

The Evolving Approach Chinese Companies Have Taken to Navigating U.S. Litigation

By William K. Pao

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Having first visited Shanghai as a college student exploring where my father grew up, I returned after law school nearly 20 years ago to a city that has since transformed beyond recognition.

Even then, Shanghai was already restless with ambition. Construction cranes filled the skyline. Entire districts seemed to rise almost overnight. But the city had not yet fully become the polished global capital it is now, and much of the outside world still viewed China as a place that manufactured inexpensive goods for everyone else's brands.

The companies I worked with reflected that era. Most were suppliers, not global names, focused on production schedules and margins rather than intellectual property or global market influence. Few thought seriously about U.S. litigation because few imagined they would become major targets in American courts.

When lawsuits did arise, they were usually modest commercial disputes. Many companies could not afford major U.S. law firms, and to many Chinese executives, the American legal system felt distant, confusing and impossibly expensive.

The First Wave: Reverse-Merger Litigation

The first major shift came during the wave of



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securities litigation involving Chinese companies that entered U.S. markets through reverse mergers.

For many Chinese companies, this was their first real encounter with high-stakes American litigation. Because these companies carried Directors & Officers insurance, they suddenly had the resources to retain major U.S. law firms and aggressively defend securities class actions. The experience was often jarring.

Executives encountered American discovery obligations, deposition practice and litigation timelines unlike anything they had previously seen. Discovery requests appeared limitless. Depositions felt combative. Preservation obligations across

borders and languages seemed nearly impossible to manage.

U.S. litigation imposed discovery obligations, preservation requirements and procedural timelines that had no direct equivalent in the Chinese legal system. Navigating those differences required significant coordination across jurisdictions, languages and legal frameworks—a process that took time to develop for companies on both sides of cross-border disputes.

Companies adapted over time.

Chinese Companies Become Global Competitors

As China's economy evolved, Chinese companies evolved with it. Over the last 20 years, the same country historically associated with low-cost manufacturing began producing companies competing at the forefront of AI, semiconductors, electric vehicles (EVs), robotics, solar, batteries and life sciences. Many were no longer manufacturing products conceived elsewhere. They were creating the technology themselves.

That transformation changed the litigation landscape entirely.

As companies moved up the value chain, the disputes became more sophisticated. Litigation expanded far beyond securities cases into patent disputes, trade-secret claims, product-liability suits and complex commercial litigation. Simultaneously, many Chinese companies recognized that their greatest opportunities for growth lay outside China—and that the United States remained the world's largest and most important market. Accessing that market required a more serious approach to legal risk, compliance and regulatory expectations.

The Rise of Strategic Legal Departments

One of the most significant developments over the last decade has been the evolution of Chinese companies' legal departments.

Earlier in my career, many legal departments were relatively small and operationally focused. Litigation was treated as something external to the business. As cross-border disputes grew

in complexity, companies recognized the need for more integrated legal functions capable of managing U.S. litigation demands.

Today, many Chinese companies have substantial in-house legal teams deeply integrated into business operations and strategic planning, often including lawyers with significant cross-border experience who understand how U.S. litigation, investigations and regulatory systems function in practice. Some have worked with multinational companies or international law firms. Others have spent years managing cross-border disputes, investigations or compliance issues firsthand.

More importantly, many companies now understand that legal risk management is not optional if they intend to compete globally. Twenty years ago, litigation was primarily a problem to survive. Today, many Chinese companies increasingly view legal infrastructure, compliance and risk management as part of global competitiveness itself.

Many are investing heavily in proactive legal infrastructure—building compliance systems, strengthening internal controls, improving document-management practices and engaging counsel earlier in the lifecycle of potential disputes.

Discovery Across Borders

Discovery remains one of the defining challenges in cross-border litigation.

American litigation often requires companies to collect and produce enormous volumes of internal communications, technical records and employee testimony spread across multiple countries and languages. Chinese privacy laws, cybersecurity regulations, state-secrets concerns and data-transfer restrictions complicate that process considerably.

These problems are not merely logistical. They are strategic.

The timing and scope of document collection require careful calibration. Courts expect prompt and thorough compliance with discovery obligations, while data-transfer and regulatory restrictions in other jurisdictions impose independent constraints. Managing those competing pressures requires early

coordination and a clear understanding of both legal systems.

The companies that navigate discovery most effectively are usually the companies that prepare before litigation begins.

Explaining Chinese Companies to American Courts

One thing that has remained constant throughout my career is how important it is to understand Chinese culture and communicate effectively across both systems.

Chinese companies often operate differently from American companies—in communication style, decision-making structure and internal business practices. Presenting those differences effectively in American litigation requires cultural fluency and the ability to provide proper context. That is one reason why speaking Chinese and understanding the business environment matters so much in these cases. Effective representation often requires more than translating language. It requires translating expectations, business norms and institutional assumptions.

In many cases, the challenge is helping courts, regulators and opposing counsel understand how Chinese business practices, decision-making structures and regulatory constraints shape litigation strategy—and providing the context necessary for those differences to be properly evaluated. In high-exposure litigation, effective communication of that context can be critical to credibility before courts, regulators and juries.

The Political Overlay

The geopolitical environment has also changed dramatically.

Cases involving AI, semiconductors, EVs, solar, batteries, telecommunications and biotechnology increasingly unfold against a backdrop of export

controls, national-security concerns and broader U.S.-China tensions.

Litigation no longer exists in isolation. A trade-secret dispute may trigger regulatory scrutiny. A discovery dispute may raise cybersecurity concerns. A commercial disagreement may evolve into a sanctions or supply-chain issue.

Chinese companies can and do succeed in U.S. courts. But the environment today is far more complex, interconnected and politically sensitive than it was 20 years ago, and companies that recognize that reality early are better positioned to manage it effectively.

Looking Back

The companies that perform best in U.S. litigation are not necessarily the companies with the largest legal budgets or the most aggressive tactics. More often, they are the companies that understand the system early, prepare carefully and adapt quickly. After two decades handling these disputes, that remains the clearest lesson to me.

Today, I represent Chinese companies in some of their highest-exposure matters—commercial disputes, securities litigation, patent and trademark cases and consumer-products investigations and litigation. The companies themselves are far more sophisticated and technologically advanced than they were 20 years ago. But the environment surrounding them has also become more complicated, more scrutinized and more politically charged.

For Chinese companies operating globally, understanding the U.S. legal system is no longer optional. It is part of the cost of competing at the highest levels of the global economy.

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