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Five Shifts Reshaping Cross-Border Litigation for Chinese Companies

Over the past decade, Chinese companies have expanded their operations, investment, and intellectual property footprint across international markets. As that presence has grown, cross-border disputes have become more common and more complex. Drawing on 10 years of Quinn Emanuel's litigation and arbitration work from our offices in Beijing, Shanghai and Hong Kong SAR, we've identified five shifts that Chinese companies and their advisers should incorporate in their international dispute planning.

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1 Securities Litigation Is Reflecting Geopolitical Risk

Disclosure obligations for China-linked issuers are converging with geopolitics in the courtroom. In August 2026, an NYSE-listed Chinese technology company was hit with a U.S. securities class action alleging it misled investors about both its artificial intelligence activities and the risk that a U.S. Department of Defense “Chinese military company” designation posed to its share price. This sits atop a longer-running wave of litigation from Holding Foreign Companies Accountable Act delistings and variable interest entity disputes, which has already produced appraisal proceedings and shareholder suits arising from take-private transactions.

Quinn Emanuel partners have won dismissal of U.S. securities class actions for Chinese companies and defended Chinese state-owned banks against a \$130 million sanctions-related motion. We have exactly the transnational expertise and securities law experience this litigation category now demands, reflecting how geopolitical scrutiny, Chinese companies’ global operations, and stakeholder engagement are becoming increasingly intertwined in such cases.

Companies anticipating a sensitive disclosure are increasingly engaging litigation counsel beforehand to pressure-test it, rather than waiting to respond to a plaintiffs’ firm after the fact.

2 Sanctions Disputes Are Increasingly Being Litigated in Court

Sanctions exposure is no longer confined to regulatory designations; it is generating court cases on both sides of the Pacific.

China’s Anti-Foreign Sanctions Law creates a private right of action allowing Chinese parties to sue in PRC courts for damages caused by a counterparty’s compliance with foreign sanctions, and Chinese courts have already acted. In 2025, a court ruled against a Singaporean shipping firm that refused to deliver goods to a Hong Kong SAR manufacturer on the U.S. sanctioned entity list, and China’s Supreme People’s Court has since flagged the case as a model for future rulings.

On the U.S. side, sanctions designations are increasingly the subject of contested litigation rather than agency proceedings, as in the \$130 million sanctions-related motion Quinn Emanuel defeated on behalf of Chinese state-owned banks.

Counterparties who once treated sanctions as a compliance question now need litigation counsel on both fronts, and companies that have been designated, or fear being designated, increasingly have real options to challenge such a listing rather than simply absorb it.



3 Chinese Companies Are Increasingly Becoming the Hunters on IP

A More Proactive Role in Global IP Enforcement

Chinese companies are now involved in over 1,200 new U.S. intellectual property lawsuits a year, and a growing share involve Chinese companies affirmatively bringing trademark suits as they expand globally, rather than defending against infringement claims.

Quinn Emanuel's own litigation win for a Chinese life sciences company in a patent dispute against a dominant U.S. competitor illustrates the trend directly: a federal jury awarded over \$300 million for willful infringement, the largest such award for a Chinese company.

At the same time, the mechanics of pursuing or defending these suits are shifting under litigants' feet. A 2026 U.S. appellate ruling on the Hague Service Convention has complicated the Schedule A model that plaintiffs have relied on to serve Chinese defendants quickly – a development that cuts both ways, depending on whether the Chinese company is plaintiff or defendant.

A Parallel Rise in Trade Secret Exposure

Trade-secret disputes are becoming a significant risk for Chinese companies expanding internationally, particularly when they recruit scientists, engineers, or executives from competitors. What begins as an employee-mobility dispute can threaten a core product or research program, financing, and senior management—and in some cases can trigger both civil litigation and a parallel U.S. government investigation.

Quinn Emanuel has substantial experience in these matters. We defended a major Chinese company in a long-running U.S. criminal trade-secret case that ultimately ended with dismissal of all remaining charges with prejudice. We have also represented Chinese and China-connected life-sciences companies and founders in major trade-secret disputes with multinational pharmaceutical companies, including matters that reached favorable commercial resolutions.

The exposure is not limited to U.S. district courts. The U.S. International Trade Commission has become an important forum for trade-secret claims, and Section 337 can reach misappropriation occurring outside the United States where resulting products are later imported into the U.S.

The key defense is often to distinguish legitimate employee knowledge and experience from protected confidential information, while proving how the company's technology was independently developed. Companies can strengthen that defense before litigation by reviewing prior employee obligations, prohibiting transfer of former-employer materials, maintaining clear development records, and implementing sensible access controls. Once a dispute begins, civil and potential government exposure should be assessed together, while protecting the company's own technology during discovery.

4 Cross-Border Procedure Can Determine Outcomes

Jurisdiction, service, and discovery — these are the key procedural issues on which cross-border cases involving Chinese parties may be won or lost. In a recent victory for a Chinese state-owned entity, Quinn Emanuel fought service of process in a criminal case for six years. Litigation strategy in cross-border disputes now must be built around procedure, not just merits.

One increasingly consequential tool is Section 1782 of Title 28 of the U.S. federal code, which allows a court in the United States to order a person or company located in the U.S. to produce documents or give testimony for use in a lawsuit or arbitration that is pending, or even reasonably contemplated, in another country. Beyond the Hague Service Convention ruling noted above, U.S. courts are actively reshaping this statute. A January 2026 Second Circuit ruling significantly narrowed the availability of that discovery for litigants based outside the U.S., while other circuits continue to diverge on whether a discovery target must be subject to personal jurisdiction where the application is filed. For Chinese litigants and their counterparties alike, the rules governing Section 1782 are being rewritten in real time.

