

The legal frameworks of intellectual investment: Reality and challenges, a study of the Chinese and European experiences.

HADJAB Ali¹, LAOUAR Badra²

¹Mohamed Khaider University of Biskra, Algeria, Laboratory: Rights and Freedoms in Comparative Systems, Faculty of Law and Political Science, ali.hadjab@univ-biskra.dz

²Mohamed Khaider University of Biskra, Algeria, Laboratory: Rights and Freedoms in Comparative Systems, Faculty of Law and Political Science, a.laouar@univ-biskra.dz

Received: 28/04/2026

Accepted: 08/04/2026

Published: 10/06/2026

Abstract:

This article aims to elucidate the various legal frameworks for intellectual investment through the organization, protection, and investment in rights arising from intellectual property focused on intellectual creations and innovations and their economic utilisation. It examines the reality of this modern and rapidly evolving phenomenon from a legal perspective, highlighting the various challenges it faces, especially in the era of artificial intelligence and the legal issues it raises which requires throughout study and research. Moreover, the fundamental differences in legal frameworks between China and the European Union prompt us to examine both cases, where China reflects a model based on centralized strategic planning, while Europe adopts an approach based on coordination between national laws and the unified legislation of the European Union.

Keywords: intellectual investment, intellectual property, artificial intelligence, Chinese experience, European experience.

Corresponding author PhD Student: HADJAB Ali, **e-mail:** ali.hadjab@univ-biskra.dz.

Introduction

The global economy is undergoing a fundamental transformation from reliance on tangibal resources to a knowledge-based economy, where ideas, innovations, and intellectual creations have become the primary drivers of economic growth and wealth creation. This transition has led to the emergence of the term "intellectual investment", which goes beyond traditional investment in tangible assets to encompass intangible capital such as intellectual property rights, data, and innovation. The recognition of the economic significance of these assets has posed a challenge to existing legal systems, which were originally designed to protect physical property, necessitating a comprehensive review of the rules and legal frameworks governing investment. As pioneering models in this field, both China and the European Union have witnessed remarkable developments in building legal frameworks to protect intellectual investment. However, practical reality reveals multiple challenges related to implementation, international harmonisation, and adaptation to modern technological innovations.

The study of legal frameworks governing intellectual investment is gaining increasing importance in light of the shift towards a knowledge-based economy, where intellectual property has become one of the most important assets for companies and nations, serving as a key driver of innovation and economic growth. Moreover, providing effective legal protection for intellectual investment enhances innovation, attracts investments, and supports sustainable development.

This study aims to achieve a set of fundamental objectives that reflect the significance of this field in fostering innovation and economic development, ensuring a balance between protecting investors' rights and the public interest, as well as examining the success of the two leading experiences in this area, those of China and the European Union.

In this research, we relied on the descriptive method by describing various legal phenomena related to the subject of the study, the analytical method through analysing certain provisions of international treaties and conventions, particularly, the newly introduced ones, next to some doctrinal

opinions concerning the phenomenon of intellectual investment, along with the comparative method which was occasionally employed, to compare the Chinese and European experiences.

Achieving this desired balance prompts us to raise the research issue **centred around the challenges imposed by the reality of intellectual investment law confronting existing legislative systems, in light of unprecedented technological development. And how effective are the Chinese and European experiences as major technological powers?**

To address this issue, we adopted a research plan composed of two main axes; the first was dedicated to the general framework of legal rules governing intellectual investment, while the second focused on studying the Chinese and European experiences in developing intellectual investment.

Axis One: The General Framework of Legal Rules Governing Intellectual Investment

First: The concept of intellectual investment

1 Definition of intellectual investment

The term "intellectual investment law" may not be a widely recognised legal term in many legal systems, but the core idea revolves around investing in intellectual assets focused on patents, trademarks, industrial designs, and other forms of creative intellectual content. This includes their legal protection, ensuring the rights of their owners and providing a legal framework to encourage investments in these areas. Intellectual investment is defined as talent, skills, technical knowledge, and relationships, in addition to the mechanisms that embody them, which can be employed to create wealth. (Noor, Al-Qashi, & Qaraqish, 2010).

Investment is generally defined as the use of capital to establish, develop, expand, own, finance, or manage an investment project that achieves sustainable and comprehensive development. (Al-Izzazi, 2022).

Based on the aforementioned discussion, we propose the following definition for the Intellectual Investment Law, which is "a set of laws and

regulations aimed at organising, protecting, and promoting investment in creativity, innovation, and knowledge."

2 Definition of intellectual property

Intellectual property is the product of human mind, encompassing creations such as patents, utility models, industrial designs, industrial or commercial trademarks, service marks, trade names, source data, or designations of origin, as well as the suppression of unfair competition. (Paris Convention for the Protection of Industrial Property, as amended and supplemented, 1983) .Intellectual property rights, like other property rights, grant the owner the ability to benefit from their work in various means derived from an idea that has developed into a product. The owner is also entitled to prevent others from using their right without prior authorization and to take legal action in case of infringement, claiming compensation for the damages incurred.

3 The importance of intellectual investment from a legal perspective

The legal importance of intellectual investment stems from the elevated status of intellectual property which are inherently linked to the human intellect. These rights constitute the cornerstone of both civilisational and digital progress, thereby rendering their protection an imperative at both the national and international levels. Robust legal safeguards for newly developed innovations serve to stimulate further intellectual creation in a way that ensures competitive integrity while fostering innovative security resulting from the recognition and effective utilization of intellectual property rights. Investment in intellectual capital further facilitates the attraction of investors and strategic partners, enhances revenue generation, mitigates tax liabilities, and facilitates access to financing. (Nadia, 2021).

