

**House Judiciary**

*Subcommittee on Courts, Intellectual Property, Artificial Intelligence, and the Internet*

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# Foreign Abuse of US Courts

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Chairman Issa, Ranking Member Johnson, and distinguished members of the subcommittee, thank you for the opportunity to testify today.

Beijing competes not through confrontation but through co-optation. The Chinese Communist Party does not directly attack or dismantle adversarial systems. Instead, it subverts them from the inside, such that they advance rather than obstruct Beijing's interests.

In the military domain, Beijing positions itself to control critical information systems, supply chains, and even political stakeholders such that it can determine whether and how missiles are positioned and perceived — rather than needing to launch the missiles itself. In commerce, Beijing has sought not to supplant the World Trade Organization but to manipulate it, by holding others to its rules without following them itself, so that China can weaponize international free trade.

And inside the United States, the Chinese Communist Party uses the American legal system to advance Beijing's agenda, punish its opponents, and neutralize U.S. defenses — benefiting from the reality that China's centralized, opaque system allows it to out-resource competitors in courts and Congress, co-opt key stakeholders, and manipulate information. This is a threat to U.S. security and prosperity.

Chinese abuse of the U.S. legal system takes offensive and defensive forms. It includes bids to shape U.S. policy as well as to impose costs on adversaries in U.S. courts. It features evasions of U.S. law as well as influence campaigns meant to ensure that such evasions remain possible. Across the board, Beijing's manipulation benefits from the reality that Chinese entities have the same access to U.S. courts, law firms, and lobbyists as any others. And Beijing's campaign is fueled by a deliberate Chinese government program that provides the resources and direction necessary to turn the U.S. system against itself.

### **Sovereign Vulnerability: The Green Charter Township Case**

I saw a microcosm of this Chinese abuse of the U.S. legal system firsthand in Green Charter Township, Michigan, last summer. Gotion — the U.S. subsidiary of China's battery giant Gotion High-Tech Co., Ltd. — announced plans to build a \$2.36 billion plant there in 2022. Gotion benefits from hefty state subsidies and is rapidly expanding internationally as part of the People's Republic of China's (PRC's) gambit to capture global battery markets. Despite its Chinese ownership, Gotion's project was, at this time last year, positioned to benefit from federal tax incentives created under the Inflation Reduction Act (IRA) and local government incentives, including some \$800 million from the state of Michigan alone.

The local community in Green Charter did not want the Chinese factory there. But Gotion reportedly inked a deal with the township board of trustees behind closed doors.<sup>1</sup> This is a

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<sup>1</sup> Kyle Davidson, "Anti-Gotion Activists Speak out at Michigan House Subcommittee as Project Remains on Hold," *Michigan Advance*, May 7, 2025. (<https://michiganadvance.com/2025/05/07/anti-gotion-activists-speak-out-at->

second typical Chinese move: use secrecy and targeted political influence campaigns to navigate a system intended to be open and transparent.

Still, local opposition was strong and determined. Just months after township trustees approved the Gotion development in August 2023, a township vote recalled the board. The new trustees rescinded support for the Gotion project.<sup>2</sup> Gotion promptly filed a federal lawsuit.<sup>3</sup> Now, a township with limited financial and legal resources is locked in a court battle against a major Chinese company with the weight of the Chinese state behind it. A U.S. David faces a Chinese Goliath in American courts. And here is a third quintessential Chinese move: Use the resource demands of the U.S. legal system and the resource supply of the Chinese government to steamroll anyone who threatens Beijing's interests.

### **A Larger, Systemic Chinese Campaign**

The Green Charter Township case received a degree of political and media attention. But it is also just one manifestation of a far more extensive Chinese campaign to manipulate the U.S. legal system — and one that stems from and is supported by a deliberate Chinese government program.

