, TCL's purchase of Alcatel mobile phone, CNOOC's failed attempt in taking over Unocal, and Haier's unsuccessful bid for Maytag, have created a perception that Chinese companies are ambitiously buying foreign assets globally. In fact, compared to the inbound deals where foreign companies acquiring or merging in China, the outbound deals are still far smaller in terms of total amount and volume, and the integration post closing between the Chinese buyer and the foreign seller still has a long way to go. Intellectual Property (IP) issues in these outbound deals are more likely to be examined and resolved under foreign laws where foreign sellers are familiar and comfortable with. Conversely, the inbound deals have presented various forms and proved to be a good option of penetrating and expanding in China market, but IP issues are likely to be reviewed under the PRC legal regime which most foreign buyers are not familiar with or confident in, and often time can be a critical deal issue.

### II. Types of China related M&A Deals

Foreign companies buying China related assets and equity for the past three years has surged to record high amounted to about 17.6 billion US dollars, among which, 7.2 billion US dollars are from the United States, 2.6 billion US dollars are from Singapore and 2.5 billion US dollars are from UK. The increased M&A activities in China are primarily due to the relaxed Chinese regulatory regime, readjusted China strategy by foreign buyers, and/or the bet on the appreciation of Chinese Yuan. Yahoo, for example, has been in China for six years, but it was not until year four, Yahoo Hong Kong acquired a Hong Kong based software company called 3721 which had operations in mainland China, and until year six, Yahoo invested significantly in Chinese Internet company Alibaba, almost three years after its rival Ebay acquired Chinese auction site Eachnet.

Since last few years of 20th century, foreign companies have been allowed to acquire FIEs (Foreign Invested Enterprises), then gradually from year 2002, foreign companies can acquire listed companies (not listed shares), State Owned Enterprises (SOEs), domestic companies and listed shares of listed companies. For the past three years or so, we have seen deals involving FIEs, domestic companies and listed or unlisted SOEs, such as UPS' expensive US 100 million conversion to WFOE from its marriage with Sinotrans, Fedex's proposed acquisition from its JV partner Tianjin DTW, Amazon's US 75 million acquisition of Joyo.com, Anheuser-Busch's acquisition of state owned Harbin Brewery, HSBC's investment in Bank of Communication, CITIC Capital and Warburg Pincus' restructure of Harbin Pharmaceutical, and Carlyle Group's recent US 375 million acquisition of Xugong Science & Technology. These transactions all involved buying the entire business by assets, or partial or entire business by shares. Deals such as acquiring partial assets by product or service lines have also emerged, such as AsialInfo's acquisition of Lenovo's IT business. But since



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most Chinese sellers are relatively smaller compared to their foreign counterparts, fewer inbound asset deals involved buying only product lines. On the other hand, more outbound deals have merely purchased certain businesses of a large foreign seller, such as Lenovo buying IBM PC business, TCL buying Thomson color TV business, and Beijing BOE Technology acquiring Hynix Semiconductor's TFT-LCD (thin-film transistor LCD) business. The trend may be reversed in future.

### **III. IP to Be Transacted**

In these inbound China equity or asset deals, foreign buyers focus mainly on market share, distribution channel, brand and IP. After being educated gradually, Chinese targets have started to realize that these factors could bargain for a better deal. Increasingly IP, as the major deal issue, can prolong, advance or break the transactions. IP counsel for both sides appear more frequently in due diligence and throughout the deal negotiations. Often time, buyer's IP counsel can be the person to close the entire transaction.

During these China related transactions, IP may be assigned from seller to buyer, it may be licensed or cross licensed, between or among various parties related to the deal, and it may be granted back from assignees or licensees. The technology involved is most likely to cross the border which will trigger technology export and import control China has imposed. In order to achieve the deal goal, structure the deal may involve numerous internal licenses from one entity to another within the target, which should be done as early as possible, as sometimes pre-approval and post recordation might be required, which may delay the deal process.

Various forms of IP can be transacted in these inbound deals. They may be classified into two categories: registrable IP and unregistrable IP. Registrable IP may include patents, trademarks, copyrights, domain names, semiconductor layout designs, plant varieties and trade names and logos. Unregistrable IP may include confidential business information and technology know how. In each transaction, there might be unregistered IP to be transacted which can be in the form of copyrights such as software and trademarks such as certain actually used marks which fail to register. The unregistered IP belongs to the registrable IP category which is oftenly ignored.

### **IV. Manage the Process**

#### **A. Get your opponent on board as soon as possible**

As a matter of M&A practice, seller's counsel normally gets involved in the deal earlier, in particular in an auction sale. But in many deals related to China, Chinese sellers may not engage in a reputable international firm as early as the buyers, seldom there will be an IP counsel per se on seller's side at early stage of the transaction or throughout the transaction, especially if the seller has no offshore presence. Therefore, buyer's counsel may have to deal with the Chinese target directly most of whose employees and management may not speak English. When it comes to IP, buyer's counsel may have to deal with the target's engineers or management most of the time, in order to conduct and complete due diligence. If the Chinese target has a reputable local law firm and/or a



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reputable international law firm representing it, the difficulty for buyer's counsel to communicate with the target would be substantially reduced. Thus, when buyer's counsel comes to the scene without seeing their counterpart, it is a good idea to suggest that the seller hire its own counsel as early as possible.

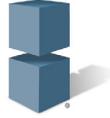
## **B. Involve right IP counsel at the early stage**

It is important to involve IP counsel at the early stage of the transaction, as most issues that are left before a deal can be closed are more likely to be IP these days. At that pre-signing stage, it would be too late to renegotiate the price or restructure the deal, had IP issues not been taken into consideration or not been considered properly when negotiating the term sheet. If the Chinese seller has its own IP counsel, it will be relatively easier to conduct IP due diligence and resolve deal related IP issues, as seller's IP counsel is likely to have done its homework in understanding the target's IP assets. But this is not the case in most transactions. The best could hope for is to have a decent deal counsel who has some knowledge of IP representing the seller. As a buyer, however, it is essential to have a Chinese speaking IP counsel on board as early as possible whose language and cultural background alone can offset substantially the inconvenience of lack of IP counsel from the other side.

Buyer's IP counsel should work with the deal counsel on the same side and deal counsel on the opposing side closely. Ideally, the IP counsel should get involved in structuring the deal, but few deals actually involved IP counsel at that early stage. IP counsel needs to understand how the entire deal is structured, and then conduct IP due diligence and draft IP transaction documents accordingly. We have seen deals at later stage of negotiation where target's IP turned out to be a lot more troublesome with huge potential risk exposure than buyer initially had thought, but the price and structure agreed upon unfortunately did not consider those risk factors. IP can become deal breakers in those scenarios. When language, cultural and legal barrier is high in deals related to China, IP counsel's ability to communicate-with the target management, with target counsel, with buyer's deal counsel, and more importantly with buyer's management, should be valued highly.

## **C. Conduct Focused IP Due Diligence**

The hardest part of conducting China related IP due diligence is to get adequate documents and information from the Chinese target, and then translate the documents and information received into a meaningful assessment for deal team and buyer's management. It takes both understanding of the culture and legal nuances. No Chinese company can survive the western style due diligence, in particular with IP. Few buyer's counsel understand it. Few Chinese targets have a very good document retention system, in particular with IP documents. Few buyer's counsel understand it. A great deal of information can be obtained through friendly interview with the target employees and independent verification, in particular for IP information. Few buyer's international counsel have the ability to achieve it. The target or target's counsel tend to control information and documents as tightly as possible, therefore, buyer's IP counsel must focus on the IP issues that may break or save the deal. Do not throw a laundry list that has little or no bearing to that focus as it may irritate your



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counterpart or spoil the relationship with the target. Since due diligence will be scheduled step by step and phase by phase, start from the broader category but still with the focus of core deal related technology first. It is important to conduct onsite review and interviews. Casual talks during the onsite review may be a gold mine.

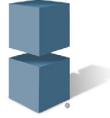
#### **D. Negotiating and drafting-need sensitivity, physical and mental strength**

When negotiating with the Chinese target, look at the bigger picture, i.e., whether there are any good reasons the target would do the deal. Sometimes the drive such as political necessity or management's interest really is unstoppable. Take advantage of these behind the scene factors. Of course, if there are multiple buyers in the picture, then you want exclusivity for certain period of time by making quicker decisions. Although most term sheets are non-binding, it is still advisable to make your term sheet as detailed as possible. IP must be covered in the term sheet with specificities.

Again whoever drafts has the advantage. But as buyer's counsel, make sure to provide a reasonable first draft. If your draft is too extreme to your client's advantage, your Chinese counterpart may completely disregard your draft and throw back a newly written draft in Chinese for your review. Choose a civilized place for kickoff or major negotiations if you can-Beijing, Shanghai or Hong Kong is better than a provincial city in target's home turf. As most management of the target cannot read English, it is sensible to provide bilingual draft, but make sure your Chinese translation is precise and follows the latest English draft. Do NOT turn in a belated Chinese draft not reflecting the latest English draft, which happens from time to time. Being cool and humane, treat your local counsel or your opposing counsel with respect and professionalism. Also, it takes physical strength during the negotiation and escalated within the last several days of negotiation before signing. Exercise during the deal and try to like Chinese food, being always optimistic and always awake with the coffee or tea. You probably can gain more than you thought at the last stage because your personality, physical and mental strength topped your opponent.