The significant emphasis on intellectual investment as a strategic asset reflects a paradigm shift from merely a legal protective mechanism to a fundamental component of national economic policy and an international trade strategy.

Intellectual investment transcends the mere protection of creators; it

represents a critical instrument for national economic resilience and securing a sustainable competitive advantage on the global arena. Countries that fail to prioritise the protection and investment in intellectual output risk marginalization behind in the global knowledge race. (Yamina, 2011 / 2012).

4 The importance of intellectual investment from an economic perspective

The economic importance of intellectual investment is manifested in the fact that knowledge capital, encompassing science, technology, and innovation, has become more significant in the new economy compared to physical capital. Intellectual property is the backbone of the knowledge and technology based economy and serves as a driving force for progress and advancement across cultural, social, and economic fields. It encourages innovation, fuels the funding of other innovations, and contributes to economic, social, and cultural development. Intangible assets including intellectual property rights, that are considered hidden gems that support knowledge-based global economies and enhance innovation, productivity, and economic growth. (Yamina, 2011 / 2012) .

This shift in understanding "investment" requires modern legal frameworks to explicitly and robustly integrate intangible assets and intellectual property as essential components, rather than merely supplementary rights, to ensure the stimulation and protection of investments in intellectual capital, which are often more challenging to measure and manage than traditional physical assets. (World Intellectual Property Organisation (WIPO)).

Secondly: The geopolitical dimensions of intellectual investment

The legal framework for intellectual investment consists of multiple regulations, including national laws and regional regulations such as those in the European Union, as well as international treaties.

1 The international dimension of intellectual investment

1-1 International agreements and treaties

The international legal nature of intellectual investment forms a complex network of agreements and treaties designed to harmonize unifying protection standards and facilitating cross-border trade and investment. Among the most prominent of these agreements:

1-1-1 Basic international agreements and treaties (TRIPS Agreement, WIPO treaties) o Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS):

The TRIPS Agreement was established in 1995 as part of the World Trade Organisation (WTO) and represents an important step towards the globalisation of intellectual property rights.

The agreement sets the minimum standards for intellectual property protection in areas such as copyright, patents, trademarks, and trade secrets, and the TRIPS Agreement incorporates the Paris Convention for the Protection of Industrial Property and the Berne Convention for the Protection of Literary and Artistic Works by reference.

The agreement ensures equal opportunities in the field of intellectual property protection, thereby facilitating global trade and investment. It also contains provisions concerning the enforcement of intellectual property rights and the settlement of disputes.

The TRIPS Agreement is widely regarded as the principal global foundation for intellectual property protection, making it a decisive factor for international intellectual investment.

Its inclusion of enforcement and dispute resolution mechanisms directly affects investor confidence by providing a framework for compensation.

The minimum standards set by TRIPS compel World Trade Organisation member states to implement a certain level of intellectual property protection, which in turn reduces risks for international intellectual investors and encourages cross-border investment in intellectual property-intensive industries. (International Academy for Mediation and Arbitration IAMA, 2025).

▪ **WIPO Treaties:**

The World Intellectual Property Organisation (WIPO) administers several key treaties that constitute the international intellectual property system.

These treaties include:

- Paris Convention for the Protection of Industrial Property (1883): It protects industrial property rights (patents, trademarks, industrial designs and models).

- The Berne Convention for the Protection of Literary and Artistic Works (1886):

It protects copyright.

- Agreement and Protocol of Madrid (1891/1989):

They provide a simplified system for the international registration and management of trademarks.

- Patent Cooperation Treaty (PCT) (1970):

It provides a global system that facilitates the procedures for filing patent applications.

- The Hague System:

For the international registration of industrial designs.

- The WIPO Copyright Treaty (WCT) (1996) and the WIPO Performances and Phonograms Treaty (WPPT) (1996):

They address copyright and neighbouring rights in the digital environment.

(Saudi Authority for Intellectual Property, 2024).

Multilateral international agreements such as TRIPS and WIPO treaties ensure the most complex and multi-layered framework for international governance of intellectual property, with TRIPS setting general standards for World Trade Organisation members. WIPO treaties offer more detailed mechanisms for specific intellectual property rights, such as the Patent Cooperation Treaty (PCT) and the Madrid System for trademarks. This enables intellectual investors to navigate abroad landscape of international rules, where compliance with TRIPS is fundamental, but engaging with WIPO systems offers practical advantages in terms of cross-border protection and management. (International Academy for Mediation and Arbitration IAMA, 2025).

The ongoing evolution of WIPO treaties, such as the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty, which address the digital age, reflects the ongoing effort to adapt international intellectual property law to technological developments, directly impacting the legal security of intellectual investments in modern technologies.

International agreements such as TRIPS establish disciplined and graduated procedures for dispute resolution, starting with consultations and ending with arbitration within a clearly defined timeframe. (Zalam & Badanjaki, 2023).

1-1-2 The role of international organisations in developing and protecting intellectual investment

International organisations play a crucial role in shaping and enhancing the legal framework for intellectual investment on an international level. The World Intellectual Property Organisation (WIPO) plays a leading role in this regard, serving as a global forum for intellectual property policy, services, information, and cooperation. Its main mission is to support innovators and creators worldwide, ensuring the safe transition of their ideas to the market and contribute to improving people's lives. It also aims to develop a balanced and effective global ecosystem for intellectual property that fosters innovation and creativity for a better and more sustainable future. (World Intellectual Property Organisation (WIPO)).