#### ***Offensive Thrusts***

Offensively, Beijing uses the U.S. legal system to advance its interests — at the expense of America's. This includes efforts to shape laws themselves, in many cases via U.S. stakeholders that have been co-opted by dependence on and resources from the PRC. In 2023 and 2024, Congress sought to outlaw new sales of DJI drones in the United States. The Shenzhen-based company responded with a multimillion-dollar lobbying blitz. As part of that campaign, DJI reportedly leaned on local police departments, presenting themselves as voices of U.S. law and order but really acting in the interest of the military-tied, state-supported Chinese drone maker on whose low-cost supply they depended — and whose non-market model has effectively cemented Chinese control over the drone industry.<sup>4</sup>

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[michigan-house-subcommittee-as-project-remains-on-hold](#)); Jamie Hope, “Legislators Ask State to Send \$275K to Green Township for its Fight Against Gotion,” *Michigan Capitol Confidential*, May 30, 2024. (<https://www.michigancapitolconfidential.com/news/legislators-ask-state-to-send-275k-to-green-township-for-its-fight-against-gotion>)

<sup>2</sup> Nicole Long, “Massive shake-up in Green Charter Township: Five Board Members Recalled over Gotion Battery Plant Proposal,” *UpNorthLive*, November 8, 2023. (<https://upnorthlive.com/news/local/massive-shake-up-in-green-charter-township-five-board-members-recalled-over-gotion-battery-plant-proposal>)

<sup>3</sup> Paula Gardner, “Gotion, Tiny Michigan Town Square off in Court over \$2.6B Battery Factory,” *Bridge Michigan*, May 8, 2025. (<https://www.bridgemi.com/business-watch/gotion-tiny-michigan-town-square-court-over-26b-battery-factory>)

<sup>4</sup> Heather Somerville, “Why First Responders Don’t Want the U.S. to Ban Chinese Drones,” *The Wall Street Journal*, August 7, 2024. (<https://www.wsj.com/politics/national-security/congress-plan-to-outlaw-chinese-drones-met-with-protest-c95cf1fe>)

And then there are the lawsuits levied by PRC companies after their identification as Chinese military-civil fusion contributors.<sup>5</sup> Those lawsuits seek to neuter U.S. law, impose costs on the U.S. security establishment, and spread a narrative about the risks — and expense — of trying to defend against Beijing.

The list goes on. It includes the Chinese Embassy in Washington reportedly pressuring U.S. executives to lobby against China-related bills;<sup>6</sup> ByteDance-owned TikTok flooding congressional offices with calls from social media influencers;<sup>7</sup> and, of course, the broader reality that in a world where effectively every Big Law and Big Lobby shop has some dependence on a Chinese customer, all are co-opted by Chinese interests.

Beijing has also proven its willingness to use the U.S. legal system to punish those who stand in its way. Beijing does so with strategic lawsuits against public participation, or SLAPP suits, intended to censor, intimidate, and silence critics by burdening them with the cost of a legal defense. Beijing also does so with intellectual property (IP) lawsuits that, through discovery, give China access to valuable technology — and, on the flip side, with government funding for IP litigation defense that protects Chinese companies from facing consequences for their theft. This entire system benefits from Chinese government resourcing. Both directly through litigation funds and indirectly through general government grants, subsidies, and investment, the Chinese state provides the backing necessary for its agents to outspend and outlast their targets in U.S. courts.

Take, for example, BYD's lawsuit against the Alliance for American Manufacturing (AAM). BYD is a subsidized Chinese battery, electric vehicle, and now semiconductor giant. AAM is a nonprofit partnership of U.S. manufacturers and the United Steelworkers dedicated to protecting U.S. industry and labor. In 2020, BYD filed a defamation suit in U.S. federal court against AAM and several of its leadership. AAM found itself forced to battle its way through the U.S. legal system, all the way up to the Supreme Court, at tremendous expense and despite ruling after ruling that BYD's claims were specious.<sup>8</sup>

Where the Chinese state fuels efforts in U.S. courts, the goal tends to be simple: stifle any advocacy that might threaten Beijing's interests. Beijing saps the resources of its direct targets. Beijing also sends a message to other U.S. actors that it is too risky and costly to voice concerns about China or its agents. Self-censorship becomes the norm. Healthy and transparent debate —

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<sup>5</sup> “China’s Hesai Loses Lawsuit against US Government for Blacklisting,” *Reuters*, July 11, 2024. (<https://www.reuters.com/sustainability/boards-policy-regulation/chinas-hesai-loses-lawsuit-against-us-government-blacklisting-2025-07-12>)

<sup>6</sup> Michael Martina, “Chinese Embassy Lobbies U.S. Business to Oppose China Bills – Sources,” *Reuters*, November 15, 2021. (<https://www.reuters.com/business/exclusive-chinese-embassy-lobbies-us-business-oppose-china-bills-sources-2021-11-12>)

<sup>7</sup> Haleluya Hadero, “Online Influencers Turn to Lobbying as TikTok Bill Steams Forward,” *Associated Press*, March 12, 2024.