#### **E. Shifted IP Focus at Different Stages**

Pre-signing, counsel should focus on the terms of IP agreements, and the IP schedules. Make sure to schedule registrable IP as detailed as possible. Do not simply rely on the schedules to identify unregistrable IP, such as trade secret, as these items are better described in the main IP agreement in a detailed fashion without an exhaustive list. Schedules are normally closed at the time of signing which may exclude certain unidentified unregistrable IP if they are simply scheduled. Post signing before Closing, counsel need to focus on IP schedules and deliveries at Closing. At signing, IP schedules may seem to be complete, but there might be "refinement" post-signing in reality, so long as both parties do not oppose. With the Closing in prospect, counsel need to identify the IP items (documents, information and physical embodiments) to be delivered at Closing, and also make arrangement for recordation of assigned IP and responding to official actions for IP pending registration to be assigned. Post Closing buyer's counsel will need to focus on transfer,

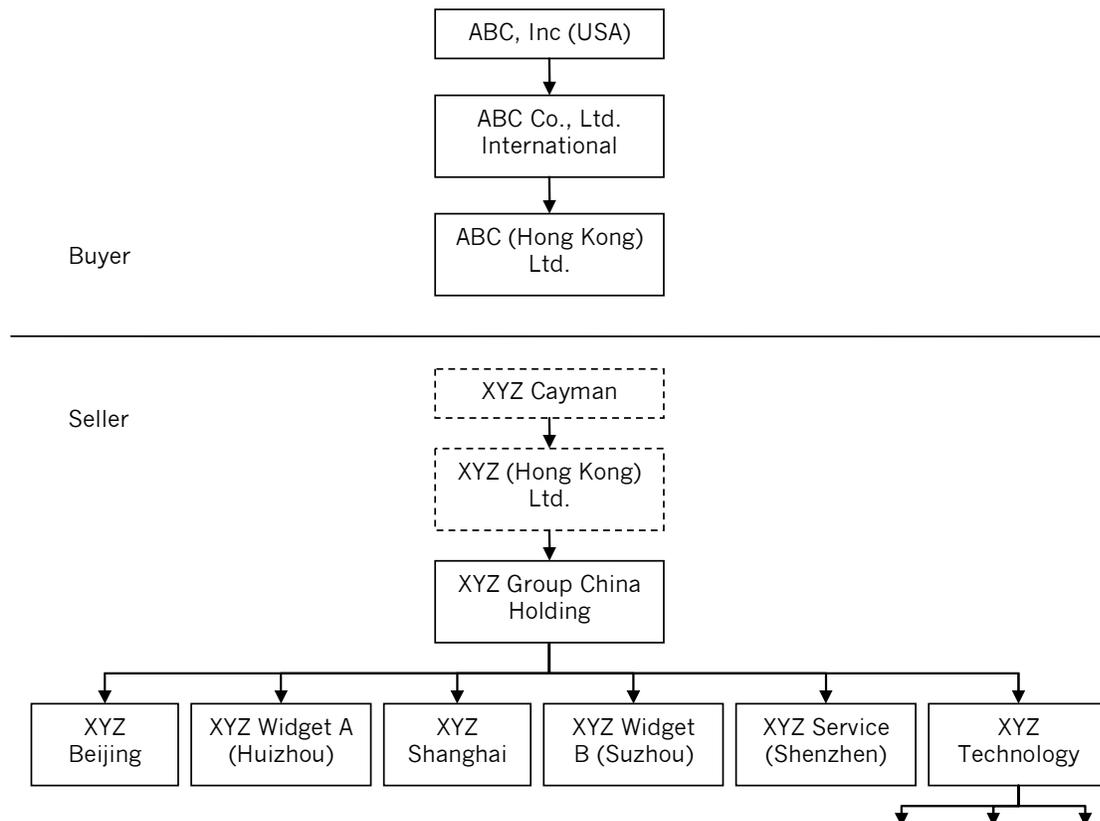


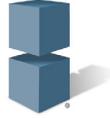
recording and continuity of IP prosecution to be assigned or licensed. Without planning and adequate management, Closing may be delayed and IP assigned may get lapsed.

## V. How IP Is Transacted- a Hypothetical Case Study

IP issues are generally more lengthy if Buyers purchase assets versus shares. IP issues normally are less complicated if Seller's entire business is bought. IP issues are definitely more thorny if only a line of business or several product lines are sold. In each different transaction, the foreign Buyer not only must deal with specific IP issues related to China, but also subtle and sensitive cultural and social issues.

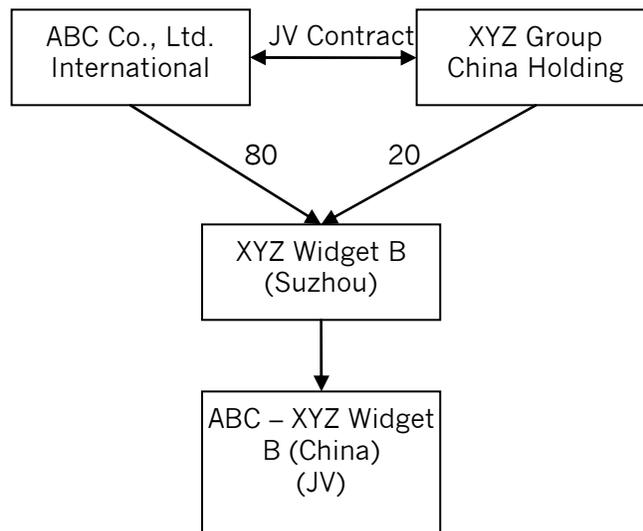
For the purpose of discussion, let us consider the scenarios of ABC company, the Buyer, acquiring XYZ company, the Seller, a Chinese company whose parent could be set up offshore or onshore. XYZ could be a pure domestic company, or an SOE, or an FIE with subsidiaries and operations in major cities in China. It makes and sells two different lines of products: Widget A and Widget B. XYZ has nationwide R&D facilities in Beijing, Shanghai and Shenzhen. The charts below illustrate the structures of the Buyer and Seller pre-Closing:





There are many ways ABC could buy XYZ partially or entirely. The easiest way is to structure an indirect equity purchase offshore where one of the ABC entities acquires XYZ Cayman or XYZ Hong Kong, but unfortunately not all Chinese targets have an offshore holding structure like XYZ (Hong Kong) Ltd. or a special purpose vehicle (SPV) like XYZ Cayman. Therefore, indirect offshore equity purchase may not be an option and increasingly foreign buyers are facing more complicated direct onshore asset deals in China.

Let us consider the most complicated scenario in terms of IP transaction-buying a line of business only. Assuming ABC USA would like to buy XYZ Widget B business but due to regulatory restriction ABC is required to form a joint venture (JV) with XYZ instead of converting the target into a Wholly Foreign Owned Enterprise (WFOE). Here XYZ is an SOE without offshore structure such as XYZ Hong Kong and XYZ Cayman and the industry is foreign investment restricted prohibiting WFOE. The structure post Closing is illustrated below:



After investing by cash and technology to the existing target entity XYZ Widget B (Suzhou), ABC Co., Ltd. International will hold 80% and XYZ Group China Holding will hold 20% of the target. The domestic company XYZ Widget B (Suzhou) after being injected with capital and technology will then be converted into a JV with a new name ABC-XYZ Widget B (China). In a deal like this, following IP transactions could be considered, negotiated and consummated:

- Assignment/License of IP covering Widget B Business to ABC;
- Assignment/License of IP from non-selling XYZ entities that possess technology related or materially related to Widget B Business to the Suzhou entity/JV;
- Transfer of XYZ's existing license agreements or royalty bearing agreements related to Widget B Business, if any, to JV;
- Assignment/License of IP from ABC to XYZ and/or JV;



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- License JV developed technology to ABC or XYZ;
  - Call (Buyer's option to buy) or Put (Buyer's option to sell) options related to JV share/JV technology in case of liquidation, termination or major default.

## **VI. Terms related to IP**

### **A. Agreements that may have IP Elements**

IP assignment or license normally is set forth in a separate agreement, but the main transaction agreement such as the Asset Purchase Agreement (APA) or Share Purchase Agreement (SPA) should serve as a road map covering the main terms of the IP agreements or refer to the specific IP agreements.

- **Asset Purchase Agreement or Share Purchase Agreement**

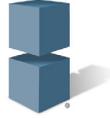
In present case, there may not be an APA or SPA as the parties may not sell or buy outright but to inject capital or assets into the Suzhou entity and then convert it into a joint venture (JV) with a new name. The parties may also choose to set up a new JV where ABC invests in cash and the technology and XYZ invests in technology and other assets related to Widget B. Therefore, a Joint Venture Agreement can be the main transaction document outlining how IP is to be allocated and transacted.

- **Specific IP Agreements**

There will be a number of IP assignment, IP license, and IP cross-license agreements among various parties involved in the transaction. ABC, as the foreign Buyer, is encouraged to negotiate the following with XYZ:

First, the right to use XYZ's technology outside China including JV developed technology which may involve a technology license from XYZ Group China Holding, XYZ Widget B (Suzhou) and/or the yet to be formed ABC-XYZ Widget B (China) to the ABC entity that makes direct investment into the JV. Depending on the bargaining power, an assignment of XYZ's technology outside China or in US can also be achieved if the overseas market is not of high importance to the Chinese Seller. But in most cases, the best a foreign Buyer could get in a deal of this nature is a limited license.