What WIPO offers: WIPO provides wide range services, the most important of which are:

- Providing training and legal and technical assistance to developing countries.
- Facilitating international registration systems for patents "Patent Cooperation Treaty," trademarks "Madrid System," and industrial designs "Hague System" (Saudi Authority for Intellectual Property, 2024).
- Promoting awareness and respect for intellectual property.
- Supporting national intellectual property strategies and policies.
- Participating in discussions on intellectual property and emerging topics such as intangible assets, artificial intelligence, and sustainable development.
- Collaborating with national judicial bodies to enhance the settlement of intellectual property disputes.
- Providing information and databases on patents, trademarks, industrial designs, geographical indications, and plant varieties. (World Intellectual Property Organisation (WIPO)).

WIPO also plays a dual role as a standard-setter and capacity-builder; it not only administers international treaties and registration systems but also provides training and legal and technical assistance, especially to developing countries. This dual role is vital for enhancing global intellectual investment. Without these enhancements, many countries would struggle to implement and enforce international standards, resulting in an uneven investment landscape. WIPO's efforts in promoting national intellectual property strategies and supporting judicial bodies are essential for translating international standards into effective local protection, which is a prerequisite for attracting and securing intellectual investment. (Taha & Fawziya, 2022).

The WIPO's forward-looking approach is evident through its engagement with "frontier technologies" (Samer, 2021)) and its discussions on intellectual property and artificial intelligence, which are of great significance. Rapid technological developments such as artificial intelligence and blockchain continuously challenge existing intellectual property legal frameworks, necessitating proactive addressing of these issues.

The increasing recognition of the role of intellectual property beyond mere legal protection, and its connection to broader societal and economic development goals, indicates that intellectual investment is increasingly viewed from the perspective of social and environmental impact, not just financial return. (Dahmani, 2023).

2 The national dimension of intellectual investment

2-1 National Legislation and Its Role in Protecting Intellectual Output

National legislations and prominent regulations in the field of intellectual property protection exhibit considerable diversity that reflects local priorities and adaptation to international standards. Most countries have established national intellectual property laws that frame patents, trademarks, copyrights, and industrial designs. These laws define the scope of protection, its duration, and the rights of intellectual property owners. For example, Egypt has established the "Egyptian Intellectual Property Office" to centralise intellectual property functions, including policy-making, registration, enforcement, and awareness. (Amer, 2024).

National investment laws significantly recognise intellectual property rights as a form of investment, aiming to:
Facilitating the establishment of investments.
Protecting investors' rights.
Ensuring equal treatment for local and foreign investors.
Providing transparent procedures?
These laws often include provisions for the protection of intellectual property and trade secrets. (Saudi Ministry of Investment, n.d.).

The prominent local regulations include the registration of intellectual property rights, enforcement through legal actions against infringement, and the use of alternative dispute resolution mechanisms. There is also a focus on raising awareness of intellectual property and building human capacity within the intellectual property system. (Zalam & Badanjaki, 2023)

The ongoing shift towards centralised intellectual property governance at the national level and the simplification of intellectual property aims to enhance efficiency in policy-making, registration, enforcement, and international representation in a way that reduces bureaucratic obstacles and provides a more cohesive framework for intellectual investors. (Shaaban, Mahtab, Abdel Jawad Mohamed, Abdullah Abouzeid, & Ali Daif, 2023).

The effectiveness of legal protection for intellectual property assets goes beyond merely enacting laws; it requires strong judicial systems, political stability, and good governance with specialised intellectual property courts or alternative dispute resolution mechanisms for fair and swift resolution of intellectual property disputes, which directly impacts investor confidence. Without the elements of legislative, judicial, and political stability, in addition to good governance, there is no stable and attractive investment environment for intellectual property assets. (World Intellectual Property Organisation (WIPO)).

Third: The current challenges in facing intellectual investment

Intellectual investment faces many current legal challenges, especially in light of intellectual globalisation (Amina, 2025) and rapid technological developments.

1 Accelerated digital transformation

Rapid digital transformation creates new legal complexities for intellectual investment, especially regarding data protection, digital contracts, the need for new governance structures, and the increasing shift of business exchanges to the internet. This requires adapting contracting

practices and addressing various issues such as electronic signatures and smart contracts, where legislation must develop strategies to mitigate risks and establish clear systems to handle these new legal environments. (Marah & Taalib, 2022).

2 Challenges of artificial intelligence

Artificial intelligence poses a challenge to traditional concepts of intellectual property related to "authorship" and "invention", as AI systems can independently produce creative works or inventions. This raises several issues regarding whether AI can be considered an author or inventor, or if there is a need for new legal adaptations for works generated by AI. (Hayes & Downey, 2024).

3 Blockchain technologies and smart contracts

Blockchain technology offers solutions for protecting intellectual property by securely and transparently storing records, thereby reducing piracy and counterfeiting violations. However, it also presents challenges related to its legal framework, especially in areas such as smart contracts and their cross-border applicability (Samboli, 2019). Smart contracts, despite their transparency and security, raise legal questions in the absence of a clear legislative framework governing them in many countries. Some of their characteristics (such as immutability after registration) conflict with traditional legal rules that allow for the modification or termination of contracts under certain circumstances. (International Academy for Mediation and Arbitration IAMA, 2025).

