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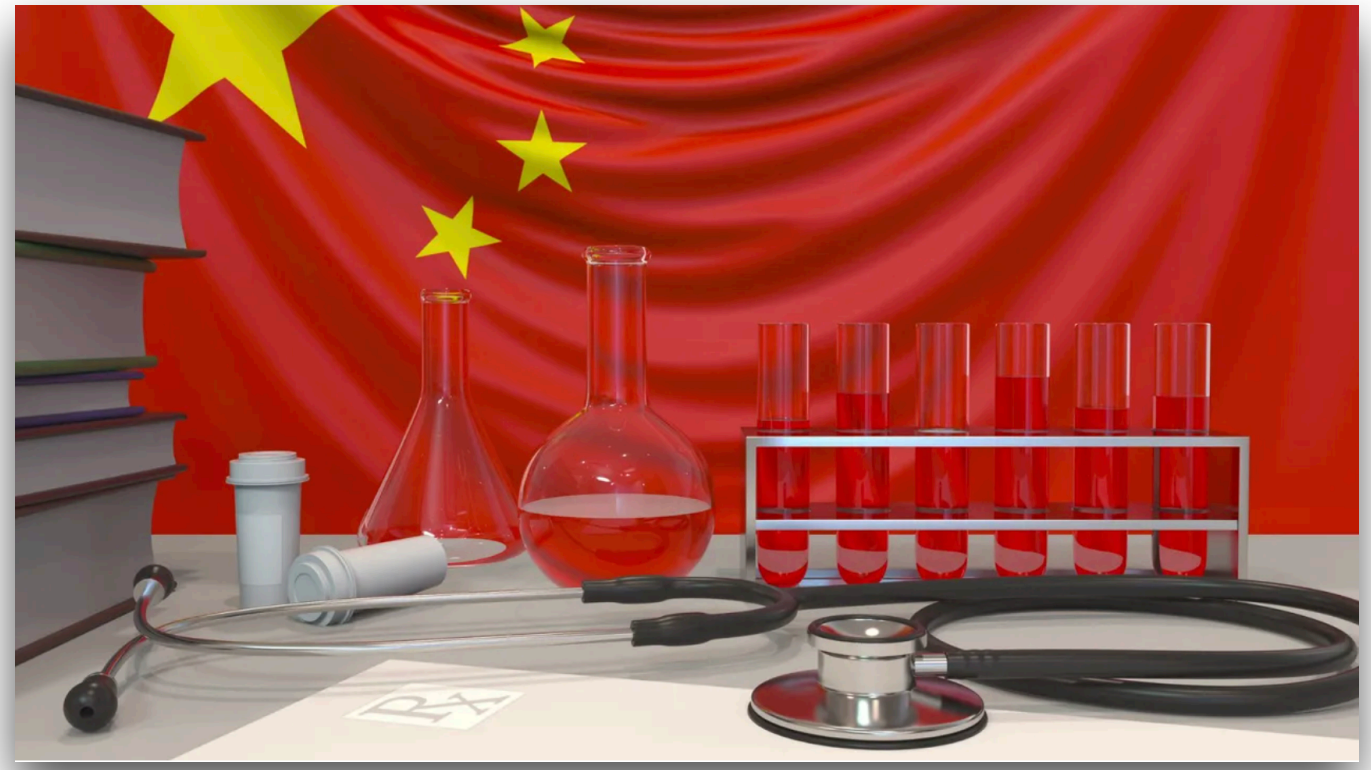

27 August 2026 I News I Biotech I Paul Calvo

China-origin biotech assets and the hidden question of IP ownership

As China-origin biotech assets flood the market, licensing deals are booming. Yet, the real strategic battle isn't just about the science—it's about who controls the underlying IP, says Paul Calvo of Sterne Kessler.

For much of the past decade, biotechnology licensing discussions have focused on scientific quality, clinical differentiation, development timelines, and commercial opportunity.

Increasingly, however, a more fundamental issue sits underneath many transactions: who actually owns the foundational intellectual property that will drive long-term value creation?

This question has become particularly important as China emerges as one of the most significant sources of globally licensable biotechnology assets. Industry reports throughout 2025 and 2026 described record levels of outbound licensing activity from Chinese biotechnology companies, with a substantial portion of transactions occurring at preclinical and early clinical stages.

Many of these deals involve some of the industry's most active therapeutic categories, including antibody-drug conjugates (ADCs), bispecific antibodies, cell therapies, RNA therapeutics, and metabolic disease programmes.

Much of the industry discussion has focused on the commercial implications of these transactions. Less attention has been paid to the ownership implications.

For investors, acquirers, licensing executives, and in-house IP counsel, this may be the more consequential issue.

The shift from exporting molecules to exporting IP positions

China is no longer simply exporting scientific discoveries.

Increasingly, Chinese biotechnology companies are performing the translational work necessary to transform early science into assets that can be licensed globally. These assets frequently arrive with patent filings, experimental data, manufacturing knowledge, development plans, and preliminary validation packages that make them attractive to global pharmaceutical companies and investors.