<sup>8</sup> Bethany Allen, “Libel Lawfare,” *The Wire*, July 28, 2024. (<https://www.thewirechina.com/2024/07/28/libel-lawfare-chinese-companies-defamation-suit-anti-slapp>)

including about the security risks, non-market commercial behaviors, and even human rights abuses associated with Chinese companies — withers.

### ***Defensive Maneuvers***

Beijing's manipulation of the U.S. legal system does not end at offensively advancing Chinese interests. Beijing also defensively games U.S. laws and regulations, circumventing and neutering U.S. efforts to defend against Chinese bad practices.

Over the past decade, Washington has implemented a raft of defenses against Chinese non-market policies, military-civil fusion strategy, and espionage and influence campaigns. But again and again, Beijing has evaded both the letter and the intent of U.S. law. In response to American tariffs and other trade barriers, for example, China trans-ships through third-party countries, often obscuring the country of origin. China also localizes in countries that have favorable trade relationships with the United States.

And China localizes in the United States, including through joint ventures and investments that evade foreign entity of concern provisions, foreign investment review, and other restrictions.<sup>9</sup> In doing so, China not only avoids trade barriers but in fact *benefits* from preferential policies intended to support U.S. domestic and partner industry. And localization in the United States helps Beijing maintain and expand its United Front — the network of co-opted stakeholders, from local government to Big Law, through which it undermines the U.S. system from the inside.

Again, this program benefits from Chinese government support and direction. The Chinese state provides subsidies, as well as guidance, to “Go Out” companies to fuel their development of footholds abroad. Beijing offers policy insurance mechanisms designed to de-risk investment that might be vulnerable to foreign investment review or other regulatory hurdles. And government departments, government-associated research institutes, and government think tanks offer instructions for navigating U.S. procurement and trade policy.<sup>10</sup> On top of everything, Beijing is building out global trade and logistics systems that allow it to control information on the movement of goods and therefore to manipulate international customs regimes.

### **Decoupling the U.S. Legal System From China**

Because Chinese abuse of the U.S. legal system is systemic, it demands a systemic response. Tactical measures like anti-SLAPP legislation and protections to defend American companies from exposing their IP to China via discovery are important. But the U.S. response cannot end there. Washington must also change the reality that Beijing — a non-market, anti-rule of law,

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<sup>9</sup> See, for example: Ana Swanson and Lazaro Gamio, “Trump’s Tariffs Drive a Rise in Trade Crime,” *The New York Times*, May 27, 2025. (<https://www.nytimes.com/2025/05/27/business/economy/trump-tariffs-trade-crime.html>)

<sup>10</sup> Emily de la Bruyere and Nathan Picarsic, “When the Iron is Hot: The Chinese Communist Party’s Subversion of US Recovery Investment,” *Horizon Advisory*, June 16, 2020. (<https://www.horizonadvisory.org/ccpsubversionreport>)

strategic adversary of the United States — is able to claim the same standing and treatment in the U.S. legal system as any other actor.

Chinese and Chinese-backed entities should have increased information-sharing and transparency requirements when bringing cases. Those receiving direct or indirect government funding should receive face a higher pleading standard in U.S. courts. So should American entities that work with them: U.S.-based actors that engage with Chinese state-backed and government-linked players operating in or importing into the U.S. market should have to disclose as much. Law firms and lobbyists that work with Chinese customers should not be eligible for U.S. federal government funding or defense-industrial base procurement.

More generally, sovereign immunity should not be extended to PRC entities. Foreign entity of concern provisions should be expanded to apply to all government authorities and support programs — and strengthened with presumptions of denial.

Across the board, the definition of a Chinese entity should be tightened such that Beijing cannot circumvent rules through shell companies, joint ventures, or localization schemes. The U.S. Commerce Department’s definition of a “person owned by, controlled by, or subject to the jurisdiction or direction of a foreign adversary” offers a valuable starting point.

China is an adversary. This has been internalized in the United States, if belatedly. So has the strategic imperative of decoupling the U.S. and Chinese economic and industrial systems. But to do so, the United States must decouple its legal system.

Thank you for the opportunity to testify on this important topic.