Second, license ABC technology for limited scope and period of time to JV. Often time, the PRC government expects that foreign Buyer inject technology into the JV including to co-brand with the JV, as a condition for approval. In Chinese, technology transfer (技术转让) could entail multiple meanings such as ownership assignment, license arrangement, or cross license. Foreign Buyer is advised to negotiate a license deal versus an assignment deal to the extent possible. Under the PRC law, any improvements made thereafter by JV based on the licensed technology will belong to JV, not the original licensor. If the original licensor would like to own the improvements, it must pay additional consideration. So at the JV negotiation stage, Buyer's IP and deal counsel should



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evaluate whether improvements made by JV based on ABC licensed technology would be critical to ABC, and then decide how to structure the technology license. Technology license can also be in the form of a cross-license where ABC licenses technology for XYZ-JV's use within China, while XYZ licenses technology for ABC's use outside China.

Third, negotiate a call or put option to buy from or sell shares/technology to the Chinese partner. As in a deal structured like this, WFOE is not permitted at the current stage due to the legal restriction, the call option may also serve to convert the JV into a WFOE when the legal environment relaxes. If the target has turned into a WFOE of ABC, the division of IP ownership will become an internal issue which will be relatively easier to deal with.

- **Master Confidentiality Agreement**

The APA or SPA should have terms of confidentiality. Each IP agreement should also have a separate clause of confidentiality stipulating the rights and obligations of the providing parties and receiving parties in connection with confidential information. In bigger size transactions, a master confidentiality agreement may be in place. When drafting confidentiality clauses of each individual IP agreement, IP counsel should not forget to cross reference master confidentiality agreement, if any.

- **Transition Service Agreement or Human Resource Agreement**

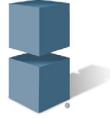
Depending on the nature of the transaction, transitional service may be needed before Closing or certain period after Closing. During the transition, if foreign Buyer needs the Chinese Seller to provide transitional technical service, then license and use of assigned or sold IP rights during the transition period by Seller may be necessary. HR agreements may have provisions related to work made for hire, the ownership of work made for hire, confidentiality preservation obligations and non-compete obligations by employees. Therefore, these agreements should be cross-referenced in drafting IP agreements.

## **B. Define IP**

It is not an easy task to define what IP rights should be assigned to XYZ Widget B (Suzhou) from other XYZ entities. ABC clearly would like to gather all Widget B related technology into the Suzhou entity as the basis for the future JV. However, XYZ may want to retain the technology that is not exclusively related to Widget B, such as the technology that is also related to Widget A. Therefore, where to draw the line will be the heatedly debated issue by both sides. The management and the deal counsel should realize the importance of the division and deal with the issue hopefully in the term sheet. But in practice, even at documentation stage, the parties are still debating on what to be assigned. Since most Chinese companies do not have a good IP development record or clear intra company license practice, it is even harder to server IP from other non-selling businesses.

- **Define IP in relation to the Business**

Buyer's counsel normally would hold so long as the technology is in any way related to the Business being acquired, it should be transferred to the new company. While Seller's counsel



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normally argue to assign only those technologies that are exclusively related to the Business or important to the Business being sold. This line is to divide what to be assigned to the Buyer, and what to be licensed to the Buyer. In the hypothetical, ABC should insist that XYZ must assign all IP that is related to the Widget B business to the Suzhou entity as a start. But the parties may end up with assigning only the technologies that are developed for the Widget B business.

- **Assignment vs. License**

XYZ may argue certain technologies related to Widget B were not developed in Widget B division, nor were used by Widget B Business. Therefore, these technologies cannot be assigned to the Suzhou entity, but can only be licensed to the Suzhou entity and the license should not be exclusive, as the other businesses of the XYZ have the need to use such technologies. If ABC accepts the argument it is better to craft a non-compete clause to ease the possibility that XYZ's other businesses would compete with JV or ABC in future. Further, XYZ may also argue it has a need to use the assigned technology requesting JV/ABC to grant a non-exclusive license back. ABC should assess whether to accept a license back arrangement and under what terms. In addition, if there are any existing license agreements between XYZ and the third parties related to Widget B, ABC should seek to review these agreements and decide whether to have these agreements transferred to the Suzhou entity or JV. It is better to have JV re-execute a license agreement with the third party to avoid uncertainty.

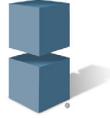
- **Whether to schedule unregistered and unregistrable IP**

It is a common practice to schedule registered IP, such as patents and trademarks. But when it comes to unregistered and unregistrable IP, such as unregistered marks and trade secrets, it is better to describe these items in a detailed fashion than simply schedule them. Because due diligence may not reveal a complete list of these items and may prevent Buyer from adding additional items discovered post-signing should schedules be the only exhaustive means. Further, certain unregistered Chinese marks used by the target may not be recognized as a result of the inconsistent use.

## **C. Representation, Warranty and Indemnification**

Chinese companies are not used to lengthy representation, warranty and indemnification clause, sometimes they could take all of them when under represented or sometimes reject most of them when over represented. As a foreign Buyer, this clause is a way to limit the risks that IP due diligence discovers or is unable to discover. Therefore, a broader representation and warranty clause from Seller is ideal for Buyer, but keep in mind Seller definitely would always want a narrower one. So it would be realistic to tie representation and warranty clause with IP due diligence. These days it is harder to obtain an unqualified representation and warranty that IP to be assigned does not infringe any third party's rights. It may be more realistic to represent that at the time of Closing, IP to be assigned does not infringe.

Sophisticated foreign Sellers would craft a complex IP indemnification scheme which appears to be attractive but in fact there are a lot of conditions being imposed before a Buyer can directly



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consume the indemnity dollars. Typical conditions include capped amount (maximum amount to be indemnified), deduction (certain amount of out of pocket payment by Buyer), time limit (indemnify only 3-5 years after Closing), types of claims (only related to infringement by assigned patents, for instance), settlement offer (any settlement offer must be approved by Seller), litigation progress report (Buyer must report the progress of a pending qualified case), etc. Most Chinese sellers won't be as sophisticated if they are not represented by good international counsel. Therefore, foreign Buyer may try to negotiate an indemnification clause with fewer restrictions. Since most IP to be transacted is registered in China, due to the low damages award, the total indemnification amount should be substantially lower otherwise it would be harder for the Chinese Sellers to accept and for the PRC government to approve.

#### **D. IP Disclosure Schedules**

The IP Disclosure Schedules are the curve-out of IP warranties and representations, but often time overlooked in drafting. Buyer's counsel should keep an eye on this as early as due diligence phase, although it is Seller's counsel who should ultimately provide the disclosures. Without a careful administration and cooperation by the counsel for both parties, delay in providing the IP disclosure schedules may occur which may ultimately delay the deal process.

#### **VII. Summary**

ABC-XYZ acquisition could be dependent on so many factors, including the intervention and favor or disfavor from the Chinese government. But one thing is clear, that foreign Buyers who understand Chinese social and cultural sensitivities, and who comprehend IP issues specific to China better, are likely to succeed in these transactions.

# How to transfer technology from the US to China

Transferring technology across borders is always complex, and particularly so when the countries involved are the US and China. **Zhu (Julie) Lee** and **J Bruce Schelkopf** provide some practical legal strategies

**A**lmost all foreign companies doing business in China have concerns about their intellectual property rights being compromised. While these concerns appear to receive heightened scrutiny with respect to China, many of the resulting risks are similar to those faced everyday by these same companies across Asia as well as the rest of the world. However, recent concerns voiced by governmental entities and foreign companies have elevated the awareness of the unique difficulties faced particularly by foreign companies with respect to procedures, presence and enforcement efforts in China.

Fortunately, various legal and practical measures, in concert with a focused business strategy, can be taken to reduce IP infringement in China. Although such measures are beyond the scope of this article, the creation and deployment of the right solution for a business is premised on first understanding the differences and similarities between US and China legal issues.

This article discusses the various US and Chinese legal issues that a company should consider both before and after it decides to transfer its technology to China, including the development and execution of a corporate plan to protect, audit and improve its technology. The transfer of US technology to China must comply with both US export control regulations and the import and export control regulations of China. In addition, the foreign company transferring the technology needs to conduct sufficient due diligence to ensure that the recipient in China has the legal capacity to enter into a technology transfer agreement. Moreover, while the parties are free to specify that foreign law governs a technology transfer agreement, such agreements cannot violate certain mandatory provisions of Chinese law that may affect the underlying interests of the parties. Furthermore, Chinese law must always be considered in negotiating the ownership, development and use of any improvements to the transferred technology.

## US Export Control Regulations

Any US company considering the transfer of technology from the US to China must comply with all US export control regulations. The US has established a complex system of export controls that regulate the export of goods, technology and services from the US and the re-export of US-origin goods, technology and services from other countries. The two principal sets of US export control regulations are the Export Administration Regulations (EAR), which govern the export and re-export of commercial and dual-use items (items designed for commercial purposes that may have potential military or nuclear applications), and the International Traffic in Arms Regulations (ITAR), which regulate the export, re-export and transfer of defence articles and technology. Both the EAR and the ITAR employ cate-

gorical definitions and requirements based on the type of goods, technology or services sought to be transferred.

