



Service to manufacturing companies has long been one of the bedrock foundations of our law firm. Today, with decades of experience under our belt, we understand the legal, regulatory, operational, and financial issues impacting companies across diverse manufacturing sectors. As the manufacturing industry undergoes a monumental transformation, we are uniquely positioned to assist clients in addressing significant shifts in their operations.

### Key Shifts

#### Internet Industrialization

The combination of big data and sensor technology is bringing digital intelligence to the physical world of manufacturing. This could be the catalyst for a leap in productivity gains over the next decade.

#### Supply Chain Integration

Manufacturer and supplier integration is now seen as a central strategic priority for driving operational excellence and value creation.

#### Energy Efficiency and Environment

Manufacturers are considering strategies to manage energy costs, as well as ways to minimize the effect of increasingly complex environmental, health, and safety regulations.

#### Cybersecurity

Cyber threats are a growing concern for manufacturers of all sizes. Automated processes, intellectual property, business partner information, and other key data can be compromised by cybersecurity attacks.

#### Expansion

Market access, technology advancement, and cost reduction measures may lead to an increase in sector acquisitions, consolidation, and divestitures.

#### Globally Diverse Operations

Underpinning these challenges is the ongoing globalization of many manufacturers, and the related legal risks across multiple jurisdictions.

### Why K&L Gates

We have extensive manufacturing experience across legal disciplines and can serve as your “industry” law firm. Our teams include lawyers who know the commercial landscape and think like businesspeople. We blend legal acumen with practical business knowledge to help manufacturers capitalize on sector shifts and address the challenges they face in today’s economic climate.

#### Privacy and Data Protection

We understand the effect advanced technology such as Internet industrialization can have on a manufacturer’s R&D, supply chain management, production, and sales. Our lawyers are well versed in technology areas ranging from cloud computing/SaaS to information governance. As automation propels big data, we can help manufacturers safeguard and manage information assets while containing costs and preserving operational efficiency.



**Internet of Things is driving production efficiency and enhancing workplace safety**

The economic impact of the evolution of the supply chain over the past few years has been dramatic.

## Intellectual Property

We assist manufacturers in protecting trade secrets and other confidential information relevant to technologies, production, processes, and business and marketing plans. We advise on the licensing and transfer of intellectual property assets, including sales and assignments of patents, trade secrets, and copyrights related to business acquisitions and mergers. On the litigation front, we handle the full gamut of intellectual property disputes, including large, complex multi-jurisdictional matters; bet-the-company confrontations between industry leaders and business partners; and disputes regarding key employee mobility.

## Online Pricing Strategies and Brand Protection

We help manufacturers identify margin maximization opportunities by combating price erosion. Our three-pronged approach centers on increasing the stability in a manufacturer's resale strategies by identifying weaknesses in the resale distribution chain, implementing adjustments in conjunction with a resale pricing strategy, and enforcing a long-term gray market mitigation strategy consistent with local legal requirements. We enable clients to grow their brand equity, curate and stabilize their online presence, and create stimuli for reseller investment.

## Risk Management and Litigation

Across jurisdictions, we evaluate manufacturers' overall risk management programs to ensure they can maximize coverage for a range of liabilities and losses, including product liabilities, property damage and business interruption losses,



**Global material handling equipment market is expected to grow at a CAGR of 6.08% over the period 2014-2019<sup>2</sup>**

## THE SHIFT IN DEMAND GROWTH TO DEVELOPING ECONOMIES GREATLY INCREASES THE COMPLEXITY OF MANUFACTURING<sup>1</sup>

World consumption \$ trillion ■ Developing markets ■ Developed markets



employment-related liabilities, cyber risk losses, toxic tort and environmental liabilities, and government investigations. When risks or contractual disputes with business partners and customers evolve into litigation, we formulate solutions to meet our clients' objectives.

## Mergers and Acquisitions

We help manufacturers enter new markets and leverage technology and product lines through strategic mergers and acquisitions. We also advise on asset sell-offs, carve-outs, spinoffs, and other divestitures. As part of our approach, we consider every aspect of a transaction, including tax, intellectual property, labor and employment, employee benefits, environmental, real estate, antitrust, and securities.

## Supply Chain Partnerships

With the shift to supply chain integration, we work with manufacturers to think through the desired objectives, long-term effect, and inherent risks. We assist clients in aligning individual internal department interests—from legal to operational—with the overarching benefits of strategic business partnerships. We structure and negotiate contracts ranging from manufacturing and distribution, business process outsourcing, and warehousing and transportation to intellectual property combinations, licensing agreements, and marketing and sales.

## Finance

Financing plays a key role in driving business growth. We represent manufacturers in debt capital markets, secured and unsecured commercial lending, and restructuring transactions used to advance

technology, fund plant and equipment investments (e.g., material handling), and aid expansion. Our experience includes leveraged acquisition finance, asset-based and cash flow finance, corporate debt securities, asset securitization, liquidations, and reorganizations. We also represent manufacturers in their hedging activities, including regulatory and governance issues for clients that elect the swap clearing exemptions for commercial end-users in the United States and non-financial companies in the European Union.