4 Personal data protection

The issue of personal data protection is becoming increasingly complex in light of rapid technological advancements. Data protection systems aim to safeguard individuals' privacy, establish regulations for processing personal data, and enhance trust in electronic transactions. However, requires various legislations to implement regulatory, administrative, and technical measures to ensure data preservation, especially during transfer. These challenges necessitate the creation of new legal solutions and the adaptation of laws and policies to keep pace with this significant development, achieving a

balance between protecting rights and encouraging innovation. (Saudi Data and Artificial Intelligence Authority (SDAIA), n.d.).

The second axis: The Chinese and European experience in developing intellectual investment

We have decided, through this research, to shed light on two of the most important experiences in the field of intellectual investment in two different environments: studying the distinguished Chinese experience as it belongs to the developing countries and the European Union experience as it is a leading bloc in this field and a model to be followed in the advanced side of the world, through the following.

First: The Chinese experience

The Chinese experience in organising intellectual investment is manifested in the shift from a production-orientated policy to focusing on innovation and protecting intellectual property, with the aim of attracting foreign investments and enhancing its global competitiveness.

1 Fundamental Laws

1-1 2019 Foreign Investment Law FIL

The legal framework for foreign investment in China has undergone significant developments, culminating in the enactment of this law, which replaces the laws and regulations that governed foreign investment in China for four decades. This law aims to establish a liberal, stable, fair, transparent, and responsible system to promote and protect foreign investment.

The law has unified the provisions related to market access, encouraging and protecting investment, and managing foreign investment, representing China's earnest pursuit of opening up to foreign investment through the rule of law. (PMC Search Update, 2022).

1-2 Patent Law

Regarding specific intellectual property laws, China issued the Patent Law, which requires an element of innovation, a high technical level, and suitability for industrial and commercial use. China has witnessed four major amendments to the Patent Law, the latest of which was in 2020 and came into effect in 2021, with regulatory updates in 2024. The recent amendments included strengthening protection (such as punitive damages for serious violations), extending the duration of design patents, partial protection for designs, and facilitating open licensing procedures, in addition to new mechanisms for linking drug patents and stimulating innovation in vital sectors. (PMC Search Update, 2022).

1-3 Patent Law

Regarding specific intellectual property laws, China issued the Patent Law, which requires an element of innovation, a high technical level, and suitability for industrial and commercial use. China has witnessed four major amendments to the Patent Law, the latest of which was in 2020 and came into effect in 2021, with regulatory updates in 2024. The recent amendments included strengthening protection (such as punitive damages for serious violations), extending the duration of design patents, partial protection for designs, and facilitating open licensing procedures, in addition to new mechanisms for linking drug patents and stimulating innovation in vital sectors .(YU & YIP, 2024)

1-4 Trademark law

The Chinese Trademark Law has seen significant developments over the past few decades, with frequent amendments, most notably the 2014 and 2019 amendments aimed at enhancing trademark protection and combating bad-faith registrations. This law plays a pivotal role in supporting the Chinese economy and ensuring fair competition, but it faces challenges in practical implementation and balancing the protection of rights with public interest. It also emphasises that the original acquisition of exclusive trademark rights is only through registration and that registered trademarks alone qualify as intangible assets for the enterprise. (The Chinese business site BC).

The recent amendments introduced clearer standards to combat "bad-faith trademark registrations", but they are still less stringent compared to European regulations. Meanwhile, there is a Chinese intention and direction towards "internationalising" the law to align with international agreements such as the TRIPS Agreement. (Chen & Liu, 2020).

1-5 Copyright Law

This law has undergone significant development since the late 20th century, especially following China's economic liberalization in the 1980s. The first modern copyright law was enacted in 1990 and has been amended several times to keep pace with technological and social developments, the latest being the third amendment that came into effect in June 2021. This latest amendment expanded the scope of protection to include digital works, clarified the concept of originality, broadened authors' rights, and introduced improvements in collective rights management and means of protection against digital infringements. (Zhou, 1991-1997).

This law distinguished between moral rights (such as the right of attribution for the author) and economic rights (such as the right of commercial exploitation), however, challenges remain in reconciling this two dimensions , especially with the development of the internet. The Chinese system also differs from Western systems, as it reflects China's cultural and social background and aims to achieve a balance between protecting authors' rights and encouraging creativity in the public interest. Recent amendments have also addressed contemporary issues such as works produced by artificial intelligence, but there is still ambiguity regarding how to legally protect these works. (YUE, 2023) .

In general, the development of copyright law in China reflects the desire to join the international system while considering national privacy.

2 Mechanisms for the enforcement and implementation of intellectual property

China relies on a set of mechanisms to enhance the implementation and enforcement of intellectual property, the most important of which is

registration. This is done through the National Intellectual Property Administration (CNIPA) for patents, trademarks, and industrial designs, and through the Chinese Copyright Office for copyright. (WIPO, 2022).

Specialised intellectual property courts are also considered the cornerstone of China's enforcement strategy, with the establishment of intellectual property courts in Beijing, Guangzhou, and Shanghai since 2014. (Xinhua News Agency, 2025). The establishment of an intellectual property court within the Supreme People's Court in 2019 has been credited with providing a national-level appeal mechanism for intellectual property cases. This specialised judicial system aims to enhance efficiency and reduce costs for intellectual property protection. (China Network, 2025).

China adopts proactive measures to protect intellectual property and resolve disputes, having achieved notable improvements in the efficiency of the patent examination process, making it one of the most efficient in the world. The review time was reduced to just 16 months last year, with a goal to reduce it to 15 months by 2025.