Under both the EAR and ITAR, information or technology published in an issued patent or in a published patent application is considered to be in the public domain and, therefore, is not subject to US export controls. Such published information may be exported to China and other countries without obtaining an export licence. However, patent applications subject to US secrecy restrictions are required to obtain licensure from the United States Patent and Trademark Office before any foreign filing or disclosure may be made. Still other technology, patented or not, is likely to be subject to the EAR if it relates to commercial or dual use items, or the ITAR if it relates to defence items.

All US products and technology are subject to the EAR, but not all are subject to the ITAR. As a result, in some instances, the export may be permitted so long as a licence is obtained. In many cases, the export is permitted and no licence is required under either the EAR or ITAR.

A first step to determine whether a licence is required is to determine whether the technology to be exported is the subject of the stricter regulations of the ITAR. If the technology relates to defence articles as defined under the ITAR, it is likely subject to the ITAR regulations and restrictions. Since technology subject to the ITAR is defence-based, all such subject technology requires a licence for its exportation or re-exportation to all countries other than the United States. For example, defence products that may be the subject of ITAR regulations include technology that has been designed or modified for military use, as well as certain services such as servicing an original commercial product that is now part of a military application. Similarly, a US business's interest in showing a foreign company's employee, while in the US, its products that were specifically designed or modified for a military use, may require that a licence be first obtained, if available. However, licence applications for technology subject to the ITAR may be prohibited or generally denied to certain foreign countries, including China, due to an arms embargo in force or geopolitical factors.

As defined under the EAR, most goods, technology and services are permitted to be exported to China without a licence; in operation, licences are required for only a small percentage of typically high-tech or sensitive items and activities that have potential dual use applications and are not subject to the ITAR. Nevertheless, it is important that a business intending to transfer technology to China first determine whether it needs to obtain an export licence or is subject to other export restrictions under the EAR, such as reporting and shipping documentation requirements. Such determination is generally

## Chinese transferee's capacity to enter into a technology transfer agreement

In the US, a company can generally engage in any lawful business and may expand the scope or markets of interest in which it pursues business. In China, however, a company can only engage in an approved scope of business. The scope of business that is ultimately approved for a company in China is under the

direction and control of the governmental approving authority at the time of the company's registration. The ability of a company in China to expand thereafter beyond its original scope of business cannot occur unless it first obtains approval from the authority. As a result, a Chinese company's business is quite specific and

limited. Therefore, as part of a foreign transferor's due diligence on a transaction with a Chinese transferee, the transferor should investigate and assure itself that the transferee-to-be will not violate the provisions of its business licence, articles of association or other organizational documents.

made based on four factors: (1) the classification of the type of technology to be exported, (2) the destination country to which the technology will be transferred, (3) the identity of the end user who will receive the technology being transferred, and (4) the use by the end user to which the technology will be put after the transfer is completed.

The EAR's general stated policy with respect to exports and re-exports to China is "to approve applications, except that those items that would make a direct and significant contribution to electronic and anti-submarine warfare, intelligence gathering, power projection, and air superiority receive extended review or denial". It should be noted that notwithstanding this general policy, the Department of Commerce is considering a new proposed rule that may, among other things, impose additional licence requirements on certain exports intended entirely, or in part, for military end-uses in China.

Because the rules governing US export controls are complex and subject to change, a business should consult an expert in the area prior to transferring any technology to China. Before a business has made a determination that the transfer of its technology to China does not require a licence, or before it has obtained a required licence, the business should be careful about disclosing information to its Chinese business partners or foreign-national employees, even during meetings in the United States. These issues, in particular, present a greater level of risk for many US businesses who employ or routinely work with foreign nationals, as the release of technology to a foreign person (someone who is not a US citizen or permanent resident alien) is "deemed" to be an export to the person's home country, even if the release occurs in the United States. If the transfer of technology requires a US export licence, merely sharing information related to the technology with a business partner or potential business partner who is Chinese (or another nationality) by any means (including by telephone, fax, email and face-to-face conversations) is considered a "deemed export" to that person's home country, even though it took place inside the US, and may be subject to the licensing requirements.

### Chinese import and export control regulations

China's Regulations on Administration of Technology Import and Export, effective January 1 2002 (the Technology Regulations), govern the import and export of technologies into and out of China. Under the Technology Regulations, "import and export of technologies" is broadly defined to include acts of transfer through trade, investment or economic and technological cooperation, of technologies from inside China to outside China, and vice versa. "Acts" includes transfer of rights to apply for patents, transfer of licences for the implementation of patents, transfer of technical know-how, technical services and other forms of technological transfer. Thus, most transfers of technology by US companies to China will be subject to the Technology Regulations of China.

The Technology Regulations classify technologies into three broad categories:

- 1) prohibited technologies: technologies that cannot be imported into or exported out of China;
- 2) restricted technologies: technologies the import and export of which must be approved by the relevant governmental authority prior to the import or export, and the relevant technology transfer agreement must be submitted to the relevant governmental authority; and
- 3) permitted technologies: technologies that can be imported into or exported out of China without prior governmental approval, but the parties need to register the technology transfer agreement with the relevant governmental authority. With respect to permitted technologies, though the failure to register a technology transfer agreement does not affect the effectiveness of the agreement, failing to do so may have other adverse consequences such as the inability of the Chinese licensee to make royalty payments in foreign currencies.

China has issued the Catalogue of Technology of Which China Prohibits or Restricts the Import (First Batch) (the Technology Import Catalogue) and the Catalogue of Technology of Which China Prohibits or Restricts the Export (the Technology Export Catalogue) which list the technologies that are classified as prohibited or restricted technologies for import or export purposes, respectively. Any technology that does not fall within either the prohibited or the restricted category is, at present, considered permitted technology.

The Technology Export Catalogue should be considered early by a foreign business investing in China for a few reasons. As discussed below, Chinese law mandates that ownership of improvements to licensed technology made by a Chinese licensee belong to the Chinese licensee. The assignment or licence by the Chinese licensee of such improvements to the non-Chinese licensor will be subject to China's export control regulations. In addition, non-Chinese companies wishing to establish a research and development facility in China and use the result of such research outside China will need to comply with China's export control regulations.

### Mandatory provisions of Chinese law

Generally, when a non-Chinese company transfers technology to China, the parties to the transfer agreement can agree that non-Chinese law, such as the laws of the state of California, govern the agreement. However, notwithstanding the choice of foreign law, in order for the agreement to be enforceable in China, certain mandatory provisions of Chinese law must be considered. A foreign transferor should carefully structure its technology transfer agreement to make sure that the agreement complies with such mandatory provisions.

The Technology Regulations provide that a technology import contract cannot contain provisions:

- 1) requiring the transferee to accept incidental conditions unnecessary for the technology import, including the purchase of unne-

## Improvements to licensed technology

When licensing a technology to a Chinese business partner, the non-Chinese transferor will generally want to be granted back the rights to the improvements developed by the Chinese licensee; however, Chinese law creates significant uncertainties in this area.

The Technology Regulations provide that during the term of a technology import contract, ownership of improvements to transferred technology belongs to the improving party. Thus, if a Chinese licensee makes improvements to the technology licensed by a foreign licensor, the improvements belong to the Chinese licensee. Under the Supreme Court Interpretation, the foreign licensor cannot require the Chinese licensee to assign the improvements, or grant an exclusive licence to use the improvements, to the foreign transferor without compensation. However, there is no definitive guidance as to what constitutes adequate or reasonable compensation. In practice, the foreign licensor can try to deal with the ownership and use of a Chinese

licensee's improvements to transferred technology using themes from one of the following three methods or a variation of them.

First, the foreign licensor may wish to negotiate a non-exclusive licence to use the improvements in China and in jurisdictions in which the licensor does not conduct business and an exclusive licence to use the improvements in jurisdictions in which the foreign licensor does business. To increase the chance of such a provision being enforced in China, the foreign licensor should consider paying a fee for the exclusive licence to use the improvements.

Second, the parties could agree that the foreign licensor and the Chinese licensee are co-owners of all improvements to the licensed technology and arrange use permissions based on such co-ownership. Again, the foreign licensor should consider paying a fee for the co-ownership or consider a joint operations arrangement.

Third, the technology transfer agreement

could provide that the Chinese licensee agrees to assign all improvements to the licensed technology to the foreign licensor for a fee. A variation of this approach, which probably has a higher likelihood of being enforced in China, is that the Chinese licensee agrees to give the foreign licensor the right of first refusal with respect to the licensee's improvements. If the foreign licensor is interested in a specific improvement, the licensee will then assign the improvement to the licensor for a fee.

To deal with the uncertainties resulting from lack of guidance on the amount of adequate compensation, aside from seeking informal provincial guidance where available, a foreign licensor may wish to consider limiting the geographical area in which and the purposes for which the Chinese licensee can use the transferred technology. Presumably, without the underlying technology, the transferee will not be able to fully employ the improvements.

- essary technology, raw material, products, equipment or services;
- 2) requiring the transferee to pay for, or undertake obligations relating to, a technology whose patent right has expired and has been announced as invalid;
- 3) restricting the transferee's improvement of the technology provided by the transferor, or restricting the transferee's use of the improved technology;
- 4) restricting the transferee's acquisition of any technology similar to, or competitive with, the technology provided by the transferor;
- 5) unreasonably restricting the transferee's channels or sources for the purchase of raw material, parts, components, products or equipment;
- 6) unreasonably restricting the quantity, variety or price of products produced by the transferee; or
- 7) unreasonably restricting the transferee's export channels for products manufactured by the transferee using the transferred technology.