**Cyber risks/data breaches are top-of-mind concerns for manufacturers**

## Cyber Risks

Most manufacturers are critical infrastructure organizations with automated processes, intellectual property, and other sensitive information that may be vulnerable to cyber attacks. We help manufacturers prevent and deter attacks, pursue perpetrators, and mitigate risk and loss. Our team includes members with extensive experience in public policy, cyberforensic investigations, Internet tracking, rapid response, and insurance coverage.



**Manufacturers in the U.S. spend more than \$200 BILLION EACH YEAR to power their plants.<sup>3</sup>**

### Global Government Solutions®

Government regulation affects where companies produce and sell their products. Our Global Government Solutions® team is adept at dealing with regimes around the world. We advance manufacturers' interests and advise on enforcement and policy issues ranging from CFIUS, trade, and maritime/transportation to big data, sustainability, and nanotechnology. We address regulatory compliance issues related to the U.S. Foreign Corrupt Practices Act, the U.K.'s Bribery Act, and similar laws enacted by member states of the Organization for Economic Cooperation and Development.

### Antitrust and Competition

Our global team assists manufacturers in obtaining deal clearance by carefully structuring transactions and isolating or mitigating competition; curtailing or avoiding risks related to distribution, supply, licensing, and joint ventures; and responding to increasing cross-border cartel enforcement initiatives, including dawn raids targeting select manufacturing sectors.

### International Trade

Manufacturers routinely encounter international trade regulatory issues in the course of their operations, including sourcing/procurement, management of international operations, and distribution. Dealing with trade issues in an effective and coordinated way is critical in controlling costs, gaining and maintaining a competitive advantage, and avoiding adverse impacts resulting from non-compliance. We provide comprehensive, global support to manufacturers in all areas of international trade regulation, including export controls and embargoes/sanctions, customs, and import trade remedies.

### Economic Incentives

We identify, evaluate and negotiate cash grants, infrastructure improvements, tax reductions, low cost financing, job training and other financial incentives available to manufacturing projects. Our team members have vast experience to provide services at all phases of a project from site location and real estate to finance and tax as well as lobbying for incentives. We use our time-tested methods to evaluate and garner the best economic benefits available for manufacturing projects.

### Energy and Environment

We work with manufacturers to address the increasingly complex environmental, health, and safety regulations in virtually every global region. With boots on the ground in a myriad of jurisdictions, we assess our clients' products, risk management, processes, response readiness to investigations, and incident handling, among others, to ensure environmental soundness and regulatory compliance.

Energy and resource costs are a significant issue for manufacturers. Whether hedging against rising commodity costs, securing power supply on-site, or increasing use of renewable power, our team can assist manufacturers in developing and implementing energy and commodity consumption strategies.

### Construction

Technological advances and value creation are among the key business drivers of plant upgrades, expansion, and development. Our team recognizes these drivers and is well positioned to guide manufacturers on all facets of capital projects related to plants and production facilities. We advise on public/private partnerships, project development and finance, procurement, competitive bidding, litigation and arbitration, and claim preparation and negotiation, among others.

### Global Employer Solutions®

Our Global Employer Solutions® team understands labor is a critical input in the management of supply chain operations. We advise manufacturers on the full spectrum of labor and employment matters, including trade secret, employee mobility and immigration, workforce integration and downsizing, and contracts and handbooks. With the expected shortage in skilled labor, we offer well-rounded advice on matters ranging from workforce relocation strategies to meet the increasing need for highly and medium-skilled labor to expansion into new markets to minimize labor costs.

### Globally Integrated Platform

We are one of the few international law firms operating as a single legal entity, in contrast to the proliferation of global firms which share the same brand but essentially operate as separate law firms. Our integrated model better aligns individual office incentives towards prioritizing the needs of the client, and because our lawyers have a closer working relationship across jurisdictions, we are more effective and efficient as a team.

Our integrated approach and distinctive manufacturing experience uniquely position us to help clients capitalize on opportunities and address complex legal challenges, regardless where they conduct business.



**Potential shortage of 40 million+ high-skill workers by 2020<sup>1</sup>**

**With manufacturing experience across legal disciplines, K&L Gates can serve as your industry law firm.**

For more information about our manufacturing capabilities, contact [manufacturing@klgates.com](mailto:manufacturing@klgates.com).

#### Sources

<sup>1</sup> McKinsey Global Institute, 2012

<sup>2</sup> Research and Markets, 2015

<sup>3</sup> Department of Energy - "Manufacturers in U.S. Energy Department's Better Plants Program save more than \$2 billion in energy costs; program expands to help America's Water Systems," 2015

# K&L GATES

K&L Gates is a fully integrated global law firm with lawyers located across five continents. The firm represents leading multinational corporations, growth and middle-market companies, capital markets participants, and entrepreneurs in every major industry group, as well as public sector entities, educational institutions, philanthropic organizations and individuals. For more information about K&L Gates or its locations, practices and registrations, visit [klgates.com](http://klgates.com).

This publication is for informational purposes and does not contain or convey legal advice. The information herein should not be used or relied upon in regard to any particular facts or circumstances without first consulting a lawyer.

©2017 K&L Gates LLP. All Rights Reserved.