5 Chinese Companies Are Increasingly Turning to Arbitration

A quieter but equally significant shift is well underway as Chinese companies, including state-owned enterprises, steer a growing share of their cross-border disputes toward arbitration rather than litigation. Survey data on Chinese companies' dispute process choices suggests that the unpredictability and complexity of foreign court procedure, not just enforcement concerns, are a key driver. Arbitration's more limited disclosure regime is a major part of the appeal. Unlike U.S.-style discovery, most arbitral rules permit only tailored, document-based disclosure, often with no depositions and no live testimony. China's own revised Arbitration Law, effective March 2026, reinforces the trend at home by giving parties to foreign-related disputes autonomy over the seat and administering institution for the first time. Listed companies and state-owned enterprises are already channeling a rising share of M&A and cross-border disputes into arbitration as a result.

Arbitrations start not when the dispute arises but at the time when the clause itself is drafted. The language in which proceedings and the award will be rendered shapes the pool of available arbitrators and, in turn, the composition of the tribunal. Hong Kong SAR has become an important seat for Chinese outbound investment in this environment — the Beijing Arbitration Commission opened an office there in November 2025 specifically to support outbound investment by PRC companies, and Quinn Emanuel partners have significant positions at the Hong Kong International Arbitration Centre. Singapore has grown in parallel as a seat of choice for many of the same clients, reinforced by new institutional presence such as a planned Singapore office for the International Centre for Settlement of Investment Disputes, or ICSID. For Chinese companies, the practical task is drafting arbitration clauses — seat, language, and tribunal composition alike — with the same rigor once reserved for the substance of the deal itself.

What This Means for In-House Counsel

Across all five shifts, the common thread is procedural and forum-driven: where and how a dispute is resolved are now as consequential as its merits. For general counsel at Chinese companies, that suggests a practical checklist:

- Litigate disclosure risk before it is filed. Any material foreign-government designation or action should be stress-tested against securities litigation exposure before, not after, the market reacts.
- Treat sanctioned counterparties as litigation risk, not just compliance risk. A refusal to perform under sanctions pressure may now be an actionable claim in a Chinese court, and a designation itself may be challengeable.
- Build an offensive IP litigation capability – and a defensive trade secret one. Global brand and patent enforcement is a genuine avenue for growth. Onboarding and exit protocols for technical hires are now a litigation prevention tool, not just an HR formality.
- Get ahead of procedure. Service, jurisdiction, and discovery fights can decide a case before the merits are ever reached. Map these risks early in any cross-border matter.
- Draft arbitration clauses with rigor. Seat, language, and tribunal composition all shape the outcome, not just where the parties happen to sit.



Quinn Emanuel's China Practice



John Rhie

John Rhie is Quinn Emanuel's Managing Partner of Asia and head of the firm's International Arbitration practice in the region, based in the Hong Kong office. He serves as an arbitrator across HKIAC, ICC, ICSID, KCAB, LCIA, and SIAC, and has been appointed to a Hong Kong government task force reviewing the territory's Arbitration Ordinance as it relates to IP disputes, alongside a seat on HKIAC's dedicated IP-disputes arbitrator panel. His practice also spans international litigation and white collar crime matters across multiple jurisdictions.



Xiao Liu

Xiao Liu is Chair of Quinn Emanuel's China Practice and Chief Representative of the firm's Beijing office. He focuses on cross-border litigation, arbitration, and government enforcement for Chinese companies and individuals, with expertise in service of process, jurisdiction, extraterritorial application of U.S. statutes, judicial assistance, and cross-border discovery. He has also secured notable securities litigation wins for Chinese issuers and represents clients in DOJ, SEC, and OFAC investigations.



Dr. Haiyan Tang

Dr. Haiyan Tang is Chief Representative and Managing Partner of Quinn Emanuel's Shanghai office. She is a leading authority on sensitive cross-border litigation, arbitration, and government enforcement and compliance, with extensive experience litigating patent, trade secret, copyright, and unfair competition disputes across the biotechnology, pharmaceutical, and semiconductor industries. She also serves on the arbitrator panels of CIETAC, SHIAC, and HKIAC.



Yixuan Zhu

Yixuan Zhu is a founding member of Quinn Emanuel's China Practice, based in the Beijing office. She has litigated securities, corporate governance, general commercial, copyright, patent, trade secret, and antitrust matters in federal and state courts across the United States and was named a Law.com Litigator of the Week runner-up for a TRO win protecting POP MART's LABUBU brand. Her practice also includes commercial and investment arbitrations and government investigations involving sanctions and FCPA issues.



Sam Williamson

Samuel Williamson is a partner based in the firm's Miami, New York, and Hong Kong offices, and co-chair of Quinn Emanuel's global White Collar Defense and Investigations practice. He established and led the firm's original Shanghai and Beijing offices as the only Chinese-speaking former U.S. federal prosecutor practicing in mainland China, focusing on FCPA, U.K. Bribery Act, Economic Espionage Act, antitrust, and government sanctions matters. He continues to counsel corporations and individuals on sensitive cross-border enforcement matters involving China.



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