Moreover, the Contract Law of the People's Republic of China (the Contract Law) provides that any technology contract that illegally monopolizes technologies, impedes technological progress or infringes upon technological results of others is null and void. A "technology contract" is a contract made by the parties to define their rights and obligations for technology development, transfer, consultation or service. Pursuant to the Chinese Supreme People's Court's interpretation (the Supreme Court Interpretation), the term "illegal monopoly of technology and impeding of technological progress" includes, in addition to the prohibitions relating to import of technology set forth in the Technology Regulations, the unequal rights of the parties relating to the exchange of improved technology, such as requiring a party to provide its improvements to transferred technology to the other party without compensation, to assign its improvements to transferred technology to the other party without mutual benefits, or to grant the non-improving party the exclusive or joint right to enjoy the improved technology without compensation

to the improving party.

Furthermore, Chinese law limits the ability of a foreign licensor to disclaim its liabilities in connection with the licensed technology. For example, Chinese law requires that the foreign licensor "guarantee" that the licensed technology be complete, correct, effective and reach the specified technological target. In addition, the foreign licensor is required to "guarantee" that it be the legal owner of, or the party with the right to license, the technology. If the Chinese licensee infringes upon another party's right by using the licensed technology pursuant to the licence agreement, the licensor is required to bear the responsibility for such infringement.

### Prepare properly

Successfully transferring technology and conducting business in China require a strong awareness, direct involvement and express compliance with both US and Chinese laws that are subject to change. Properly preparing for technology transfers and assessing potential companies in China positioned for receiving the technology require investigative due diligence activities and often also set forth the need for expertise familiar with the business environment in China. However, transferring technology to China can be a successful and integral part of a US company's strategy to expand its markets, lower its costs, and gain additional capability in improved technology. It is an opportunity that should be further explored openly by many US companies as to do otherwise may result in certain US companies missing the opportunities in China.



Zhu (Julie) Lee



J Bruce Schelkopf

© Zhu (Julie) Lee and J Bruce Schelkopf 2006. Lee is senior counsel in Foley & Lardner's Milwaukee office and Schelkopf is Chief Counsel-IP with Cummins and Adjunct Professor of Law at IUPUI Inc

## Practical Legal Strategies For Doing Business in China

### 对华商贸的法律策略

Linda Ji  
David Kantaros



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## Practical Legal Strategies For Doing Business in China

### • US Export Controls

- What is my product?
- Is it classified under U.S. export controls?
- What technology am I introducing to China?
- Are there restrictions on the export of that technology?



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## Practical Legal Strategies For Doing Business in China

### • US Export Controls

- US Regulation of exports to China
  - Roughly 5% of exports to China in 2005 required Gov't approval
  - Primary Concern - US Technology being used to expand China's military know how
  - Proposed New Rule – End-user Certificate
    - US will be required to obtain a certificate from China's Commerce Ministry stating that the items being sold will not be used for military purposes



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## Practical Legal Strategies For Doing Business in China

### • US Export Controls

- US Gatekeepers
  - Department of Commerce
    - Exports of commercial and “dual use” (commercial items with potential military applications) items subject to Export Administration Regulations (EAR) administered by the Dep't of Commerce's Bureau of Industry and Security (BIS)
  - Department of State
    - Exports of “defense articles” subject to International Traffic in Arms Regulations (ITAR) administered by the Department of State's Directorate of Defense Trade Controls (DDTC)



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## Practical Legal Strategies For Doing Business in China

- **US Export Controls**

- Traps/Penalties

- Release of items in the US to a foreign national who is not a permanent resident is an “export”
- Violations of EAR and ITAR can result in fines (\$500K per violation under ITAR, \$50K per violation under EAR), loss of export privileges, loss of Gov’t contracting rights and other penalties



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- **Chinese Regulation of Imports and Foreign Investments**

- How does the Chinese government classify my product and technology?
- Import and export licenses required?



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## Practical Legal Strategies For Doing Business in China

- **Chinese Regulation of Foreign Investments**

- Foreign Investment Industrial Guide Catalogue (an evolving list)
  - Encouraged Industries
  - Restricted Industries
  - Prohibited Industries
  - All others are “Permitted Industries”



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## Practical Legal Strategies For Doing Business in China

- **Rules Relating to Scope of Business**

- Need to obtain official approval for specified scope of business
- Must use terminology contained in Standard Industrial Classification of all Economic Activities (effective January 2006)



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## Practical Legal Strategies For Doing Business in China

- **Rules Relating to Total Amount of Investment and Registered Capital**

- State total amount of investment and registered capital in filed Articles
- Registered capital
  - Required contribution of owners based on total investment amount
  - Contribution and borrowing ratio - sliding scale based on total investment amount



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## Practical Legal Strategies For Doing Business in China

- **Choosing Your Investment Vehicle**

- Non-Corporate Forms
  - Contractual relationship
    - Direct Sales Contract
    - Distribution Agreement
    - Licensing Agreement
    - Outsourcing Agreement
  - Representative Offices



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## Practical Legal Strategies For Doing Business in China

### • **Choosing Your Investment Vehicle**

#### – Foreign-Invested Enterprises (FIEs)

- Joint Ventures (JVs)
  - Equity JVs
  - Contractual JVs
- Wholly Foreign-Owned Enterprises (“WFOEs”)



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## Practical Legal Strategies For Doing Business in China

### • **Choosing Your Investment Vehicle**

#### – Additional Vehicles

- Holding companies
- Foreign-invested companies limited by shares
- Research and development centers
- Foreign-invested commercial enterprise (FICEs)
- Foreign-invested venture capital enterprise



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## Practical Legal Strategies For Doing Business in China

- **Choosing Your Investment Vehicle**

- What Are Your Objectives?
  - Sell products from U.S. to China and regional markets
  - Manufacture in China and
    - Sell in China;
    - Sell back to the U.S.; and
    - Sell to other parts of the world



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## Practical Legal Strategies For Doing Business in China

- **Protecting IP *Before* Entering China**

- Clean chain of title from inventor to the Company
- Identify consultants and employees and obtain appropriate assignments



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## Practical Legal Strategies For Doing Business in China

- **Protecting IP *Before* Entering China**

- Non-competes, NDAs
- Register your IP in the US and/or protect your trade secrets
- Know your limitations (review your licenses, assignment rights, competing filings, etc.)



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## Practical Legal Strategies For Doing Business in China

- **Protecting IP in China**

- China has enacted comprehensive IP laws, similar to those in the U.S.
- Enforcement has improved, but still in embryonic stage



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## Practical Legal Strategies For Doing Business in China

- **Protecting IP in China**

- Register IP rights in China
  - China affords legal protection to registered patents, trademarks, and copyrights
  - Include both the English and Chinese versions of trademarks
- License IP to JV



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## Practical Legal Strategies For Doing Business in China

- **Protecting IP in China**

- Require confidentiality agreements and non-competes from all employees/consultants
- Protect your jewels
  - Share confidential information only as needed



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## Practical Legal Strategies For Doing Business in China

- **Protecting IP in China**

- Consider dividing development process among different divisions (or companies)
- Separate sales force from technical/developers



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## Practical Legal Strategies For Doing Business in China

- **Protecting IP in China**

- Negotiate with Chinese partners
  - Right to monitor IP
  - Right to IP improvements
  - Indemnification from Chinese partners for IP breaches



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## Practical Legal Strategies For Doing Business in China

- **Protecting IP in China**

- Vigorously protect your IP
- Consider Arbitration
  - CIETAC
    - China International Economic and Trade Arbitration Commission
  - New York Convention
    - United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards (1958)



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## Practical Legal Strategies For Doing Business in China

- **Adhere to Sound Business Practices in China**

- Recognizing cultural differences
- Build strong relationships with the government
- Understand Chinese laws and practical implications at national, provincial, and local Levels



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Prior to joining Foley, Ms. Sun was with the Shanghai office of an international law firm, where she was head of the China IP Practice. Ms. Sun spent seven years practicing law in the United States as an attorney in the Washington, D.C. and northern Virginia offices of a major national law firm, before returning first to Hong Kong and then to Shanghai to practice intellectual property law in 2002. In the early 1990s, Ms. Sun practiced intellectual property law in Beijing.

While in the United States, Ms. Sun also was an in-house attorney for a high-technology company working on the trans-Pacific interface and served as a student law clerk to the Hon. Randall R. Rader of the United States Court of Appeals for the Federal Circuit. She is the author of numerous publications on IP-related transactions in China, and has lectured widely and participated in conferences on intellectual property law both in the United States and Asia.

Ms. Sun received her LL.M. degree from the George Washington University Law School and earned her LL.B. degree from Peking University, with honors.

### Recent Publications:

- "How IP is Transacted in China Related Mergers and Acquisitions," *Managing Intellectual Property* (Dec.-Jan.-Feb. 2006)



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- China chapter of *Intellectual Property in Asia* (a book published and revised by LexisNexis in Dec. 2005)
  - "New Franchising Measures in China," *Asia Law* (April 2005)
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  - *China Intellectual Property for Foreign Business* (a book published by LexisNexis in Spring 2004)



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While her technical science background is in biology, she has represented clients in a broad range of technologies from genetically engineered foods, to computers to satellites. She also represents clients in patent, trademark, copyright and unfair competition disputes. In her 23 years of legal experience, she has represented the interests of multinational corporations, manufacturers, service companies, municipalities, and universities in strategic counseling and risk management. Among other matters, she represented Pioneer Hi-Bred International in genetically engineered corn seed litigation and successfully tried a six-week jury trial involving misappropriation of trade secrets, securing a \$2.6 million damage award in *Rockwell Graphics v. Dev, Inc.* She also successfully represented Hughes Aircraft Co. in a 10-month patent infringement trial against the United States involving infringement of satellite stabilizing technology, resulting in an award of \$154 million.