The National Intellectual Property Development Plan until 2035 also emphasises the establishment of centres that provide effective services to institutions, such as patent review, verification, and protection, to address challenges in obtaining evidence and reducing time and cost. (Xinhua News Agency, 2025).

The establishment of the National Guidance Centre to handle intellectual property disputes abroad highlights China's proactive stance in assisting its companies facing intellectual property challenges overseas, reflecting an increasing maturity in its intellectual property strategy. (Yang, 2022).

3 China's challenges in keeping up with the development of intellectual investment

3-1 Historical Backgrounds in the Face of Intellectual Property Protection

Despite aligning with international standards, China's intellectual property system faces historical backgrounds regarding weak enforcement of intellectual property rights, which have led to international disputes and concerns. However, significant improvements in intellectual property protection, as evidenced by the increase in foreign patent and trademark applications and positive evaluations from entities such as the European Union Chamber of Commerce in China, indicate a gap between the previous reputation and the current reality. In 2021, the number of patent applications filed by foreigners in China reached 110,000, a 23% annual increase, while 194,000 trademarks were registered, a 55.2% increase. (Yang, 2022) This suggests that while challenges remain, China is making substantial progress in this area.

3-2 Balancing national security and openness to foreign investment

China faces the challenge of balancing the promotion of foreign investment with national security concerns, which is particularly evident in the "negative list" approach to investment. The Foreign Investment Law allows for the review of any foreign investment that poses a threat to national security, affects the defence sector, public health, ethics and societal values, any strategic sector of the state, or foreign policy. (Zhang S. , 2022) This balance is crucial for China to manage potential risks while maintaining an attractive investment environment, but it can create uncertainty for foreign investors.

3-3 Data protection and transfer

The Personal Information Protection Law (PIPL) in China imposes strict rules on the processing of personal data and cross-border data transfers. In addition to protecting individuals' privacy, it aims to impose significant compliance challenges on foreign companies operating or investing in China. (Zhang J.-C. , 2021) which may affect data-intensive intellectual property assets. Fines for non-compliance can reach 50 million

Chinese yuan or 5% of the organisation's annual revenue.(Solex Technology Company)

Secondly: The European experience

The experience of the European Union in developing the legal framework for intellectual investment is considered an advanced model characterised by a focus on coordination and unification among member states, with special attention given to data protection and digital innovations.

1 The general approach of the European Union and the specificity of the member states

The European Union has adopted a set of common laws among member states aimed at enhancing cooperation and standardising regulations. This includes unified registration systems for trademarks and industrial designs, which simplify the protection process across multiple countries. Such coordination reduces the administrative burdens on intellectual property investors operating throughout the European Union. For example, the European Union Intellectual Property Office (EUIPO) defines the procedures for registering European trademarks, with single fees covering protection in all EU countries. (GHEOCULESCU & SOARE, 2023).

Among the prominent legislative instruments within the European Union framework devoted to data protection, we find the General Data Protection Regulation (GDPR), which came into effect on May 25, 2018. (European, 2016) . It is regarded as one of the most comprehensive data protection laws in the world.

The regulation imposes strict requirements on how personal data is collected, stored, and managed, and it has global implications for organisations that handle data of EU citizens. Although the regulation is considered a data protection law, its broad scope also affects intellectual property investments by imposing stringent compliance obligations, especially for data-driven innovations and artificial intelligence development. This ensures both privacy and ethical use of data. Furthermore, the regulation seeks to harmonise data protection laws across the EU,

making it easier for organizations to understand and comply with the law and reducing legal complexities when operating in multiple EU member states. (EUROPIAN COMMISSION, n.d.).

National legislation in member states aligns with the European Union's directives, as provisions of EU laws are often incorporated into local laws. For example, we find many references to the French Intellectual Property Code and its unified version effective from February 17, 2024, which reflects legislative developments over many years. (World Intellectual Property Organisation (WIPO))

3 Mechanisms for enforcing and implementing intellectual property.

The European Union has adopted a two-tier system for the management and enforcement of intellectual property.

2-1- The first level: The European Union Intellectual Property Office (EUIPO), based in Alicante, Spain, is responsible for the registration and management of trademarks and industrial designs at the European Union level (European Union, n.d.) The office registers approximately 135,000 trademarks and nearly 100,000 designs annually, providing a unified protection system across all member states through a single application, thereby simplifying procedures for investors.

This centralized system is complemented by the national intellectual property offices in each member state, which handle registrations specific to their respective territories. Such dual approach provides flexibility for companies depending on their market focus. (International business services and consulting, n.d.).

2-2- The second level: Unified Patent Court (UPC)

The European Union relies on a network of national courts, in addition to its own Court of Justice, which ensures the uniform interpretation of European Union law.

The Unified Patent Court aims to provide a centralised and efficient system for patent litigation across the member states participating in the European

Union, simplifying the enforcement of European patents. This approach is further reinforced by landmark rulings from various courts in European countries such as Germany, France, and Poland. (Unified Patent Court, 2025).

4 European artificial intelligence law

The European AI Act, which was adopted in June 2024, marks a milestone in global legislation, as it is the first comprehensive legal framework dedicated to regulating artificial intelligence systems worldwide. (Nadhif, 2025)

This law, numbered (EU) 2024/1689, aims to achieve a precise and pivotal balance between protecting individuals' fundamental rights and ensuring their health and security, on one hand, and promoting technological innovation and the European Union's economic leadership in the safe AI sector, on the other hand. (Gasser, 2023) .

