**INTERNATIONAL CIVIL LITIGATION**

**Professor Mike Ramsey**

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**ICL Hypothetical – Version #1**

As an attorney in private practice in California, you are contacted by Zach McKenna, who is considering a suit against his former employer, Toys International Manufacturing Co. (TIMCO). Zach recounts the following facts:

Zach is a U.S. citizen and San Diego resident with experience designing software for video games. In 2017, he was approached by representatives of TIMCO, who described their company as a new video game designer based in Shenzhen, China. They offered him a modest salary plus stock in the company if he would re-locate to Shenzhen and take on the role of chief designer for their U.S.-oriented production line. Zach agreed and signed a three-year employment contract that specified his (small) salary but did not say anything about stock. When Zach pointed this omission out to his Chinese employers, they explained that the Chinese government was “touchy” about granting stock in Chinese companies to foreigners; since the Chinese government reviewed all foreign contracts, they left this provision out of the contract, but they still intended it to be a core part of his compensation. Several weeks later, Zach received an email from Mr. Chang, the Chief Financial Officer of TIMCO, confirming that TIMCO had issued 10,000 shares of TIMCO stock to Zach as a “signing bonus.”

For the next three years, Zach worked for TIMCO, partly in China and partly in the United States. It turned out that TIMCO mostly wanted Zach to assist in negotiating various licensing agreements with foreign companies, many of which were located in California. While Zach had an office in Shenzhen, he spent much of his time outside China, including working out of his home office in San Diego (TIMCO did not have any offices in California). During this time, TIMCO was very successful, becoming a leading supplier of video game software worldwide.

At the end of the three years, TIMCO notified Zach that his employment would not be renewed. Zach returned to the United States. In 2022, he heard that TIMCO was planning an initial public offering (IPO) of its stock on the New York Stock Exchange. At the projected IPO price, Zach’s 10,000 shares would be worth over $300,000. Zach wrote to TIMCO, asking how the IPO would affect existing stockholders. TIMCO replied that it had no record of Zach owning any stock. When Zach tried to contact Mr. Chang, he was informed that Chang no longer worked for TIMCO. After further correspondence, TIMCO told Zach not to bother with additional inquires, as it was confident that Zach was not a stockholder. Zach is now considering legal action against TIMCO and Chang.