She is a leading attorney in the field of intellectual property and was featured as a top intellectual property lawyer in leading magazines, including *Black Enterprise Magazine* (November 2003), *Diversity and the Bar* (May/June 2003) and "Patent Plums: Who's Enforcing the Most Important Patents" *IP Law & Business* (August 2001). She was also selected as an Illinois "Super Lawyer" by *Law & Politics Media, Inc.* for her intellectual property litigation work in 2005, 2006 and 2007.\* Ms. Barner was named in the top 50 Women Illinois "Super Lawyers" in 2006 and 2007.



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Ms. Barner writes and lectures frequently on a variety of intellectual property topics including patent litigation, business counseling and risk management. She has authored numerous articles including "Contending with Patents in Financial Services", *The National Law Journal*, January 2005; "IP Protection is Critical to Combating Counterfeiting in a Global Marketplace (2003); "China Outsourcing: A Technology-Based Strategy for Manufacture and Protection for the Domestic and Global Markets (Barner and Wegner, 2004); "Safeguarding Confidential and Trade Secret Information—Protecting the Company's Crown Jewels" (American Corporate Counsel Association, April 1999).

Ms. Barner received her law degree from the University of Michigan in 1982 and graduated with a Bachelor of Science degree, *cum laude*, from Syracuse University in 1979. She is a member of the Illinois State Bar Association, the National Bar Association, Federal and American Bar Associations and serves on the board of directors of Grateful Hand Foundation, a rehabilitation charitable organization in Chicago. She is admitted to practice in Ohio, Illinois, and before the Federal, Sixth and Seventh Circuits.

\*The Illinois Supreme Court does not recognize certifications of specialties in the practice of law and no award or recognition is a requirement to practice law in Illinois.



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Stephen A. Bent, a partner with Foley & Lardner LLP, is co-chair of the Life Sciences Industry Team and founder of the firm's life sciences practice. He is also a member of the Biotechnology & Pharmaceutical Practice and the Health Care and Nanotechnology Industry Teams. Mr. Bent counsels clients on the legal issues associated with biotechnology asset valuation and management, venture capital, licensing and technology transfer, corporate acquisitions, and disputes involving biotechnology and pharmaceutical patents.

Mr. Bent has developed an international reputation in biotechnology intellectual property law, with a number of publications to his credit in both scientific and legal journals. The Practical Law Company's *2004/2005 Cross Border Life Sciences Handbook* ranks Mr. Bent as one of the top five U.S. life sciences attorneys in the IP category. He has also been selected by his peers for inclusion in *The Best Lawyers in America 2007*® in the area of biotechnology law.

A graduate of Earlham College (B.S., biology), the University of Connecticut (M.S., 1976), and the George Washington University Law School (J.D., with high honors, 1981), Mr. Bent served as technical assistant to the Honorable Phillip B. Baldwin, Circuit Judge, U.S. Court of Appeals for the Federal Circuit, from 1981 to 1983. He is a member of the editorial board of *The Scientist*.



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## KEN DUCK



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Ken Duck is senior counsel with Foley & Lardner, and a member of the Transactional & Securities Practice and the firm's International Business, Life Sciences, and Automotive Industry Teams. Mr. Duck assists clients in establishing operations and doing business in China. He has extensive experience with establishing operations and structuring investments, joint ventures, mergers and acquisitions, counseling on labor law issues and protection of intellectual property in China. He also advises Chinese companies on direct investments in the United States. He has lived and worked in China for more than two years in total.

Mr. Duck also advises clients on doing business in Japan and assists Japanese companies doing business in the United States and China. He has advised on mergers and acquisitions in Japan and direct investments into China by Japanese companies. He has lived and worked in Japan for more than three years in total.

In addition, Mr. Duck advises on mergers and acquisitions, private equity financing and intellectual property licensing for a wide-range of closely held and public companies in the United States.

Mr. Duck is a graduate of Fordham University of Law (J.D., 1997) and the University of Vermont (B.A., 1991). He was the notes and articles editor for the *Fordham International Law Journal* from 1996-1997. Prior to graduation from law school, Mr. Duck worked at the Oh-Ebashi Law Office in Osaka, Japan where he drafted and translated documents for cross-border transactions, including joint ventures in China and Japan.

Mr. Duck reads and speaks Mandarin Chinese and Japanese. He is a member of the New York Bar, the Michigan Bar, the Japan America Society, the Japan Business Society of Detroit, the Detroit Chinese Business Association, and the American Bar Association international section.



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### Presentations and Seminars:

- "Doing business with U.S. Auto Parts Suppliers," The 8<sup>th</sup> China International Fair for Investment & Trade, Sept. 2004, Xiamen, China
- "Selecting the Proper Business Entity and Protecting Intellectual Property in China," GlobalAutoIndustry.com, Jan. 2005, Troy, MI
- "China's WTO Compliance Status Update 2005," University of Michigan Law School, May 2005, Ann Arbor, MI
- "Penetrating & Exploiting the China Market via Direct Investment," *Crain's*, June 2005, Troy, MI
- "Doing Business in China: Advantages & Disadvantages," Coatings Conference 2005, Sept. 05, Indianapolis, IN
- "Labor & Employment Law in China," Butzel Long Labor & Employment Law Seminar, Oct. 2005, Dearborn, MI
- "Legal Aspects in Investing in the North American Automotive Market," Michigan Global Partnership Mission, Nov. 2005, Beijing, China
- "Legal Aspects in Investing in the North American Automotive Market," Michigan Global Partnership Mission, Nov. 2005, Hangzhou, China



## CRAIG S. FOCHLER



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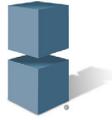
Craig S. Fochler is a partner at Foley, chair of the Chicago Intellectual Property Department, and vice chair of the firm's Trademark, Copyright & Advertising Practice. He is also a member of the IP Litigation Practice and the Food Industry Team.

Prior to joining Foley, Mr. Fochler was chairman of the intellectual property department at Wildman, Harrold, Allen & Dixon, and previously a partner with the firm Pattishall, McAuliffe and Hofstetter.

Mr. Fochler is experienced in all aspects of domestic and international trademark, copyright and unfair competition law. He has represented a wide variety of clients in these areas, including: cable television companies; computer hardware and software companies; financial institutions; food and candy processors; machinery and automotive manufacturers; personal care product manufacturers; retail chain stores; sports card manufacturers; and various nonprofit organizations. His experience includes litigating trademark and advertising issues throughout the United States and supervising such litigation worldwide. He also has extensive experience in intellectual property and transactional matters including mergers; acquisitions; domestic and foreign trademark and copyright registration; and licensing programs.

From 1986 through 1992 Mr. Fochler was the Illinois law editor of the United States Trademark Association's treatise *State Trademark And Unfair Competition Law* (1987), and principal contributor to the analytic text for the law school casebooks *Trademarks, Trade Identity And Unfair Competition Practices: Cases and Materials* (1974), *Unfair Competition and Unfair Trade Practices* (1985) and *Trademarks* (1987).

Mr. Fochler's teaching experience includes acting adjunct professor for trademarks and unfair competition at Northwestern University School of Law and guest lecturer of deceptive advertising and expert evidence in trade



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identity and deceptive advertising actions for the master of law program at John Marshall School of Law. Mr. Fochler also has lectured and spoken at numerous bar and professional association legal education programs.

Mr. Fochler received his law degree from Northwestern University School of Law in 1971 and graduated with a Bachelor of Arts degree from Knox College in 1968.

Mr. Fochler has been admitted to practice before the Supreme Court of the state of Illinois, the United States Court of Appeals for the Sixth, Seventh, Tenth and Federal Circuits; the United States District Court for the Northern District of Illinois; the United States District Court for the Eastern District of Wisconsin; the United States District Court for District of Arizona; and the United States District Court for the Central District of California.

He is a member of the American Bar Association and the Promotional Marketing Association. Mr. Fochler has been commissioner of the Lighthouse Park District in Evanston, Illinois since 1982, and was a captain in the U.S. Army where he served from 1968 to 1976.

Mr. Fochler has been named as a 2007 Illinois "Super Lawyer" by *Law & Politics Media, Inc.* for his intellectual property litigation work.\*

\*The Illinois Supreme Court does not recognize certifications of specialties in the practice of law and no award or recognition is a requirement to practice law in Illinois.



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Steven H. Hilfinger is a partner with Foley & Lardner LLP, where he is co-chair of the firm's Automotive Industry Team and vice chair of the Transactional & Securities Practice. Mr. Hilfinger was a founding partner of the firm's Detroit office in 2000 and served as Detroit office managing partner from 2002 to 2006 and hiring partner from 2000 to 2002.

Mr. Hilfinger focuses his practice in corporate and securities law matters, including mergers and acquisitions, venture capital transactions, debt and equity finance transactions, business formation and corporate governance, and general corporate and contract counseling.