The enactment of this law came in response to the accelerating challenges posed by artificial intelligence applications, from risks of bias and lack of transparency to issues of privacy and cybersecurity, while simultaneously acknowledging the immense capabilities of this technology in driving progress in vital sectors such as medicine, transportation, and industry. (Olimid, Georgescu, & Olimid, 2024).

Far from being a mere set of regulatory and procedural rules, this Act aspires to consolidate the European Union's position as a global leader and model in AI governance. To achieve this challenge, the law provides a systematic and rigorous risk based framework, ensuring that regulatory oversight is directly proportional to the potential level of risk posed by any AI system. (REN & DU, 2024).

Third: The European-Chinese relationship in the field of intellectual investment

Relations between Europe and China in the field of investment in general and investment in intellectual property and knowledge in particular

have witnessed significant development in recent years, marked with increasing Chinese investments in Europe and mutual interest in enhancing cooperation and innovation. However, these relations remain influenced by a set of institutional, political, and economic factors, especially those concerning intellectual property protection and geopolitical considerations. (Hanemann & Huotari, 2018)

1 Geopolitical challenges and European acceptance

1-1 Geopolitical challenges and European acceptance

European concerns over Chinese investments in strategic sectors have intensified, prompting the European Union to tighten investment screening and monitoring policies, especially in the fields such as technology transfer and infrastructure. Additionally, the close ties between Chinese companies and the Chinese state have raised further concerns about economic security and sovereignty. (John, 2022).

This explains China's historically notorious reputation in the field of intellectual property imitation in general, despite China's continuous efforts to improve this perception.

1-2 EU-China Comprehensive Agreement on Investment (CAI)

The Comprehensive Agreement on Investment between China and the European Union represents an important and historic step towards enhancing economic cooperation between them, with a focus on protecting intellectual property and improving the business environment. Despite the significance of the agreement, it faces several challenges. It has not yet been finally signed, and it requires the ratification of all EU member states and the European Parliament, which may take a long time. (Al-Ahram Centre for Political and Strategic Studies, n.d.) .

In addition, the strained relations between China and the European Union, especially regarding issues of respecting intellectual property rights of European companies, preventing forced technology transfers, ensuring the protection of each party's investments in the other, and human rights, may affect the implementation of the agreement (Al-Ahram Centre for Political and Strategic Studies, n.d.).

Conclusion

The development of intellectual investment is determined, not only by legal texts, but also by the ability to harmonize its governing systems and to build judicial systems based on trust and cooperation in a world increasingly competing for intangible assets. While China strives to consolidate its position as a leading innovative power, and the European Union struggles to translate its legal strength into tangible economic growth, building a comprehensive ground conducive to intellectual investment remains a shared challenge that requires genuine and tangible political will and international coordination.

❖ Results

- ✓ Developing and updating effective and balanced legal rules for intellectual property law is essential to enhance innovation and attract investment, while addressing challenges related to enforcement, legislative variation, and achieving a balance between protecting investors and the public interest.
- ✓ Technological globalisation imposes a comprehensive nature on intellectual investment law, necessitating that various national and international legislations adhere to a unified global legal approach while considering and balancing it with the uniqueness of different societies.
- ✓ The geopolitical nature of intellectual investment, as it transcends mere legal rules to become a pivotal geopolitical and economic issue, is where the Chinese and European actors seek to develop innovation by protecting rights and providing an effective and non-fragmented marketing environment, supported by strong political will.
- ✓ Despite China's emergence as a global innovative power in building an advanced legal system for intellectual property, driven by massive government investment in research, development, and education, it still faces the challenge of establishing trust among foreign investors due to historical backgrounds and enforcement challenges.
- ✓ The European paradox lies in the fact that the European Union possesses a well-established and reliable legal system that is

considered a global model to be emulated, yet it suffers from structural challenges, most notably bureaucracy and the fragmentation of the capital market, which hinders its ability to translate its legal strength into tangible intellectual economic growth.

❖ **Recommendations**

- National and international legislation must update and develop the legal framework to keep pace with the rapid evolution of intellectual property law, regulating, protecting, and encouraging investment in this context.
- China and the European Union must enhance international cooperation to combat piracy and counterfeiting and benefit from various mechanisms such as bilateral trade agreements that have proven effective.
- International institutions active in the field of intellectual investment, such as WIPO, should continue their coordinating role and provide platforms for the exchange of expertise and data.
- Regionally, capital market reforms should be accelerated and regulatory rules effectively unified to ensure that Europe's abundant revenues are directed towards investing in intellectual assets instead of remaining trapped in national banks. It is also advisable to reduce bureaucracy and simplify investment procedures to enhance the attractiveness of the European market for startups.
- It is advised that China continue its efforts to enhance transparency in the judicial system and implement effective and consistent compensation mechanisms, especially in cases of trade secrets, to build trust among foreign investors.
- Investors in this field should plan proactively when entering the Chinese market, such as early registration of trademarks and patents and working with specialised local lawyers.

- Conversely, they should leverage the strengths of the European system, such as strong legal protection, while taking into account potential bureaucratic challenges and planning for them in advance.