This distinction matters because the licensed product is often only one component of the transaction.

The more important asset may be the underlying IP position itself.

A company that originates an asset often controls not only the initial patent family but also the prosecution strategy, platform know-how, and technical roadmap that support future filings. These elements frequently become more valuable over time than the original patent application standing alone.

As a result, the strategic question is not merely whether an asset can be licensed. The question is what ownership position remains after the licensing agreement is unpacked.

Access versus ownership

Many biotechnology transactions create an illusion of ownership.

The licensee receives rights to develop a product, pursue commercial milestones, and participate in future value creation. Economically, those rights may be highly attractive.

Legally and strategically, however, the situation is often more complicated.

A biotechnology asset rarely exists as a single patent. Instead, it exists within a broader structure that may include composition-of-matter claims, platform patents, manufacturing know-how, trade secrets, follow-on inventions, regulatory data, and future patent filings.

Control over those assets is frequently divided through a network of contractual provisions that can include prosecution-control rights, field restrictions, territorial limitations, sublicensing controls, diligence obligations, improvement clauses, milestone structures, and royalty provisions.

Each provision can affect the practical value of the licensed asset.

The result is that a company may possess significant access to technology while controlling only a limited portion of the underlying exclusivity framework.

That distinction grows more important as products mature and new competitive threats emerge.

Why the issue is particularly important for platform technologies

The ownership question becomes even more significant in technology-dense sectors such as ADCs, radiopharmaceuticals, cell therapies, gene therapies, and next-generation biologics.

In these fields, value is often concentrated at the platform level rather than within any single product candidate.

Consider an originator that controls the underlying antibody construct, linker architecture, payload class, manufacturing process, or broader platform framework. A downstream licensee may still obtain highly valuable rights, but the scope of exclusivity available to that licensee may ultimately be narrower than commonly appreciated.

In many cases, future value creation may depend upon improvements, formulations, biomarkers, manufacturing advances, or indication-specific developments rather than control of the foundational platform itself.

The difference is not merely legal.

It affects bargaining power, freedom to operate, future partnering, and enforcement.

For boards and investors evaluating licensing opportunities, the question should therefore extend beyond product quality. It should include a detailed assessment of where platform control ultimately resides.

Underappreciated diligence risks in China-origin assets

The rapid expansion of China-origin biotechnology transactions has created another challenge: many Western diligence frameworks remain heavily focused on U.S. and European concepts of ownership, inventorship, and patent prosecution.

That approach may overlook issues that are unique to Chinese IP law.

One example involves China's foreign filing license regime. Chinese law generally requires inventions made in China to undergo a confidentiality examination process before being filed abroad. Failure to comply can create vulnerabilities in Chinese patent rights and may raise questions during diligence reviews.

Ownership issues can be equally important.

Chinese laws governing service inventions and inventor remuneration contain requirements that are not always addressed through the same mechanisms commonly used in U.S. employment agreements. As a result, chain-of-title analysis may require deeper examination than many acquirers initially anticipate.

In addition, the transfer of patents, know-how, or exclusive rights outside China may implicate regulatory review requirements depending on the nature of the transaction and the assets involved. These issues do not necessarily prevent successful transactions, but they underscore the importance of jurisdiction-specific diligence.

For in-house IP teams, a strong patent family does not automatically equate to a clean ownership position.

Why US-centric portfolio analysis still matters

Even in a market where innovation is increasingly global, value realisation frequently remains tied to the US.

The US continues to be a primary commercial market for many high-value therapeutics. Consequently, investors, acquirers, and licensing partners often evaluate patent portfolios through a U.S.-centric lens.

Written description support, continuation strategy, claim scope, enforceability, litigation resilience, and post-grant vulnerability frequently influence asset valuation as much as the underlying science itself.

This reality has important implications for companies acquiring or licensing China-origin technology.

The question is not simply whether patents exist.

The real question is whether the overall exclusivity framework, including patents, continuation opportunities, know-how, data, and regulatory protections, can create durable barriers to competition in the jurisdiction that will ultimately drive commercial value.

A portfolio that appears strong when viewed through a filing-count lens may look very different when assessed from the perspective of future enforcement, licensing leverage, or freedom-to-operate risk.

The real ownership question

The growth of China's biotechnology sector represents one of the most important developments in global life sciences innovation. The industry's increasing ability to produce licensable assets at earlier stages will likely continue to fuel cross-border transactions for years to come.

For IP professionals, however, the most important lesson may not be about China at all.

It is about ownership.

Licensing discussions frequently focus on what rights are being granted. Strategic IP analysis should focus equally on what rights are being retained.

In biotechnology, long-term value is often determined less by access to innovation than by control of the platform from which future exclusivity is built. As cross-border licensing activity accelerates, companies that understand that distinction will be better positioned to evaluate opportunities, conduct diligence, structure transactions, and preserve strategic leverage.

The next generation of biotech transactions may therefore hinge on a deceptively simple question: Is the company acquiring innovation—or merely renting access to it?

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