Mr. Hilfinger's practice includes representation of automotive suppliers, venture capital and other private equity funds, financial institutions, and other publicly and privately held businesses.

Mr. Hilfinger is a member of the Transactional & Securities and Private Equity & Venture Capital Practices, as well as the International Business Industry Team. His international practice focuses on China matters. He is a member of the Board of Advisors of the Detroit Chinese Business Association and a member of the China Strategy Council of the Original Equipment Suppliers Association (OESA).

Mr. Hilfinger obtained his B.B.A. degree (concentration in accounting) with high distinction from the University of Michigan in 1984, where he received Phi Beta Kappa honors. Following graduation, he was awarded the William A. Paton Award for achieving the highest score on the Michigan CPA examination. Mr. Hilfinger graduated *magna cum laude* with a J.D. degree from Northwestern University in 1987, where he was selected for the Order of the Coif and served as editor-in-chief of the *Northwestern University Law Review* in 1986-87.



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Mr. Hilfinger is also a member of the Detroit Regional Chamber of Commerce Board of Advisors, and serves as chairperson of the Administrative Council of First United Methodist Church in Birmingham. He was recently honored as a 2006 Michigan "Super Lawyer" by *Law & Politics Media, Inc.* for his work in mergers and acquisitions.

Mr. Hilfinger has lectured as an instructor for the Wayne State University Commercial Law Clinic, a course that he helped co-found, and has also taught courses for the Michigan Institute of Continuing Legal Education, including "Drafting Asset Purchase Agreements and Related Documents" and "Formation and Initial Operation of Business Enterprises-Financing Issues."

Among his community activities, Mr. Hilfinger was selected for Leadership Detroit XIX, was an active member of the Detroit Compact Program at Pelham Middle School in Detroit, and has been an active participant in the Birmingham-Bloomfield CROP Walk.

Mr. Hilfinger is admitted to practice law in Michigan and Illinois and is a member of the Business Law Section of the American Bar Association; the Business Law, Real Property Law, and Law Practice Management Sections of the State Bar of Michigan; and of the Detroit Metropolitan Bar Association.



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Tianjun Hou is an associate with Foley & Lardner and a member of the firm's Chemical & Pharmaceutical Practice and International Business Industry Team.

Mr. Hou focuses his practice on various aspects of patent and trademark laws. A registered patent attorney, Mr. Hou counsels clients in medical appliances and equipment, pharmaceutical, biotechnology, semiconductor, clean energy including photovoltaic cell and fuel cell, and liquid crystal display industry. His practice includes procuring and managing clients' worldwide patent portfolio; providing strategic counseling; conducting patentability, validity, and freedom-to-operate assessments; preparing non-infringement and invalidity opinions; and due diligence reviews for initial public offering, merger and acquisition, and other commercial transactions.

Prior to joining Foley, Mr. Hou worked with China Council for the Promotion of International Trade and CCPIT Patent & Trademark Law Office in Beijing, China. He has extensive experience in helping international companies navigate through the cultural and legal landscape while doing business in China.

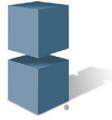
Mr. Hou is admitted to practice in California and the United States Patent and Trademark Office. He also has the qualification to practice before the State Intellectual Property Office of China.

Mr. Hou received his Bachelor of Science degree from Dalian University of Science and Technology and his Master of Science degree from Tianjin University in China. He earned his law degree from Santa Clara University School of Law in 2001.



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Mr. Hou is a member of American Bar Association, American Intellectual Property Law Association, and San Francisco Intellectual Property Law Association. He is fluent in the Chinese language.



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X. Linda Ji is an associate in Foley's Private Equity & Venture Capital and Transactional & Securities Practices, as well as the International Business and Emerging Technologies Industry Teams.

Ms. Ji's practice focuses on corporate and securities laws. She has advised diverse companies ranging from start-ups to large public companies in a variety of corporate transactional matters, including corporate formation and maintenance, angel and venture capital financings, mergers and acquisitions, public offerings and private placements of securities, joint ventures and commercial transactions. Ms. Ji has also advised private equity and venture capital funds in connection with fund formation and investments in portfolio companies.

Furthermore, Ms. Ji has broad experience in international business transactions, focusing on foreign investments and mergers and acquisitions in China. Ms. Ji has advised both U.S.-based multinational corporations and private equity funds on structuring and investing in China, as well as mergers and acquisitions, distribution and licensing arrangements in China. Ms. Ji advises clients on a broad spectrum of legal issues associated with doing business in China, including choice of entities, corporate governance, regulatory filings, labor and employment, tax, foreign exchange control, customs, and unfair competition.

Ms. Ji has also advised large Chinese companies in doing business in the U.S., including entry strategies, corporate re-structuring, financing, and mergers and acquisitions.

Prior to coming to the U.S., Ms. Ji was with the Department of Treaty and Law of the Ministry of Commerce (formerly known as Ministry of Foreign Trade and Economic Cooperation (MOFTEC)).



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Ms. Ji received her LL.B. from University of International Business and Economics School of Law (Beijing, China), with high honors; her LL.M., *magna cum laude*, and her J.D., *magna cum laude*, from Saint Louis University School of Law. She was a member of the *Saint Louis University Law Journal* and her article was published in the *Law Journal*.

Ms. Ji is admitted to the bars of New York, Missouri and Massachusetts. She is a co-founder of the Missouri Asian-American Bar Association, which was launched in 2000.

Ms. Ji is bilingual in English and Chinese (Mandarin).



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Zhu (Julie) Lee is partner in Foley & Lardner's Milwaukee office. She is a member of the International Business Industry Team and the Tax & Employee Benefits Practice.

As part of the International Business Industry Team, Ms. Lee has extensive experience representing corporations and other entities with their business transactions involving China, including distributors, representative offices, joint ventures, wholly-foreign-owned enterprises, and holding companies. She advises clients on a broad range of legal issues arising from doing business in China, including cross-border contracts, foreign direct investment, mergers and acquisitions, intellectual property protection, cross-border technology transfer, international tax planning and compliance and dispute resolution. She has frequently been a speaker on these topics.

In addition, Ms. Lee continues her specialty practice of tax and business law relating to the formation, operation, termination and reorganization of corporations, limited liability companies and partnerships in the U.S. She has also done a significant amount of international tax work, including assisting U.S. clients structure acquisitions and reorganizations outside the U.S., advising U.S. clients on tax consequences of employing foreign individuals, structuring foreign investment in, and acquisitions/dispositions of, U.S. businesses and real estate, and advising foreign clients on U.S. estate tax matters.

Ms. Lee is currently a member of the Milwaukee Forum. She served as chair of the Milwaukee Bar Association's Tax Section in 2000-2001 and was on the board of directors of the Red Bus Corporation during 2000 and 2004. Ms. Lee is a member of the Advisory Board to Metropolitan Milwaukee Association of Commerce's China Council.



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Ms. Lee co-authored "How to Transfer Technology from the US to China," published in the July/August 2006 edition of *Managing Intellectual Property*. Since 2000, she has co-authored the Tax Section of the *Annual Survey of Wisconsin Law*, published by the Wisconsin Bar Association.

Ms. Lee received her undergraduate degree from Beijing University in 1991. She joined the firm after receiving her J.D. degree, *cum laude*, from Northwestern University School of Law in 1998. During law school, Ms. Lee served as co-president of the Northwestern International Law Society, co-founded the Northwestern Small Business Legal Clinic, and was an articles editor of the *Northwestern Journal of International Law and Business*.

Ms. Lee was named to the 2006 list of Wisconsin Super Lawyers - Rising Stars by *Law & Politics Media, Inc.* for her international work, and she is a recipient of *The Milwaukee Business Journal's* "40 Under 40" award.

Ms. Lee is fluent in English and Mandarin Chinese.



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James D. Nguyen is a partner in Foley's Los Angeles office. He is a member of the firm's Intellectual Property Litigation; Trademark, Copyright & Advertising; General Commercial Litigation; and Information Technology & Outsourcing Practices. He co-leads the firm's Entertainment & Media Industry and Trademark & Copyright Litigation Teams, and is a member of the Sports Industry Team.

In 2005, Mr. Nguyen was honored as one of the "Best Lawyers Under 40" by the National Asian Pacific American Bar Association. In 2006, he was named to the *Lawdragon 500* "New Worlds, New Stars" list for his legal work in new media technologies. Mr. Nguyen has also been named a 2007, 2006 and 2005 "Southern California Super Lawyer" by *Law & Politics* and *Los Angeles Magazine*; in 2004, he was a "Southern California Super Lawyers - Rising Star."

### Practice Areas

Mr. Nguyen is a well-rounded lawyer; his practice encompasses counseling, transactions, enforcement and litigation of entertainment, new media, intellectual property, technology, advertising, and sports matters. Mr. Nguyen also has years of experience handling commercial litigation. A national collegiate speech champion renowned for his presentation skills, Mr. Nguyen has tried both jury and non-jury cases.

### Intellectual Property Expertise

In the intellectual property arena, Mr. Nguyen focuses on copyright, trademark and trade secret law. He has particular strength with IP issues on the Internet and with new media technologies. Mr. Nguyen has successfully litigated IP matters for diverse clients, including those in the entertainment, media, sports, fashion/apparel, computer software/hardware, online, manufacturing,



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textile, retail, financial, and health care industries. He also helps avoid litigation by counseling clients about protecting their intellectual property rights.

