

Enforcing Contractual Indemnity Litigation Against Chinese Companies

Lawsuits brought in the U.S. that result in judgments against Chinese companies often have problems with enforceability, unless the Chinese company has assets in the US or assets in another country that enforces US judgments. As such, lawsuits brought directly in China have some appeal.

Often, US businesses and insurance companies use large international law firms with offices in China/Asia to pursue these actions in China. This is costly and makes the threshold amount of damages to justify litigation high. This is because large US firms, for example, typically charge US hourly rates for work in China. In addition, hourly fees have been steadily climbing even in this down economy, with partner rates ranging from \$300-\$800 per hour or more. [[Inside Counsel](#) (April 17, 2012)]

One litigation strategy to change this equation is to develop strategic relationships with key correspondence law firms in China which offer significantly lower litigation costs, thereby allowing for recovery of more indemnity/subrogation claims. A report by Harvard Law School students in 2011 found that third year associates at top ranked law firms in Beijing earned the US equivalent of \$26,300-\$29,200 per year. [[The Legal Profession Of The People's Republic Of China](#), Harvard Law School Program On The Legal Profession]

When you compare Chinese compensation to the healthy six figure salaries earned by associates at major US firms it is easy to see why using Chinese lawyers for litigation in China, rather than top international firms, has the potential for significant cost savings.

US based legal counsel who develop relationships with key correspondence law firms in China can interface with Chinese lawyers to assist the U.S. based clients with key decisions, while allowing the Chinese lawyers to perform the work necessary to pursue the case. The end result can be successful litigation in China, leading to judgments which can be collected upon, all at significantly lower cost than if Western lawyers are used.

Tharpe & Howell has developed strategic relationships with Chinese lawyers to cost-effectively assist companies in indemnity lawsuits in China. We can also assist companies in employing pre-emptive measures to eliminate need for such lawsuits.

For over 35 years small businesses, major corporations, public entities, individuals and insurance companies have depended on Tharpe & Howell, LLP, to deliver pragmatic, innovative, cost-effective civil litigation and transactional solutions. For more information, please contact us at (818) 473-5720 or email your request to cabusinesslawreport@tharpe-howell.com.