

The Oregon Experience – Technology Licensing and Deals

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The Oregon Experience – IP Transactions With China

- Issues Generally Representative of Most Deals
- Presumption of US party as the licensor, though that's changing
- Understand the Motivations Underlying Transactions
 - Chinese Motivations
 - Continuing Interest in Technology Acquisition
 - Capital Flight from China
 - Concern for Tightening of Controls on Capital Transfers
 - High Net Worth Individuals and Companies
 - US Motivations
 - Business expansion
 - Offensive Licensing
 - Defensive Licensing
 - Revenue Stream
 - Brand Recognition

Technology Transfer – Licensing Into China (An Aviation Story)



- Expansion of China's General Aviation sector
- China's military controls 70% of airspace
- Civil Aviation Administration of China
- 11 cities have 1000meter ceiling for GA

- Chinese Acquisition of Aviation Technology
 - Partner Due Diligence
 - Focus on a Party's Core Interests, not Marketing
 - Historic business operations
 - Consider if contact breach is likely
 - U.S. party – Just compensation or collaboration
 - CH party – Just acquisition or collaboration

Technology Transfer – Licensing Into China



- Determining the technology fulcrum point
 - Scope of the License and when is the secret sauce disclosed
 - Do the parties need each other?
- Scope of work, scope of services
- Payment Terms
 - Payment schedule has to be front loaded if the licensor's goal is mostly compensation
- Market Share
 - A different strategy and commitment
- Training services as leverage
- Non-compete clause
- Dispute Resolution clause

Technology Transfer – Chinese Investment (An Environmental Story)



- Partner Due Diligence
 - Each party's core interest
 - Core historic business operations
- Technology Transfer Fulcrum Point
 - Scope of the License
- Do the parties need each other?
- Payment Terms
- Employee Transition Agreements
- Payment Terms
 - Compensation based on performance
- Training as Leverage
- Partnership versus Stock Corporation
- Dispute Resolution as a last resort

US Export Controls Compliance – the ZTE Case

(Summarized from article by Matthew Bell, Legal Counsel and Chief Export Compliance Officer)

- Not Just An Afterthought
- Not Just for Military Technologies
- US-Origin products includes US regulatory compliance
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- March 7, 2017 – ZTE Telecommunications Pleads guilty to evading US export sanctions against Iran
- US\$661 million penalty to BIS
- US\$430.4 million to DOJ for criminal fines and forfeiture
- US\$100 million to OFAC

- 7 years of compliance monitoring
- 6 years of audits
- Denial of export privileges (7 yr. suspended)
- All senior management resigned, incl CEO and GC (in China)
- New commitment to actual compliance with US laws, globally

Thank You



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We believe a great Global Trade lawyer is a creative thinker who sees the complexities of international business with both a local and global perspective. That's our approach. It's how we help clients overcome the challenges of doing business here and abroad, so they can focus on the future.

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