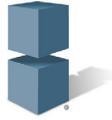
Mr. Nguyen also prepares and negotiates a broad range of IP transactions — such as copyright and trademark licenses; software licenses; IP assignments, transfers and acquisitions; rights-sharing agreements; product licenses; and merchandising/branding deals.

In the advertising world, Mr. Nguyen assists clients with clearance and compliance for advertising and media content; provides counsel and presentations on how to avoid false and deceptive advertising; and advises on Internet advertising issues. He also regularly reviews and negotiates deals for advertising and media buys.

#### Entertainment, Media and Sports Experience

In the entertainment, media and sports world, Mr. Nguyen negotiates and advises clients about the gamut of industry deals — including content distribution, broadcasting and programming deals; new media and entertainment technology transactions; television and motion picture production deals; option and purchase agreements for literary works; talent deals; sponsorship, branding and celebrity endorsement deals; recording, music publishing and music distribution contracts; talent management and agency relationships; modeling contracts; book and periodical publishing deals; and production-related transactions for entertainment projects and sports events.

Mr. Nguyen's clients have included media conglomerates, motion picture companies, new media and gaming businesses, magazines, TV and radio stations, production companies, entertainment technology companies, toy companies, Internet service providers, online content and software providers, sports leagues and entities, as well as talent and athletes. He has significant experience assisting non-entertainment companies with their specialized entertainment needs.



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### Commercial Litigation

Mr. Nguyen also has significant experience with complex commercial litigation, having litigated matters involving business tort, unfair competition, amateur sports, franchise, false advertising, insurance, health care, white-collar criminal, and employment law. Mr. Nguyen's clients for commercial litigation have included companies in the entertainment/media, sports, technology, health care, insurance, financial, retail, fashion, manufacturing, and automotive fields.

Mr. Nguyen has obtained precedent-setting decisions, including *Quiksilver, Inc. v. Kymsta Corp.*, 466 F.3d 749 (9th Cir. 2006); *Clarendon National Insurance Co. v. Kings Reinsurance Co.*, 241 F.3d 131 (2d Cir. 2001); and *Sefton v. Matthew Jew and Interactive Classifieds Network Corp.*, 201 F. Supp. 2d 730 (W.D. Tex. 2001) and 204 F.R.D. 104 (W.D. Tex. 2000).

### Education and Professional Activities

Mr. Nguyen is a graduate of the University of Southern California Law Center (J.D., 1995), which he attended on a full scholarship. During his legal studies, he was a member of the *Southern California Review of Law and Women's Studies*. Mr. Nguyen also received numerous honors and awards — including both chair and champion of the Hale Moot Court Honors Program, champion of the Jerome Prince National Evidence Moot Court competition, and the Mason C. Brown Award for excellence in trial advocacy. He is a graduate of the University of California, Los Angeles (B.A., communication studies, *magna cum laude*, 1992), where he was Phi Beta Kappa and completed his undergraduate degree in 3 years. In college, Mr. Nguyen was a 7-time gold medalist in national speech competition.

Admitted to the California Bar in 1995, Mr. Nguyen also is admitted to practice before the U.S. Court of Appeals for the Second and Ninth Circuits, and the U.S. District Courts for the Eastern, Central, Southern and Northern



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Districts of California, and the U.S. District Court for the District of Colorado.

He is a leader and member in numerous bar associations and entertainment organizations

- Executive committee member, State Bar of California IP section
- Co-chair, Beverly Hills Bar Association's IP, Internet and New Media section
- Association of Media & Entertainment Counsel (AMEC) Law Firm Advisory Board
- Academy of Television Arts & Sciences (Interactive Media Peer Group)
- National Association of Television Program Executives
- International Trademark Association
- American Bar Association, Forum on Entertainment & Sports Industries
- American Intellectual Property Law Association
- Los Angeles Copyright Society
- Los Angeles County Bar Association

A thought leader, Mr. Nguyen actively speaks, comments, and authors articles on intellectual property, entertainment, new media, technology and other legal issues.

#### Commitment to Diversity and Community Service

Mr. Nguyen is also a strong advocate for diversity in the legal profession. At Foley, he formed and previously chaired his firm's Asian Pacific American Affinity Group and serves on the firm's Diversity Committee. Externally, Mr. Nguyen serves on the steering committee for the California Minority Counsel Program, and participates in the Minority Corporate Counsel Association, the National Asian Pacific American Bar Association, and the Asian Pacific American Bar Association of Los Angeles County.



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Danielle Tian is an international intellectual property (IP) law clerk with Foley & Lardner LLP, where she is a member of the IP Litigation Practice.

Ms. Tian's practice focuses on international trademark legal services for clients and attorneys. She serves as a liaison between the Chicago IP practice and Chinese IP related governmental delegations, professional associations, law schools and Chinese practitioners, bridging Chinese IP business opportunities with Foley.

Prior to joining Foley, Ms. Tian interned and worked as a law clerk for a prominent law firm in Chicago, working with high profile IP American clients.

In addition, Ms. Tian held several positions at law firms in China prior to her move to the United States. As a member of the People's Republic of China (PRC) Bar, she worked at Beijing Zhonglun W&D Law Firm in Beijing, China, specializing in several areas of IP, including advising on the strategic protection, exploitation and enforcement of intellectual property rights in the PRC., i.e. negotiating with foreign partners of PRC-based clients resulting in a joint-bid governmental tender regarding international technology transfer projects. She was in charge of corporate and securities, and IP legal services as an attorney for Beijing Tianyuan Law Firm, as well as coordinating the legal matters of American clients she brought to this firm. Ms. Tian also interned and worked as a corporate and securities attorney for Guantao Law Firm Beijing office and a Partner of Chengdu office. She also worked as in-house counsel for China Blue Sky Industry & Trade Hainan Company.

Ms. Tian received both her bachelor's degree (LL.B, 1992) in economic law and her master's degree (LL.M, 1999) in international economic law from the Law School of Jilin University, PRC. She received a Master of Law degree (LL.M, 2003) in international and comparative law



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from Chicago Kent-College of Law, USA.

Ms. Tian is admitted to practice before the P.R.C. Bar.

Ms. Tian is fluent in Mandarin and English.

Publications:

- Tian, Dan "How Chinese Enterprises Exchange Their Stocks in the London Stock Exchange" *People's Daily (Overseas Edition)*, Edition 5, Mar. 2, 2001, Feb. 2, 2001 and Jan. 5, 2001
- Tian, Dan "How to Realize Self-protection According to Anti-dumping Law", *People's Daily (Overseas Edition)*, Edition 9, Dec. 24, 1999
- Tian, Dan "How to Request Indemnification When Goods are Damaged", *People's Daily (Overseas Edition)*, Edition 6, Nov. 12, 1999



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Mr. Nguyen is active in *pro bono* legal work and community service. He has successfully handled numerous *pro bono* cases, working with Bet Tzedek Legal Services on unlawful detainer cases and Public Counsel on political asylum matters. Outside his legal work, Mr. Nguyen volunteered for many years as an assistant coach for the Mt. San Antonio College speech team, which he helped coach to numerous national titles. He is also a founder of the American Readers Theater association (ARTa), which honored him in 2005 with its first-ever Legacy Award. In recognition of his *pro bono*, charitable and civic activities, Mr. Nguyen received one of his firm's 2001 Lynford Lardner Community Service Awards.



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Harold C. Wegner is a partner in the international law firm of Foley & Lardner while continuing his teaching affiliation with the George Washington University Law School, where he was director of the Intellectual Property Law Program and professor of law. Prof. Wegner regularly operates in Japan, working with the firm's Tokyo office. A member of the firm's Intellectual Property Department, Prof. Wegner crafts strategies for multinational patent enforcement and management based upon current intelligence on global intellectual property law and practice as well as a cutting edge understanding of trends in patent case law. Prof. Wegner is also a member of the Public Affairs Practice and the Automotive and Nanotechnology Industry Teams.

Prof. Wegner has been a visiting professor at Tokyo University and altogether has spent more than five years in Europe and Asia, including positions as *Mitarbeiter* at the Max Planck Institute for Foreign and International Patent, Copyright and Competition Law and *Kenshuin* at the Kyoto University Law Faculty. For 30 years, Prof. Wegner has been actively involved in global patent law simplification and implementation of modernized patent systems, including missions on behalf of the George Washington University, the U.S. Department of State, and various other organizations to Beijing, Shanghai, Chongqing, Taipei, Geneva, Munich, London, Perugia, Paris, Amsterdam, the Hague, Tokyo, Osaka, Singapore, Kuala Lumpur, Rio and San Jose (Costa Rica).

Among his several hundred writings on intellectual property law, in 2003, West published the second edition of its widely used patent casebook - Adelman, Rader, Thomas & Wegner, "Patent Law." Prof. Wegner is currently working on his third book on Japanese patent law and practice. He has been named to the latest edition of both *The International Who's Who of Patent Lawyers* (2003) and *Who's Who Legal- The International Who's Who of Business Lawyers* (2004) - and in all previous editions of each directory.



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Mr. Wegner was honored recently with the American Intellectual Property Law Association's President's Award for Outstanding Achievement for his long-time efforts in mentoring and in advancing diversity within the legal profession and the AIPLA.

Prof. Wegner holds degrees from Northwestern University (B.A.) and the Georgetown University Law Center (J.D.). He started his career as a Patent Examiner. In 1994, he merged his practice from the law firm he founded in 1980 into Foley & Lardner.