

LEHMAN, LEE & XU



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## PRESS RELEASE

### AT ODDS WITH THE DOWNTURN: A LAW FIRM BUCKS THE TREND

**ChineseNewsSource – Jan 5, 2009** –Throughout the globe companies and individuals are feeling the effect of the recent economic turmoil sparked by the U.S. credit crunch and marked by the collapse of top U.S. investment bank, Lehman Brothers, the acquisition of Merrill Lynch and the emergency bailout of insurer AIG. Numerous governments have been negotiating bailout and economic stimulus packages while unemployment rates are soaring.

Not immune from the downturn law firms have been having a particularly difficult time with international names like DLA Piper and Deacons laying off fee earners while firms such as Heller Ehrman and Thatcher Profitt & Wood shutting down their operations.

With many companies taking a solid look at their costs legal bills are one of the first to be scrutinized “lawyers sell intangibles; time and expertise and with hourly rates in some of the big international firms exceeding \$1000 per hour many companies are starting to shop around for better rates” states Ed Lehman, managing director of China’s only foreign managed licensed Chinese law firm.

Ed’s firm, Lehman, Lee & Xu has noticed a trend in recent months. “big name multinationals have been approaching us regarding representation with value for money top of their agenda” says Ed, a Chicago native and China resident of 22 years.

China’s legal system is a relatively new one, dating back to the 1980s. This is in stark contrast to the legal systems of Western nations with bodies of law significantly older and more developed. “For this reason many companies have simply sought the advice of foreign law firms with representative offices in China without considering local representation” relays Ed. “Domestic firms are maturing though and can match foreign firms in terms of service and expertise and can significantly undercut on price. Several of our clients have seen their legal bills cut in half without sacrificing quality of service when they moved over to us”

Over eighty foreign law firms have offices in China. Many set up in the early 2000s, lured by China’s economic miracle and a demand from clients for familiar representation. While importing familiar names, they also imported their fee structures which, when the economy was strong, most clients were

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willing to pay. With many firms now rationalizing their operations they are finding their China offices to be, in many cases, superfluous, especially considering the delicate nature of a foreign firm's role within the Chinese legal system. "The fact is that foreign firms cannot officially practice Chinese law and any Chinese national who works for a foreign firm in China must surrender his legal license. This leads to duplication where foreign firms are outsourcing work local firms and the costs are being passed back to the client. In the past this was acceptable to clients as it was the only way to guarantee quality legal service. This is not the case any more and while foreign firms' practices here and shrinking domestic firms are finally taking their place in the sun".

Lehman, Lee & Xu is a prominent Chinese corporate law firm and trademark and patent agency with offices in Beijing, Shanghai, Shenzhen, Hong Kong, Macau, and Mongolia. The firm has been recognized as one of the top trademark firms in China by several intellectual property magazines and is managed by Mr. Edward Lehman, a leading expert on corporate law with 20 years of practice experience in Mainland China.

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