List of Sources and References

1. Treaties, Statutory Laws, and Legislative Instruments:

- A. European, U. P. (2016, 4 17). General Data Protection Regulation (GDPR). *General Data Protection Regulation (GDPR), Document 32016R0679*. BROUKSEL: The European Parliament. Retrieved 8 20, 2025, from <http://data.europa.eu/eli/reg/2016/679/oj>
- B. Paris Convention for the Protection of Industrial Property, as amended and supplemented. (1983, 3 20). Article One, Paragraph 3. *Definition of industrial property*. Paris, France.
- C. World Intellectual Property Organisation (WIPO). (n.d.). *World Intellectual Property Organisation*. Retrieved 8 20, 2025, from World Intellectual Property Organisation: <https://www.wipo.int/wipolex/ar/legislation/details/22588>

2. Theses:

- A. Yamina, D. M. (2011 / 2012). The importance of investing in intellectual capital in the context of the knowledge economy. *Thesis submitted for the degree of Doctor of Management*, 36-37. Algeria: University of Algiers 3.

3. Journal article:

- A. Al-Izzazi, H. M. (2022). The international legal system for foreign investments. *Contemporary Egypt*(548), p. 207.
- B. Amina, K. (2025). The Impact of Globalization on Intellectual Property Law Communication. *RESEARCH INVENTION JOURNAL OF CURRENT RESEARCH IN HUMANITIES AND SOCIAL SCIENCES*, p. 24.
- C. Chen, M., & Liu, X. (2020, 9 1). Bad faith filings in the Chinese Trademark Law: evolution, status quo and improvements. *Queen Mary Journal of Intellectual Property*, p. Abstract.

- D. Dahmani, M. (2023). Applications of artificial intelligence in the environmental field. *Journal of Law and Environmental Sciences*, 02(03), p. 486.
- E. Gasser, U. (2023, 6 15). An EU landmark for AI governance. *Science*, 1.
- F. GHEOCULESCU, A., & SOARE, A. (2023). TRADEMARK - PROTECTIVE ELEMENT. *Valahia University • Law Study*, XLII(2), p. 48. doi:10.53373/VULS.2022.41.1.036
- G. Marah, N. A.-H., & Taalib, M. (2022). The future of the accounting profession in light of digital transformation technologies - Blockchain technology as a model. *Al-Mayadeen Economic Magazine*, 5(1), p. 27.
- H. Nadia, Z. (2021). Investment in intellectual property. *Journal of Law and Human Sciences*(14), p. 33.
- I. Noor, A. N., Al-Qashi, D., & Qaraqish, J. (2010). The Head of Intellectual Capital: Importance, Measurement, and Disclosure (A Thoughtful Study from Multiple Perspectives). *Journal of the College of Baghdad for Economic Sciences University*(The twenty-fifth), p. 23.
- J. Olimid, A. P., Georgescu, C. M., & Olimid, D. A. (2024, 9 2). LEGAL ANALYSIS OF EU ARTIFICIAL INTELLIGENCE ACT (2024): INSIGHTS FROM PERSONAL DATA GOVERNANCE AND HEALTH POLICY. *Access to Justice in Eastern Europe*, p. 120.
- K. REN, Q., & DU, . (2024, 9). Harmonizing innovation and regulation: The EU Artificial Intelligence Act in the international trade context. *Computer Law & Security Review*.

- L. Samer, m. l. (2021). Smart borders as a mechanism to address cross-border security threats: Algeria as a model. *Strategy, Journal of Defence and Foresight Studies*(15), p. 63.
- M. Taha, I., & Fawziya, A. (2022). The legal provisions and technical measures adopted by WIPO to protect copyright in the digital environment. *The Algerian Journal of Law and Political Science*, 02(07), pp. 67 - 85.
- N. YU, R., & YIP, K. (2024, 10 10). *International journal of Eropean and international IP law*. Retrieved 8 13, 2025, from GRUR: <https://academic.oup.com/grurint/article/70/5/486/6163133>
- O. YUE, C. (2023, 11). Paths to Coordinating Conflicts between. *School of Intellectual Property, East China University of Political Science and Law, Shanghai*, p. From 2 to 6. Retrieved 8 15, 2025, from [hanspub: https://www.hanspub.org/journal/paperinformation?paperid=74973](https://www.hanspub.org/journal/paperinformation?paperid=74973)
- P. Zalam, A. K., & Badanjaki, M. A. (2023, 10). The intellectual property dispute resolution system in the World Trade Organisation. *The scientific journal*, 4(The thirty-fifth, part two), p. 494.
- Q. Zhou, M. (1991-1997). Research on Copyright Policy Agenda Setting from. *Academic Journal of Humanities & Social Sciences*, 6(4), p. 93.

4. Seminar article:

- A. PMC Search Update. (2022, 4 23-27). *PMC*. Retrieved 8 13, 2025, from PMC: <https://pmc.ncbi.nlm.nih.gov/articles/PMC9045029/>

5. Web-based article:

- A. Amer, A. S. (2024, 1 27). *Legal fragments*. Retrieved 8 11, 2025, from Legal fragments: <https://manshurat.org/content/ljhz-lmsry-llmlky-lfkry-fy-dw-lstrtyjy-lwtnty-ljdyd-rwy-stshrfy>
- B. International Academy for Mediation and Arbitration IAMA. (2025, 3 3). *International Academy for Mediation and Arbitration IAMA*.

Retrieved 8 12, 2025, from
<https://iamaeg.net/ar/publications/articles/smart-contracts-and-blockchain-technologies>

C. International business services and consulting. (n.d.). *MBRQ GROUP*. Retrieved 8 20, 2025, from MBRQ GROUP:
<https://mbrqgroup.com/a-trademark-in-the-european-union/>

D. Shaaban, A. J., Mahtab, J. M., Abdel Jawad Mohamed, M. A., Abdullah Abouzeid, M. A., & Ali Daif, H. O. (2023, 6 8). *The Arab Democratic Centre*. Retrieved 8 11, 2025, from The Arab Democratic Centre: <https://democraticac.de/?p=91093>

E. WIPO. (2022, 10 19). *WIPO*. Retrieved 8 18, 2025, from WIPO Magazine: <https://www.wipo.int/ar/web/wipo-magazine/articles/the-capital-copyright-society-in-china-supporting-chinas-creative-industries-63407>

F. Yang, C. (2022, 8 23). *China Today*. Retrieved 8 18, 2025, from China Today:
http://www.chinatoday.com.cn/ctarabic/2018/sh/202208/t20220823_800304461.html

G. Zhang, J.-C. (2021, 10 21). *Internet Corporation for Assigned Names and Numbers (ICANN)*. Retrieved 8 19, 2025, from ICANN: <https://www.icann.org/ar/blogs/details/chinas-personal-information-protection-law-a-gentle-reminder-21-10-2021-ar>

6. Reports:

A. Hanemann, T., & Huotari, M. (2018). *EU-China FDI: Working towards more reciprocity in investment relations*. Mercator Institute for China Studies: MERICS and Rhodium Group. Retrieved 8 24, 2025, from <https://merics.org/en/report/eu-china-fdi-working-towards-more-reciprocity-investment-relations>

- B. Hayes, M., & Downey, A. (2024, 9 13). *IBM Computer and Software Development Company*. Retrieved 8 12, 2025, from IBM: <https://www.ibm.com/sa-ar/think/topics/ai-transformation>
- C. John, C. (2022). *China's caution against geopolitical shocks*. Shanghai: Mohammed bin Rashid Al Maktoum Foundation for Knowledge. Retrieved 8 24, 2025, from https://mbrf.ae/ar/knowledge/%D8%A7%D9%84%D8%AA%D9%83%D9%86%D9%88%D9%84%D9%88%D8%AC%D9%8A%D8%A7_%D9%88%D8%A7%D9%84%D8%A7%D8%A8%D8%AA%D9%83%D8%A7%D8%B1/chinas-hedge-against-geopolitical-shock
- D. Nadhif, A. (2025). The European AI Regulation: The Challenge of Balancing Innovation Encouragement and Risk Mitigation. *Emirates Policy Centre*, 12. Abu Dhabi. Retrieved 8 20, 2025, from <https://epc.ae/ar/details/featured/alqanun-al-uwrubiy-litanzim-al dhaka-alaistinaei>
- E. Zhang, S. (2022, 4 27). *PMC Search Update*. Retrieved 8 18, 2025, from PMC Search Update: <https://pmc.ncbi.nlm.nih.gov/articles/PMC9045029/>

7. Internet websites:

- A. Al-Ahram Centre for Political and Strategic Studies. (n.d.). *Al-Ahram Centre for Political and Strategic Studies*. Retrieved 8 25, 2025, from Al-Ahram Centre for Political and Strategic Studies: <https://acpss.ahram.org.eg/News/17031.aspx>
- B. China Network. (2025, 4 22). *China Network*. Retrieved 8 18, 2025, from China Network: http://arabic.china.org.cn/txt/2025-04/22/content_117837575.htm
- C. European Union. (n.d.). *European Union*. Retrieved 8 20, 2025, from European Union: https://european-union.europa.eu/institutions-law-budget/institutions-and-bodies/search-all-eu-institutions-and-bodies/european-union-intellectual-property-office-euipo_en

- D. EUROPIAN COMMISSION. (n.d.). *EUROPIAN COMMISSION*. Retrieved 8 20, 2025, from EUROPIAN COMMISSION: https://commission.europa.eu/law/law-topic/data-protection/legal-framework-eu-data-protection_en?prefLang=fr
- E. Samboli, N. (2019, 12 9). *The United Nations*. Retrieved 8 12, 2025, from UNThe United Nations: <https://www.un.org/ar/61413>
- F. Saudi Authority for Intellectual Property. (2024). Retrieved 8 10, 2025, from <https://www.saip.gov.sa/treatise-agreement/>
- G. Saudi Data and Artificial Intelligence Authority (SDAIA). (n.d.). *SDAIA Saudi Data and Artificial Intelligence Authority (SDAIA)*. Retrieved 8 13, 2025, from Saudi Data and Artificial Intelligence Authority (SDAIA): <https://sdaia.gov.sa/ar/Research/Pages/DataProtection.aspx>
- H. Saudi Ministry of Investment. (n.d.). *Saudi Ministry of Investment*. Retrieved 8 11, 2025, from Saudi Ministry of Investment: <https://misa.gov.sa/ar/activities/laws-regulations-copy/>
- I. Solex Technology Company. (n.d.). *SOLIX*. Retrieved 8 19, 2025, from SOLIX: <https://www.solix.com/ar/kb/pipl-china/>
- J. The Chinese business site BC. (n.d.). *TM*. Retrieved 8 14, 2025, from TM: <https://ar.set-up-company.com/available-services/trademark/>
- K. Unified Patent Court. (2025, 4). *Unified Patent Court*. Retrieved 8 20, 2025, from <https://www.epo.org/en/applying/european/unitary>
- L. Xinhua News Agency. (2025, 3 10). *Xinhua News Agency*. Retrieved 8 18, 2025, from <https://arabic.news.cn/20240529/fecf5100ed8a45c6be55d456bb60af2b/c.html>

